

The Sedona Conference Framework for Analysis of Venue Selection for Global Patent Litigation: Strategic Considerations

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THE SEDONA CONFERENCE FRAMEWORK FOR ANALYSIS
OF VENUE SELECTION FOR GLOBAL PATENT LITIGATION:
STRATEGIC CONSIDERATIONS

*A Project of The Sedona Conference Working Group on Patent
Litigation Best Practices (WG10)*

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FOREWORD

Increasingly, the most significant patent disputes are global in scope, involving multinational corporations and international activities. Because the substantive and procedural laws of relevant countries are often quite different—for example, regarding the availability of rapid injunctive relief or significant damages—parties strategize how to exploit those differences to their advantage.

The overarching Principle for all of The Sedona Conference’s current and forthcoming consensus, nonpartisan Commentary drafting team efforts in the global patent litigation space is as follows:

Principle No. 1 – WG10 is developing Principles and Guidelines to permit litigants to identify the venues best suited for resolution of their global patent portfolio disputes and to litigate them in a fairer and more efficient manner for the benefit of all stakeholders in patent litigation, including both bench and bar.

The overall purpose of The Sedona Conference’s global patent litigation efforts is to provide information and guidance to counsel, parties, and the courts on how to protect jurisdictional integrity and improve the transparency of international litigation practices.

The Sedona Conference Framework for Analysis of Venue Selection for Global Patent Litigation: Strategic Considerations presents the key procedural, substantive patent law, and economic considerations driving venue selection of a patent holder seeking to enforce its global patent portfolios, as well as patent revocation actions and declaratory proceedings.

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GLOBAL PATENT VENUE SELECTION PRINCIPLES AT A GLANCE

PRINCIPLE NO. 1 – WG10 is developing Principles and Guidelines to permit litigants to identify the venues best suited for resolution of their global patent portfolio disputes and to litigate them in a fairer and more efficient manner for the benefit of all stakeholders in patent litigation, including both bench and bar.

I. INTRODUCTION

The Sedona Conference Framework for Analysis of Venue Selection for Global Patent Litigation: Strategic Considerations (“*Framework*”) provides patent practitioners and patent litigants with insight about the factors that drive patent litigation toward some of the principal venues for such litigation, in the hope that such information will permit litigants to identify the venues best suited for resolution of their dispute. With this *Framework*, WG10 also attempts to provide patent policymakers with insight as to how this variety of adjudicatory regimes influences the behavior of litigants in innovation-driven industries when they face disputes that are not resolvable without litigation.

To this end, this *Framework* summarizes and compares the procedures and relief available in seven principal international patent venues and considers the strategic and tactical factors informing the choice of various venues. These issues will be addressed from the perspective of the different types of plaintiffs and defendants likely to engage in international patent litigation, including parties engaged in competitor litigation, parties engaged in litigation brought by practicing entities seeking to maximize the value of their patent assets, and parties engaged in litigation brought by nonpracticing entities (NPEs) seeking to maximize their return on their patent investments. Current trends in venue selection will also be addressed.

The principal venues that will be considered are the United States, Brazil, United Kingdom, Germany, The Netherlands, France, and China.

Section II of this *Framework* presents the seven key drivers for global venue selection. The *Framework* identifies the procedural and substantive patent law and the economic considerations driving the venue selection of patent holders seeking to enforce their global patent portfolios.

Section III presents the factors that a prospective patent infringement defendant may take into consideration—some overlapping with those of the patent plaintiff and some unique to the patent defendant.

Section IV presents a survey of the seven identified principal patent litigation venues with respect to practices, procedures, and substantive and remedial rules that are relevant to venue selection and with respect to the current trends and advantages and disadvantages of litigation in each venue.

II. KEY DRIVERS FOR GLOBAL PATENT VENUE SELECTION

With the globalization of markets and supply chains, patent disputes are increasingly likely to play out in multiple jurisdictions around the world. While patents are filed in a wide range of jurisdictions, patent owners and prospective defendants often pursue lawsuits in parallel only in a few strategically selected venues.

This *Framework* examines seven factors that patent owners (and potential defendants, see Section III below) may consider when they evaluate and select venues for the litigation of global patent disputes:

1. The market
2. Quality of adjudication
3. Time to trial and final relief
4. Likelihood of prevailing on the merits
5. Availability of effective relief
6. Cost of litigation
7. Recovery of fees

A given factor may be more or less significant depending on the type of litigants and the type of controversy.

A. *The Market*

The relevance of the market—whether it's the place where accused products are manufactured or sold or where the defendant is located—is one of the first factors in evaluating and selecting venues for patent infringement cases. United States, Brazil, Europe, and Asia (particularly China) have been important manufacturing regions and sales markets for multinational firms and are considered the top venues for patent disputes.

The accused infringement needs to be established in the relevant market; otherwise, the patent case may be dismissed

for lack of jurisdiction. More important, the degree of presence of the defendant or its affiliates or partners in the relevant market will also affect the level of pressure that can be generated against the defendant. An early settlement favorable to the plaintiff is more likely if a locally granted injunction can be enforced against the local defendant and result in the shutdown of factories that make and supply the infringing products.

The size of the market also matters. A larger market leads to more significant damages levels and leverage for the plaintiff in patent cases relating to the sale of products. Relatedly, another important consideration for patent litigation is the extent of imports. An exclusion order from the U.S. International Trade Commission (USITC) can effectively prevent the infringing products from entering the U.S. market. The extent of exports is also a significant factor. In particular, the Chinese courts will enjoin the export of infringing products made in China, which in many cases can result in a global impact for industries or firms that have their manufacturing or assembly base in China.

B. Quality of Adjudication

Quality of adjudication is another important factor in evaluating and selecting venues for patent litigation.

The track record and predictability of a venue are important considerations. Bringing proceedings in courts in venues with a substantial track record for patent litigation sends a stronger signal than in courts not known for their patent expertise. Moreover, filing patent cases before a court with extensive experience can minimize the uncertainty for both sides. This is particularly true for cases involving certain issues or subject matter, such as standard-essential patents or biotechnology. On the other hand, in some cases, a party may decide to take a blitz approach and seek to obtain an injunction in multiple places—

anywhere with a sizeable market—irrespective of certainty, in order to maximize its chances.

Overall reputation and general attitude toward patents in the venue are also important. In practice, certain venues have been generally preferred by litigants. For example, in the U.S., particularly in the technology space, the District of Delaware, the Eastern District of Texas, and more recently the Western District of Texas have been favored among licensing companies or NPEs, while the Northern District of California is preferred by defendants; whereas the Districts of New Jersey and Delaware are popular and experienced in handling pharmaceutical cases. In Europe, Germany (Düsseldorf and Mannheim), the UK, France, and the Netherlands are preferred. In Asia, China's Intellectual Property (IP) system has gained popularity among patent owners since the rollout of specialized IP courts in Beijing, Shanghai, and Guangzhou in 2014 (and most recently the establishment of a single, national appellate court for patent cases in 2019). Japan and Korea are also common venues.

Finally, the presence in the venue of experienced outside counsel and technical advisors to assist with the adjudication is another important factor. It is critical to find and manage outside counsel on the ground that can effectively present the cases to the local judiciary and also seamlessly coordinate with firms and advisors in different venues. It is also important to identify and confirm if technical advisors (in some places put forward as expert witnesses, technical investigators, or appraisal institutes) with the necessary expertise on the patented technology are available in the chosen venues, particularly in countries where there may be a perceived heightened preference for local experts.

C. *Time to Trial and Final Relief*

The time to “relief”—whether that relief is a preliminary injunction, a final decision and damages award from a first-instance court or appellate decision, a permanent injunction issued from a first-instance court, or a final appellate decision—is a critical factor in evaluating and selecting venues for a patent infringement case. Likewise, for a prospective defendant, the time to invalidation of the patent or grant of a declaration of noninfringement is important. Which one (or more) of these relief milestones is most important in a particular instance will depend on the nature of the litigant and its legal and business objectives. But to be attractive, a venue must be one where the litigant can reach the relief milestones that are most important to it in a reasonable (and reasonably predictable) time frame. Below are some matters to consider in evaluating a venue’s attractiveness from a timing perspective.

The first potential relief milestone in a patent infringement case is a preliminary injunction.¹ With respect to timing, if a venue has a procedure for a patent owner to obtain a preliminary injunction and such injunctions are available as a practical matter, a preliminary injunction can be a very powerful form of relief. But in most jurisdictions, a patent owner will have to present a very strong case on the merits or show irreparable harm to obtain a preliminary injunction. In some venues, these and other requirements rule out preliminary injunctions in most cases. But in jurisdictions where the time from the filing of the complaint to a final decision in the first-instance court is typically many years, seeking and obtaining an early preliminary injunction may be the only effective relief available.

1. Preliminary injunctions and similar preliminary relief, such as seizures, are discussed in more detail *infra* Section II.E.3.

The time to a first-instance final decision is the milestone by which most patent owners will evaluate the efficacy of a venue, because it is the milestone that can provide the patent owner with a “win” and potentially a significant damages award and permanent injunction. The time to this milestone varies dramatically from venue to venue. For example, in the United States, the median time to trial in patent cases is 30 months, but it can be as much as three to four years in some jurisdictions, and as little as nine to 12 months in others. If a patent owner can satisfy the requirements for filing a case in the USITC,² the case can go from start to finish in less than eighteen months. Many other major patent venues (e.g., Germany, China, and the United Kingdom) are much faster than the U.S.—particularly civil law jurisdictions where there are specialized patent courts and little or no discovery. But, as discussed elsewhere in this *Framework*, the lack of discovery in civil law jurisdictions and the low level of damages awards (as compared to the U.S.) may make some of these jurisdictions less attractive, or at least require a patent owner to consider a multijurisdictional approach.

An important and sometimes overlooked factor in evaluating the time to a final first-instance decision is whether the case, as a matter of law, can be stayed pending completion of separate patent office or patent court invalidity or nullity proceedings filed by the defendant; and, if so, the likelihood that the case will actually be stayed. Laws and practices regarding stays vary significantly across venues. For example, in the United States, since the advent of the inter partes review (IPR)

2. For an overview of USITC litigation, see The Sedona Conference, *Commentary on Patent Litigation Best Practices: International Trade Commission Section 337 Investigations Chapter*, (May 2019), https://thesedonaconference.org/publication/Commentary_on_Patent_Litigation_Best_Practices_ITC_Section_337_Investigations.

process in 2012,³ it has become common for patent defendants to file IPR petitions as quickly as possible after being sued, and then (if the Patent Office agrees to hear the IPR; which happens about 60 percent of the time) to request that the court stay the infringement case pending the completion of the IPR process, which typically takes 18 months. The success rate of such stay motions varies widely by jurisdiction, but overall, about half are successful. The practical effect of an IPR-based stay, particularly if granted when the case is at an early stage, is that if the IPR is unsuccessful, the litigation does not start moving ahead until two (or more) years after it is filed. Having a case stayed for two-plus years is normally very disadvantageous for a patent owner. However, invalidation of a patent in an IPR procedure is not a foregone conclusion, and a patent that survives IPR review will be materially less vulnerable to invalidation in a district court proceeding.

In contrast to the U.S., in Germany's bifurcated system, the infringement court generally will not stay an infringement case pending the outcome of a nullity proceeding before the German Patent Court (or European Patent Office opposition proceedings). However, in rare cases, if there is a very strong piece of prior art that is likely novelty-destroying and that has not been cited in prosecution, the infringement court will stay the proceedings and not grant the otherwise presumptive injunction. There has been a slight trend in Germany toward granting more stays, particularly where the patent owner is a

3. For an overview of the USPTO Patent and Trademark post-grant proceedings, including the IPR, see The Sedona Conference, *Commentary on Patent Litigation Best Practices: Parallel USPTO Proceedings Chapter ("Stage One")* (Oct. 2016) and The Sedona Conference, *Commentary on Patent Litigation Best Practices: Parallel USPTO Proceedings Chapter ("Stage Two")*, Public Comment Version (July 2017), [hereinafter *Sedona Parallel USPTO Proceedings*], https://thesedonaconference.org/publication/Parallel_USPTO_Proceedings, and Section IV.A.1.b.

nonpracticing entity. In China, court proceedings typically won't be stayed pending the completion of a nullity proceeding before the Patent Review Board unless the asserted patents are utility model patents or design patents that were granted in China without substantive examination. In any case, the legal and practical availability of a stay is something that every patent owner should take into account in selecting venues.

Even if it is possible to obtain a prompt first-instance or final court decision in a particular jurisdiction, a patent owner must also consider what the immediate legal and practical value of a favorable trial or first-instance infringement judgment (and, if applicable, a permanent injunction) will be. For instance, in some jurisdictions (e.g., China), damages awards and permanent injunctions are generally stayed pending the outcome of an appeal. In other venues (e.g., Germany), where injunctions are automatic, if the patent owner wants the injunction to take effect immediately and remain in effect during the pendency of any appeal by the defendant, it must post a bond. The required bond amount can be substantial, sometimes prohibitively so.

Furthermore, in many jurisdictions, the assessment of damages is bifurcated from the assessment of liability. Accordingly, damages are not awarded until a considerable period of time after the court has established liability. If an injunction is granted immediately, the patent owner may be able to leverage that in order to secure a resolution involving payment of damages. If not, the patent owner will need to wait until the outcome of the damages phase of the proceedings before any damages are awarded.

Moreover, in most jurisdictions, an adjudicated infringer's obligation to pay the damages awarded by the first-instance court will be stayed pending appeal if the defendant posts a bond to secure the damages amount. Thus, for a patent owner

whose primary goal in a litigation is to collect money, the patent owner will not be able to get that money unless and until the infringement judgment and damages award are affirmed on appeal.

Finally, in evaluating the time to relief (particularly in venues where permanent injunctions are difficult to obtain or generally stayed pending appeal), a patent owner will consider the length of the appeal process in the venue. Even in the fastest jurisdictions, the time from the filing of an appeal to an appellate decision is 12 to 18 months; in many jurisdictions, the period is much longer. Patent owners may decide that a process that takes four or more years from filing of the complaint to the final appellate decision does not provide practical relief. Accordingly, a prudent patent owner will evaluate carefully whether a venue can provide it with timely relief based on its legal and business objectives.

D. Likelihood of Prevailing on the Merits

Even if a venue is favorable for litigants from a timing perspective, it may nevertheless not be an attractive venue if it is not one where a litigant has a reasonable chance of prevailing on the merits of its case. Obviously, a significant factor in whether a litigant can win is the intrinsic quality of the patent (novelty, inventive step, quality of specification, quality of claims, etc.) that is at issue. Without these attributes, a patent owner should and usually does lose, regardless of the venue. But assuming that the litigant has a strong case on the merits, there are a number of other factors that are considered in evaluating venues. First among these is whether the venue provides a fair and impartial forum for adjudication of patent disputes. Questions to consider here include whether the judiciary is independent and decisions are made on the merits, rather than on “extrajudicial” factors such as political influence or corruption. A litigant that is not based in a country in which

it is considering litigation must evaluate whether its case will be decided fairly and on the merits, particularly where the opposing party is a domestic company. For example, will the court be willing to enter an injunction against a large domestic company? Conversely, will the court be willing to find the patent was not infringed if the patent holder is local and the defendant is not?

Litigants should consider the quality of the patent judiciary in the venue as discussed in Section II.B above. Questions here include: Are there specialized intellectual property courts, such as in China, Germany, the United Kingdom (UK), France, and the Netherlands? And, if (as in the United States) there is not a specialized patent judiciary, are there other factors that enable the litigant to have confidence that the court will be able to understand and competently decide infringement (and, if applicable, validity)?

Third, for jurisdictions in which there is little or no discovery, a patent owner must ask whether it can prove infringement with the information otherwise available to it (such as with evidence preservation orders). For process-patent cases in particular, this can be quite difficult.

Finally, a patent owner will consider whether a venue provides protection for the technology at issue. Countries have different levels of protection for various technologies, such as software and diagnostic technologies, and in some cases the law is evolving. Of course, if the country does not allow patents on a certain technology, then the patent owner presumably will not have patents on that technology in that country. But even if the country allows for patents on a technology, the patent owner will evaluate whether the courts in that country are likely to *enforce* the patents covering that technology and issue an injunction if infringement is found. For example, most countries allow patents to be obtained on pharmaceuticals, but some

(particularly newly developing countries) have shown a reluctance to enforce and, in particular, grant injunctions against infringement of pharmaceutical patents. European countries have a reticence concerning technology involving embryos. The United States has limited protection for medical diagnostics. In China, methods for diagnosis or treatment of diseases are not patentable, but software is patentable.

In sum, in addition to the patent merits, there are a host of other factors a litigant will consider in evaluating venues for patent litigation.

E. Availability of Effective Relief

The availability of effective relief is a key driver of patent litigation.

1. Availability of Injunctive Relief

The availability of injunctive relief is often a key factor for a plaintiff choosing a specific patent litigation venue. An injunction may be used to put a defendant out of the infringing business, increase the patent owner's market share, or serve as a strong settlement lever in the plaintiff's favor. In extreme cases, an injunction can even lead to elimination of a competitor in the relevant market sector. In most, if not all, venues outside of the United States, an injunction will generally follow a finding of infringement. In the United States, the availability of injunctive or injunction-like relief will often depend on the competitive posture of the litigants (competitors, for example, are relatively likely to secure injunctive relief, particularly in competitor v. competitor disputes) and the jurisdiction that is hearing the dispute (the USITC, for example, almost universally grants injunction-like importation bans on infringing products).

2. Availability of Substantial Damages

The availability of damages, compared to an injunction threat, generally plays a secondary role in the decision where to start patent litigation proceedings. Particularly in venues where damages are limited to compensatory damages, the availability of such damages is usually not a key driver in the choice of venue but rather a positive side benefit of a successful patent litigation. In the United States, however, the level of damages awards, typically higher than elsewhere, is a key driver for bringing proceedings there. Damages can be very significant in high-stakes cases, particularly when enhanced damages are available (such as punitive damages and treble damages for willful infringement).

Data for damages awards in patent litigation around the world is difficult to obtain, as parties often settle on damages if liability is established.⁴

3. Availability of Preliminary Relief (e.g., Preliminary Injunctions and Seizures)

In jurisdictions where injunctions can be obtained, the availability of preliminary relief can, in particular cases, be a key driver for a plaintiff choosing a specific venue. However, plaintiffs usually consider this more a useful tool and a positive side benefit of an already chosen venue. A preliminary injunction primarily makes it possible to obtain and enforce the injunction quickly. Also, it sometimes allows the plaintiff to

4. For a survey identifying judgments granting damages for patent infringement in the six most active European countries in patent litigation (Germany, Spain, France, Italy, the Netherlands and the United Kingdom) between 2000 and 2019, see Pierre Véron, *What Price Crime? A European hit parade of patent infringement damages*, GRUR 2/2021 (Feb. 2021), pp. 392–96, available at https://www.veron.com/wp-content/uploads/2021-02_GRUR_Pierre_Veron_Damages_patent_infringement_Festschrift_MeierBeck.pdf.

obtain information about the origin of the infringing product and its distribution channels. A plaintiff will consider a preliminary injunction to be a particularly useful strategy for stopping ongoing infringement immediately when there is no compensation obtainable by way of damages. This is typically the case in the run-up to or during important trade fairs, or in the case of a competitor launching a new infringing product. Vis-à-vis trade shows and pharma cases, plaintiffs find that preliminary injunctions are particularly effective at preventing a competitor from market entry, e.g., launch of a specific drug or other pharmaceutical product.

Similar considerations apply for preliminary seizures. In addition to court proceedings for patent infringement, in some jurisdictions (e.g., the European Union⁵ and China), it is also possible to prevent the import and export of infringing goods at the external borders by means of so-called customs seizure proceedings, which request the customs authorities to seize and eventually destroy infringing goods. From a practical perspective, the customs seizure proceedings that are available may be an interesting add-on to put pressure on a patent infringer in parallel to litigation. But customs seizure proceedings are usually not considered to be very effective as a stand-alone measure. A notable exception is USITC proceedings, which typically result in import bans and customs seizures that are a highly effective, nonpreliminary option.

F. Cost of Litigation

The cost of litigation varies widely among venues around the world. The common perception is that costs are significantly higher in common law jurisdictions than civil law jurisdictions.

5. One example is the *saisie contrefaçon* search and seizure mechanism available in the France legal system. For discussion, see *infra* Section IV.B.3.a.ii.

Some of the perceived difference may be exaggerated; however, there is no doubt that, for example, U.S. proceedings with extensive documentary discovery and oral depositions are more costly than litigation in France, Germany, and China, which have limited or no discovery.

However, while the cost of litigation is a significant factor as to where (or even whether) small- or medium-sized cases should be initiated or defended, it is not a significant factor for venue determination in most multijurisdictional disputes. Such disputes, which tend to be global or at least highly international in scope, are of such a scale that the cost of the litigation itself will not determine the venue over the other considerations discussed here.

This is readily tested by the following example: most multijurisdictional litigation is brought in the United States in addition to other jurisdictions. The United States is a significant venue because of the size and quality of its market (leading to sizeable damages awards), as well as the quality of adjudication. However, it is without doubt the jurisdiction with the highest costs. If cost was a determining factor in venue selection, the U.S. would not be such a popular venue.

G. Recovery of Fees

Recovery of fees, i.e., recovery by the prevailing party of its attorney and patent attorney fees, court fees, and litigation expenses, is usually not a key driver for selecting a patent litigation venue in multijurisdictional litigation for the same reasons that the cost of litigation is not. However, for smaller or midsized companies, the risk that the other side could recover fees in larger scale cases might be prohibitive.

III. OPPORTUNITIES FOR DEFENDANT-INITIATED LITIGATION

Much litigation is initiated by prospective defendants in anticipation of litigation being commenced by the patent holder. It may be initiated by potential declared standard-essential patent defendants, or generic pharmaceutical companies, or any other potential defendant to patent litigation.

Traditionally, the approach taken by potential defendants has been to lie low and not take the initiative in commencing proceedings. After all, the patent holder may be hesitant to initiate litigation. That is particularly so if there are many potential defendants. Historically, the general view was that the potential benefits to a defendant of initiating litigation were outweighed by the disadvantages.

This approach likely still prevails in most cases; nonetheless, a prospective defendant may consider that there are strategic or tactical advantages in initiating litigation in some cases. The reasons for a defendant initiating patent litigation include:

- selecting the jurisdiction in which the proceedings are brought;
- delaying/blocking proceedings;
- obtaining an early positive result and improving the defendant's negotiating position;
- obtaining an early positive result and influencing the courts of other jurisdictions;
- bringing a counterattack to increase the pressure on the patent holder and avoid or settle the dispute; and
- "clearing the way" in advance of launch in jurisdictions where failure to do so is likely to lead to a preliminary injunction being granted upon launch.

Each of the factors discussed in Section II relevant to venue selection by patent holders will also apply to potential defendant-initiated litigation. Clearly, the size and nature of the market will be just as relevant to such litigation; generally, there is little point in a defendant initiating litigation where the market is of no significance.⁶ The quality of adjudication is as important to the defendant as to the patent holder. The time to trial is also a crucial factor. In some cases, it may suit a defendant for the time to trial to be as quick as possible (for example, where the defendant hopes the result will influence the courts of other jurisdictions). The likelihood of prevailing on the merits is necessarily crucial, although its effect on venue selection may depend on the defendant's perception of the importance to the outcome of being "local." A further key factor is the availability of the various tools and procedures that may be deployed by a potential defendant. Jurisdictions around the world differ considerably as to what a potential defendant may initiate, and the circumstances in which they may do so.

The various forms of action that may be brought by a defendant are addressed below, according to the strategic or tactical reason for doing so. Additionally, European Patent Office (EPO) oppositions are detailed briefly.

A. *Selecting the Jurisdiction*

Just as a patent holder will wish to select a venue based on the factors discussed above, so may a potential defendant. One way a potential defendant may try to do this is by seeking declaratory relief, such as a declaration of noninfringement. Within the European Union (EU), under the *lis pendens* rules in the Brussels Regulation, the court of the member state in which

6. *But see infra* Section III.B, discussing the dilatory tactic for potential infringers called the "torpedo."

the defendant initiates its proceeding may then seize jurisdiction, thereby blocking any other EU jurisdiction from determining the matter. Accordingly, a defendant confident of its noninfringement position may also be able to seek a pan-European declaration of noninfringement. Other related forms of declaratory relief may also be available in certain jurisdictions, such as declarations of “nonessentiality” (in relation to declared standard-essential patents in the technology field). Whether such alternative declaratory relief is available will depend on a jurisdiction’s approach to (a) the form of declaratory relief sought; and (b) who is entitled to claim it.

In the context of patent license disputes, once a declaratory judgment as to the effect of a license agreement has been obtained, it may be possible through estoppel doctrines to prevent the courts of other jurisdictions from considering the matter.

Another well-established approach to controlling jurisdiction has been for parties to obtain “anti-suit injunctions”—injunctions preventing a party from pursuing litigation in a foreign jurisdiction. These are relatively rare in the patent litigation sphere, which has traditionally taken a territorial approach. However, there have been some examples recently in the FRAND⁷-related standard-essential patent field. For example, anti-suit injunctions were granted in U.S. courts relating to foreign infringement claims in *Microsoft Corp. v. Motorola Inc.*⁸ and in *TCL Communication Technology Holdings Ltd v. Telefonaktiebolaget LM Ericsson*.⁹ Recently, the Munich district court issued an “anti-anti-suit injunction” preventing

7. Fair, Reasonable And Non-Discriminatory: a licensing commitment typically taken on by a patent owner when declaring its patent(s) as essential to practice a technical standard.

8. 871 F. Supp. 2d 1089 (W.D. Wash. 2012).

9. Order re Motions, No. CV 14-0341 JVS (ANx) (N.D. Tex. Aug. 9, 2016).

Continental from pursuing an anti-suit injunction in the U.S. that would in turn have sought to prevent Nokia from pursuing proceedings in Germany.¹⁰

B. Delaying Proceedings

Ordinarily, initiating litigation will not delay the dispute; quite the contrary, it will precipitate it. But one tactic—the “torpedo”—is an example of a proceeding instituted for the purpose of delay. While a torpedo could theoretically still be launched today, it has not been in common use for some time.

The “torpedo” is an action brought in an EU member state to obtain a pan-European declaration of noninfringement, again relying on the effect of the *lis pendens* rules in the Brussels Regulation to seize jurisdiction Europe-wide. Under these rules, once an EU member state court has been seized of a matter, it is not possible for another EU member state to take jurisdiction until the first court has decided it does not have jurisdiction.

Accordingly, a practice developed whereby proceedings seeking a pan-European declaration of noninfringement were brought in courts that had notoriously slow procedures (such as those in Italy or Belgium) and often took years to determine whether they properly had jurisdiction, let alone to rule on the merits. In the meantime, because the infringement issue was being considered by the first court, other courts were arguably blocked from considering it. “Torpedoes” were initiated without apparent regard for whether there were legitimate grounds for jurisdiction in the first court; the purpose was not to have that court ultimately determine the parties’ substantive rights, but rather to delay other EU courts from doing so. In fact, the practical effect of the torpedo may not have been all that

10. *Continental v. Nokia*, Case No. 6 U 5042/19 (Munich Higher Regional Court 2019).

significant. Other member states' courts found ways of progressing infringement actions despite the launch of any torpedo.

C. Obtaining a Positive Result to Improve Negotiating Position

In cases where a defendant has considerable confidence in its position, it may choose to bring proceedings itself in a favorable jurisdiction to obtain a credible early judgment in its favor, with a view to settling the dispute worldwide on favorable terms. To an extent, all litigation that is brought in a global scenario relies on developing a strong position to lead to settlement. After all, it is hardly possible to bring proceedings in every jurisdiction around the world. Sooner or later, the parties will resolve the dispute based on the results in key jurisdictions.

The various factors discussed above in relation to patent-holder-initiated litigation will apply in the selection. Because proceedings are likely to be brought by the defendant in a single jurisdiction (rather than several), the choice will be heavily weighted toward the jurisdiction perceived to give the best chance of obtaining a favorable judgment that may set an example.

Another key factor will be the availability in various jurisdictions of the relief sought by the defendant. The types of relief that a defendant may seek are mainly declarations of noninfringement (if the defendant is confident in the noninfringement case) and nullity/revocation actions (if the defendant is confident in the invalidity case). In some jurisdictions, both can be brought together. The requirements for bringing a declaratory action for noninfringement or a nullity action differ across jurisdictions. For example, in the UK, no locus is required to bring a nullity action, while in the U.S., locus is required.

In addition, some jurisdictions such as the UK are particularly flexible with respect to the types of declaratory relief that can be ordered. In the UK there are no formal limits on what can be ordered, although a declaration does need to relate to contested legal rights and must have a practical purpose. For example, the UK will consider granting declarations of “nonessentiality” (i.e., that a patent is not essential to a standard) and so-called “*Arrow* declarations” (declarations that a particular product is obvious over the prior art as of a certain date, so that any patent granted in the future that covers that product necessarily lacks inventive step).¹¹ Accordingly, the availability of special forms of declaration may also be a determining factor in venue selection.

D. Obtaining a Positive Result to Influence Other Jurisdictions

The factors discussed above also apply to the goal of obtaining a result that might influence other jurisdictions. Just as the parties’ global settlement of worldwide disputes may be based on a limited set of litigation results, so also do parties expect that some jurisdictions will be guided by outcomes in other jurisdictions. Certain jurisdictions are more influential than others, particularly those with respected patent courts, such as the U.S., Germany, the UK, and the Netherlands. The key European jurisdictions are particularly influential on each other. Accordingly, the perceived quality of adjudication is a particularly significant factor in this regard.

One significant scenario in which proceedings are brought in one jurisdiction in the hope of influencing those in another is where invalidity proceedings are brought in one European jurisdiction (such as the UK or the Netherlands) to affect the

11. *Arrow* declarations are named after the case that first confirmed the court’s jurisdiction to grant such relief. See *infra* Section IV.B.2.b (United Kingdom—Opportunity for Defendant-Initiated Litigation).

outcome in Germany. In Germany, patent proceedings are bifurcated. Infringement proceedings are brought in separate courts from the validity court (the German Federal Patent Court). Typically, infringement proceedings will be heard significantly before the validity proceedings (for example, a year before). If infringement is found, the district court will generally issue an injunction, even though no determination of validity has yet been made by the Federal Patent Court. The injunction may be stayed, however, if it can be shown that there is a high likelihood the patent is invalid, as discussed above. That usually means a defendant demonstrates there is a new piece of prior art (not previously cited in prosecution) that is likely to be found novelty-destroying. But another way defendants have persuaded the district court to stay the injunction is by demonstrating that a counterpart European patent has been found invalid by the courts of another European jurisdiction. German courts are required to consider such decisions from other European national courts.

Accordingly, a practice has developed whereby potential defendants in Germany bring invalidity proceedings in other influential European jurisdictions (typically the UK or the Netherlands), with a view to obtaining a rapid determination of invalidity that can be cited to the German district court in the event that infringement is established there. The invalidity proceedings in the other European jurisdiction must progress very rapidly to achieve this—i.e., a judgment needs to be issued in less than a year.

E. Bringing a Counterattack to Increase the Pressure on the Patent Holder

Another common strategy is for a potential defendant to assert its own patents (or other rights) against the prospective plaintiff. These patents may be relevant to the patented technology of concern, or they may be entirely unrelated. The

factors discussed above, in relation to patent-holder-initiated litigation, will apply equally when selecting the venue. Defendants can sometimes leverage positive outcomes in such counterattacks to help resolve the wider dispute on more favorable terms.

F. "Clearing the Way"

"Clearing the way" has a limited application to generic pharmaceutical litigation in the UK. In *SmithKline Beecham Plc. v. Apotex Europe Ltd.*, the English Patents Court held that if a generic pharmaceutical company (that will typically know its intended launch of a product several years ahead) fails to "clear the way" by either obtaining a declaration of noninfringement or revocation of a relevant patent in advance of launch, it will likely be subject to a preliminary injunction upon launch.¹²

In the UK, it is not straightforward to obtain preliminary injunctions in patent litigation. However, this is one exception. Accordingly, it is quite normal for generic pharmaceutical companies to bring actions for declarations of noninfringement or revocation actions a year or two before launch.

Somewhat analogously, the Hatch-Waxman statutory scheme in the U.S. provides a technique for generics manufacturers to secure a determination of whether their version of a small-molecule pharmaceutical will infringe the patents protecting the branded version of a drug before actually launching the generic product. More recently, the U.S. implemented a somewhat similar scheme relating to large-molecule drugs or "biologics."¹³

12. [2002] EWHC 2556 (Pat) (England and Wales High Court–Patents), available at [https://www.bailii.org/cgi-bin/format.cgi?doc=/ew/cases/EWHC/Patents/2002/2556.html&query=\(EWHC\)+AND+\(2556\)](https://www.bailii.org/cgi-bin/format.cgi?doc=/ew/cases/EWHC/Patents/2002/2556.html&query=(EWHC)+AND+(2556)).

13. For an overview of biopharma litigation in the U.S., see The Sedona Conference, *Commentary on Patent Litigation Best Practices: Unique Aspects of*

G. Patent Office Oppositions

A further approach that prospective European defendants have taken is to bring a European Patent Office opposition challenging the validity of a patent that is being, or may be, asserted against them. Oppositions may be brought within nine months of the date of grant. After that period, parties may intervene in opposition proceedings if the patent is being asserted against them, provided that an opposition is still pending when intervention is requested.

If successful, an EPO opposition has the effect of invalidating all national designations of the European patent. They are, however, relatively slow (in comparison with some national nullity proceedings) and can take several years, including the appeal to the Technical Board of Appeal. Note that it is not possible to bring nullity proceedings in the German Federal Patent Court if an EPO opposition is pending (contrary to some other European countries like the Netherlands or France), so this can be a factor for a defendant formulating its strategy when faced with an injunction in Germany.

The analogous U.S. procedure is to seek inter partes review in the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office. This remedy was created as part of the 2012 revisions to the U.S. patent statute, known as the America Invents Act (AIA). An IPR procedure enables a litigant in a district court action to seek review of the validity of the patents in suit. Under appropriate circumstances, the district court may stay the action before it while the IPR process plays itself out. The effect of an IPR on pending infringement litigation can vary considerably. The IPR proceeding may end the litigation by

invalidating the patent, narrow the litigation by invalidating certain claims or precluding reliance on certain prior art or certain validity defenses, delay the litigation while validity is reviewed, enhance the strength of the patent-in-suit, or leave the district court litigation wholly unaffected.¹⁴

14. For an overview of and Principles and Best Practice recommendations for practicing before the USPTO Patent Trial and Appeal Board in post-grant proceedings, see *Sedona Parallel USPTO Proceedings*, *supra* note 3.

IV. SURVEY OF KEY JURISDICTIONS

This *Framework* does not strive to offer a comprehensive discussion of the substantive and procedural rules applicable in each venue. Instead, it focuses on the aspects of each venue that affect its suitability for a particular controversy, applying the same factors presented in Sections II (Key Drivers for Global Patent Venue Selection) and III (Opportunity for Defendant-Initiated Litigation).¹⁵

A. *The Americas*

1. The United States

Because U.S. patent law is subject to exclusive jurisdiction in the federal courts, patent owners can bring an infringement suit in any of the 94 U.S. federal district courts of first instance over the manufacture or sale of patented items anywhere in the country, provided that personal jurisdiction and venue requirements are met. A high concentration of patent lawsuits, however, are brought in only a few of these district courts. In addition, a patent owner can bring a case asserting unfair acts of competition before the USITC, which has the authority to issue broad exclusion orders to stop the import of infringing products into the U.S.

In addition to being able to challenge the validity of any patents asserted against them before the presiding court, patent defendants (or potential patent defendants) can also challenge the validity of the patents in the U.S. Patent and Trademark

15. The existence and level of activity of a country's competition law or antitrust authority may well impact a global patent litigation and venue selection strategy, in particular in the enforcement of standard-essential patents. Such an analysis is outside the scope of this *Framework*.

Office's Patent Trial and Appeal Board using one of the post-grant proceedings established in the AIA.¹⁶

a. Global Venue Selection Factors

i. Factor 1—The Market

The United States has a gross domestic product (GDP) of \$25 trillion and a population of approximately 333 million.¹⁷ It is the largest consumer market in the world, and it is one of the most dominant markets for many of the technologies that are most often implicated in patent litigation matters. The U.S. represents, for example, on the order of 40 percent of the global markets in medical devices, pharmaceuticals, and software and information technology.¹⁸ It represents about one-quarter of the market for global telecommunications services.¹⁹ It is the second largest market for automotive vehicle sales, representing about 22 percent of the worldwide total, and was the second-largest

16. America Invents Act of 2011, Pub. L. No. 112-29, 125 Stat. 284 (2011), <https://www.congress.gov/bill/112th-congress/house-bill/1249>. The post-grant proceedings created under the AIA include the *inter partes* review (IPR) and also the less commonly used post-grant review and covered business method review. For an overview of the USPTO PTAB post-grant proceedings, see *Sedona Parallel USPTO Proceedings*, *supra* note 3.

17. See *United States*, THE WORLD BANK, <https://data.worldbank.org/country/united-states?view=chart> (last visited Feb. 21, 2024).

18. See *Software and Information Technology Industry*, SELECTUSA, <https://www.trade.gov/selectusa-software-and-information-technology-industry> (last visited Feb. 21, 2024); see also *Global Pharma Spending Will Hit \$1.5 Trillion in 2023*, says IQVIA, PHARMACEUTICAL COMMERCE (Jan. 29, 2019), <https://www.pharmaceuticalcommerce.com/view/global-pharma-spending-will-hit-1-5-trillion-in-2023-says-iqvia>.

19. See *Global telecommunications services market value from 2012 to 2019, by region*, STATISTA, <https://www.statista.com/statistics/268636/telecommunications-services-revenue-since-2005-by-region/> (last visited Feb. 21, 2024).

car manufacturer in 2021, with a 12 percent global market share.²⁰

ii. Factor 2—The Quality of Adjudication

As one of the longstanding, predominant venues for patent litigation, the U.S. has a well-articulated and well-understood system for adjudicating patent disputes. U.S. laws relating to the public's access to the courts assure a high degree of transparency in U.S. patent proceedings, and the sophistication of the systems for capturing, retaining, and retrieving U.S. court records has made it possible for those interested in patent litigation to access most of the court filings online, including databases that are capable of generating an extraordinarily comprehensive range of statistical information about the performance of and outcomes in most U.S. federal courts.

The U.S. Court of Appeals for the Federal Circuit was created in 1982 as the sole national court of review for patent cases (along with certain other civil cases and administrative rulings) to develop a uniform nationwide body of law for patent matters and foster the development of a corps of appellate judges with deep expertise in patent matters.

By comparison, U.S. federal district courts of first instance are courts of general jurisdiction, with patent matters comprising only one of a wide variety of matters on their

20. See Neal E. Boudette, *Toyota Topped G.M. in U.S. Car Sales in 2021, a First for a Foreign Automaker*, N.Y. TIMES (Jan. 4., 2022), <https://www.nytimes.com/2022/01/04/business/toyota-car-sales-2021.html> (estimating 15 million automobiles sold in the United States during 2021) and *Number of cars sold worldwide between 2010 and 2022, with a f2023 forecast*, STATISTA, <https://www.statista.com/statistics/200002/international-car-sales-since-1990> (estimating worldwide sales of \$66 million) (last visited Feb. 21, 2024); David Gorton, *6 Countries That Produce The Most Cars*, INVESTOPEDIA (Dec. 8, 2021), <https://www.investopedia.com/articles/markets-economy/090616/6-countries-produce-most-cars.asp#toc-2-united-states-of-america>.

dockets. However, a number of factors—including U.S. venue rules, expedited schedules (trial by jury in perhaps as little of 12 months), predictable rules applicable to patent cases, the incorporation of many companies in Delaware, the strategic market locations for tech companies, and/or the opportunity for significant damages awards, enhancement of those damages, and injunctive remedies—have resulted in a very high concentration of patent lawsuits in the technology space in a small number of jurisdictions and judges, primarily in the Western District of Texas, the Eastern District of Texas, the District of Delaware, the Northern District of California, and the Central District of California.²¹ In the pharmaceutical space, a concentration of patent lawsuits are filed in the District of New Jersey and the District of Delaware. As a result of this concentration, these federal district courts have a great deal of sophistication in patent law, the difficult art of managing patent cases, and the core patent litigation technologies.

iii. Factor 3—Time to Trial and Final Relief

Time to trial varies substantially based on the forum where the lawsuit is brought. A study on the average time to claim construction and trial highlights the discrepancies between judges and forum, and how this factor may strategically weigh in favor of a particular forum. For example, of four of the most popular courts in 2021, a Western District of Texas court's average time to claim construction was approximately 12 months, followed by a Northern District of Texas court at 16 months, and two courts in the District of Delaware at 25 months and 30 months, respectively.²² In regard to the average time to trial in 2021, the Western District of Texas court averaged 23

21. See DOCKETNAVIGATOR, OMNIBUS REPORT (last visited Jan. 5, 2022).

22. See DOCKETNAVIGATOR, OMNIBUS REPORT (last visited Jan. 5, 2022).

months, the Northern District of Texas court averaged 31 months, and the two District of Delaware courts both averaged 35 months.²³ Overall, the Eastern and Western Districts of Texas provided the fastest timelines for resolution among the most popular courts.²⁴ The quicker pace of litigation in these jurisdictions may be particularly useful to parties who are trying to understand the merits of the case early on so that they can settle before expensive and lengthy discovery, and well before trial.

The median time to trial on patent infringement among all federal district courts for cases that reached trial in 2021, according to one source, was approximately 30 months.²⁵ The Western District of Texas had the fastest average time to trial.²⁶

Time to final relief in cases that proceed to trial (as opposed to cases that are resolved prior to trial) is of course significantly affected by time to trial itself but is also typically extended because of posttrial briefing and because certain relief, such as injunctive relief, is awarded by the judge after the completion of a jury trial. Final relief may also be delayed pending appeal.

Apart from the federal district courts, the other main venue for resolution of patent disputes, provided the jurisdictional requirements are met, is the USITC. This is one of the fastest venues in the country, with a median time of nine months for a claim construction ruling and median time of 14 months to obtain an initial determination after a hearing before an

23. *Id.*

24. *Id.*

25. Lex Machina, Time to Milestones Search, All U.S. District Courts, Cases with a Trial Date in 2021 (last visited Jan. 5, 2022).

26. *Id.*

administrative law judge.²⁷ Since 2021, the median time to final determination on the merits as to a violation has been around 18 months.²⁸ Overall, while the USITC is not authorized to award monetary damages, the USITC provides relatively fast resolution, can lead to a stay of a parallel federal district court case at the defendant's option, and can greatly assist the parties toward timely concluding settlement negotiations to resolve patent-related disputes.

iv. Factor 4—Likelihood of Prevailing on the Merits

For federal district court cases resolved between 2018 and 2021, 6 percent resulted in a judgment on the merits (i.e., default judgment, consent judgment, judgment on the pleadings, summary judgment, trial, or judgment as a matter of law) in favor of the patent holder, whereas the defendant won about 3 percent of the time.²⁹ The vast majority of cases settled or ended as a result of some procedural resolution (i.e., dismissal, stay, multidistrict litigation, etc.). The likelihood of the patent holder prevailing in cases that go to a resolution on the merits (i.e., patents are valid, infringed, and enforceable) has been roughly 60 percent in recent years,³⁰ a success rate that varies

27. DOCKETNAVIGATOR, Time to Milestones Search, USITC, Cases Filed in 2020 (last visited Jan. 5, 2022).

28. *Section 337 Statistics: Average Length of Investigations*, U.S. INT'L TRADE COMM'N (April 12, 2023), https://www.usitc.gov/intellectual_property/337_statistics_average_length_investigations.htm.

29. Lex Machina, Federal District Court, Cases terminated between 1/1/2018 and 12/31/2021 (last visited Jan. 5, 2022).

30. DOCKETNAVIGATOR, 2018 YEAR IN REVIEW: PATENT LITIGATION SPECIAL REPORT, <https://brochure.docketnavigator.com/2018-year-in-review/> at 20. But compare John R. Allison and Mark A. Lemley, *Understanding the Realities of Modern Patent Litigation*, 92 TEX. L. REV. 1769 (2014) (reporting 26 percent

significantly depending on the district court in which the action is brought.

At the USITC, the likelihood of the patent holder (i.e., the Complainant) prevailing on the merits in a Section 337 investigation averaged about 49 percent during the period of October 2016 through the end of 2020.³¹ This percentage should be understood in the context of a “nonmerits dismissal” rate of just under 35 percent, leaving just shy of 16 percent for wins on the merits by the patent challenger.³² In 2023, the USITC found a Section 337 violation 50 percent of the time.³³

U.S. Supreme Court and Federal Circuit case law interpreting 35 U.S.C. § 101 has had a significant impact on the patentability of software and of medical diagnostic methods and related technology. In *Alice Corp. v. CLS Bank International*, which involved a Section 101 challenge to the patentability of business-method software claims, the Supreme Court noted that “merely requiring generic computer implementation fails to transform [an] abstract idea into a patent-eligible invention.”³⁴ Since the Supreme Court’s decision in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, patents related to medical diagnostic methods have been difficult to obtain and enforce.³⁵

overall patentee win rate in cases with dispositive rulings for all patent cases filed in 2008-09).

31. *Id.*

32. *Id.*

33. *Section 337 Statistics: Number Cases in Which Violation is Found/YR* (Updated Oct. 12, 2023), U.S. INT’L TRADE COMM’N, https://www.usitc.gov/intellectual_property/337_statistics_number_cases_which_violation.htm.

34. *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 212 (2014).

35. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012).

v. Factor 5—Availability of Effective Relief

Availability of Injunctive Relief. In the U.S., a patent owner may seek permanent injunctive relief barring the sale, use, or manufacture of a product or service following a trial court judgment that the patent is valid and infringed (35 U.S.C. § 283). The party seeking injunctive relief must show (1) it has suffered irreparable injury, (2) monetary damages are inadequate, (3) that considering the balance of hardships, an injunction is warranted, and (4) the public interest would not be disserved by a permanent injunction.³⁶ A number of studies have found that prevailing patent owners secure permanent injunctive relief between 70 and 80 percent of the time.³⁷ It should be noted that the competitive posture of the party seeking injunctive relief has a dramatic impact on its availability. One study estimates that injunctive relief is successfully procured only 16 percent of the time where the patent owner is a “patent assertion entity,” but 80 percent of the time for all other plaintiffs, and 84 percent of the time in competitor v. competitor lawsuits.³⁸

Of the 797 preliminary injunctions requested between 2009 and 2021 in U.S. federal district court patent matters, only 354 (44 percent) were granted.³⁹

36. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006).

37. Christopher B. Seaman, *Permanent Injunctions in Patent Litigation After eBay: An Empirical Study*, 101 IOWA L. REV. 1949, 1969 (2016) (collecting data from published sources); *see also, id.* at 1983 (finding that the permanent injunction grant rate for the period from May 2006 to December 2013 was 72.5 percent. LEX MACHINA, FEDERAL COURTS DATABASE, REMEDIES (last visited Dec. 23, 2021) (finding an average of 84% for the period 2009-21).

38. Seaman, *supra* note 37, at 1988, 1990.

39. Lex Machina, Time to Milestones Search, All U.S. District Courts, Cases with a Trial Date in 2021 (last visited Jan. 5, 2022).

An alternative source of injunctive-type relief is the USITC. The USITC has the ability to bar importation of goods into the United States where the imports are shown to be anticompetitive for a variety of reasons. One basis for barring imports is a determination that the imported goods infringe a valid U.S. patent, where it is shown that the importation of the infringing goods would injure a domestic U.S. industry that lawfully practices the patent. The USITC does not have the authority to award monetary relief, but orders barring importation are routinely awarded to prevailing plaintiffs and enforced at the border by the U.S. Customs Service.

Availability of Substantial Damages. The U.S. Patent Act mandates that a prevailing patent owner “shall be awarded damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer.”⁴⁰ In “egregious” cases, a court may “increase damages up to three times the amount found.”⁴¹

Between 2009 and 2021, damages were awarded in 617 patent cases in the aggregate amount of \$21.3 billion.⁴² Damages were enhanced nearly 26 percent of the time.⁴³ The breakdown

40. 35 U.S.C. § 284.

41. *Id.*, See *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 579 U.S. 93 (2016) (establishing the “egregiousness” standard for willful infringement determinations); *SRI Int’l, Inc. v. Cisco Sys.*, 14 F.4th 1323, 1330 (Fed. Cir. 2021). For full discussion, see The Sedona Conference, *Commentary on Patent Litigation Best Practices: Willful Infringement Chapter*, Public Comment Version (July 2020) https://thesedonaconference.org/publication/Commentary_on_Patent_Litigation_Best_Practices_Willful_Infringement_Chapter.

42. Lex Machina, Federal Courts database, Damages (last visited Dec. 23, 2021).

43. *Id.*

by type of award and the average award per case are summarized in the following table:⁴⁴

	Number	Aggregate Amount	Mean Amount
All cases 2009-2021	617	\$21.3 billion	\$34.5 million
Reasonable Royalty	458	\$14.7 billion	\$32.2 million
Lost Profits	202	\$3.6 billion	\$17.6 million
Enhanced Damages	158	\$3 billion	\$18.9 million

Of the aggregate \$21.3 billion of damages awarded between 2009 and 2021, \$7.2 billion was awarded in five cases.⁴⁵ Thus, the mean awards in this table overstate the magnitude of damages that can be expected in a typical case.

Juries in some U.S. districts are perceived as being more inclined to award high patent damages awards than others, which can be a factor in patent venue selection.

vi. Factor 6—Cost of Litigation

The median cost of U.S. patent litigation is set forth in the chart below.⁴⁶

44. *Id.*

45. *Id.*

46. Am. Intellectual Prop. L. Ass'n, 2021 AIPLA Report of the Economic Survey (2021).

Median Litigation Costs	2017	2018	2019	2020
Less than \$1 million at risk				
Discovery, motions, and claim construction	\$250,000	\$250,000	\$250,000	\$300,000
Pre- and post- trial and appeal when applicable	\$500,000	\$700,000	\$700,000	\$675,000
\$1-10 million at risk				
Discovery, motions, and claim construction	\$550,000	\$600,000	\$600,000	\$650,000
Pre- and post- trial and appeal when applicable	\$1 million	\$1.5 million	\$1.5 million	\$1 million
\$10-25 million at risk				
Discovery, motions, and claim construction	\$1 million	\$1.2 million	\$1.2 million	\$1 million
Pre- and post- trial and appeal when applicable	\$2 million	\$2.7 million	\$2.7 million	\$3 million

Median Litigation Costs	2017	2018	2019	2020
More than \$25 million at risk				
Discovery, motions, and claim construction	\$1.7 million	\$2.4 million	\$2.4 million	\$2.1 million
Pre- and post-trial and appeal when applicable	\$3 million	\$4 million	\$4 million	\$4 million

As can be seen, typical litigation costs (including both legal fees and other expenses) through trial in the U.S. range from roughly \$1 million to more than \$6 million depending on the size of the case. In the most complex and highly contested matters, it is more common for the total costs to reach into the tens of millions of dollars. It is also more common to see more expensive litigation costs in USITC cases given the rapid nature of proceedings.⁴⁷ Notably, costs usually double (or more) if a case proceeds all the way through trial. In a change from previous years, the costs in suits brought by nonpracticing entities (NPEs) are slightly higher.⁴⁸

vii. Factor 7—Recovery of Fees

Generally, attorneys' fees are not recoverable in patent suits unless the prevailing party can show an "exceptional case."⁴⁹ A case is exceptional if it "stands out from others with respect to

47. *Id.* at 62. For example, a case with \$1 million to \$10 million at risk averages \$2 million for discovery, motions, and claim construction, and around \$4 million for a case that goes through trial at the USITC.

48. *Id.* at 61.

49. 35 U.S.C. § 285.

the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated."⁵⁰ There "is no precise formula" for making this determination, but courts consider a number of factors, including "frivolousness, motivation, objective unreasonableness . . . and the need in particular circumstances to advance considerations of compensation and deterrence."⁵¹ The exceptional-case determination is committed to the discretion of the district court and is evaluated on a case-by-case basis.⁵²

In 2020, attorneys' fees were awarded in 71 cases.⁵³ The average amount of those awards was approximately \$551,000.⁵⁴

b. Opportunity For Defendant-Initiated Litigation

An accused infringer can bring a suit seeking a declaration of noninfringement and invalidity (or any other available defense). A declaratory judgment action requires the parties to have an "actual controversy."⁵⁵ To determine whether there is an actual controversy, courts consider "whether the facts alleged, under all the circumstances, show that there is a

50. *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014).

51. *Id.* at 554 & n.6 (quotations omitted).

52. *See id.* at 554. For detailed discussion, *see* The Sedona Conference, *Commentary on Patent Litigation Best Practices: Section on Exceptional Case Determinations*, Public Comment Version (Oct. 2016), https://thesedonaconference.org/publication/Commentary_on_Patent_Litigation_Best_Practices_Case_Management_Issues_from_the_Judicial_Perspective.

53. Lex Machina, Federal Courts database, Damages (last visited Dec. 23, 2021).

54. *See id.*

55. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 126 (2007) (quotations omitted).

substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”⁵⁶

Conduct from which an intent to enforce a patent can be reasonably inferred can create declaratory judgment jurisdiction.⁵⁷ Although “a communication from a patent owner to another party, merely identifying its patent and the other party’s product line, without more” will not support a declaratory judgment suit, showing additional facts to support a declaratory judgment is not difficult, especially when the patent owner is an NPE.⁵⁸ Accordingly, many patent owners (particularly NPEs) file suit before opening negotiations.

A declaratory judgment action does not change any of the substantive elements of an infringement case. Therefore, one of the primary purposes of a declaratory judgment suit is to select the forum for the litigation. But a demand letter, standing alone, is not sufficient to establish personal jurisdiction over a nonresident patent owner.⁵⁹ Nor is the presence in the forum of nonexclusive licensees of the patent owner.⁶⁰ In addition, a suit

56. *Id.* at 127 (quotations omitted).

57. *See* *Hewlett-Packard Co. v. Accelaron LLC*, 587 F.3d 1358, 1363 (Fed. Cir. 2009).

58. *Id.* at 1362 (finding an implied threat of patent litigation by an NPE that stated that its patents “related” to Hewlett Packard’s products and refused to enter into a 120-day standstill agreement).

59. *See* *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1360–61 (Fed. Cir. 1998). Additional conduct, such as physically visiting the forum for licensing negotiations or filing other infringement suits in the forum, may be sufficient, however, especially for foreign NPEs. *See* *Xilinx, Inc. v. Papst Licensing GmbH & Co. KG*, 848 F.3d 1346, 1357–58 (Fed. Cir. 2017).

60. *See* *Red Wing*, 148 F.3d at 1361–62. But when a patent owner has an exclusive licensee or distributor in the forum, personal jurisdiction may be

seeking a declaration of noninfringement or invalidity is governed by the general venue statute, not the patent venue statute.⁶¹

In selecting a preferred forum, parties consider the ability and willingness of the forum to protect its own jurisdiction. This most often manifests as an anti-suit injunction, which is a court order that prohibits the opposing party from pursuing litigation in a foreign court that has concurrent jurisdiction over the case. Relatedly, a party may seek an anti-interference injunction, also referred to as an anti-anti-suit injunction, whereby a party requests that the court order the opposing party not to further pursue or enforce an injunction from a foreign court that would interfere with the jurisdiction of the U.S. court or otherwise impair the party's ability to enforce its rights under U.S. law. While historically rare in the patent litigation context, there have been several recent instances of U.S. courts imposing injunctive relief to preserve the ability to pursue patent infringement actions in the U.S. and abroad.⁶²

proper. *See Breckenridge Pharm., Inc. v. Metabolite Labs., Inc.*, 444 F.3d 1356, 1366–67 (Fed. Cir. 2006).

61. *See VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583 (Fed. Cir. 1990), *abrogated on other grounds by TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514 (2017) (“It has long been held that a declaratory judgment action alleging that a patent is invalid and not infringed . . . is governed by the general venue statutes, not by § 1400(b).”).

62. *See Ericsson Inc. v. Samsung Elecs. Co., Ltd.*, No. 2:20-cv-380, 2021 WL 89980 (E.D. Tex. Jan. 11, 2021) (imposing an anti-anti-suit injunction against the anti-suit injunction awarded by a Chinese court in a parallel proceeding); *Continental Automotive Sys., Inc. v. Avanci, LLC*, No. 19-cv-2520, Dkt. 187 (N.D. Cal. Oct. 8, 2019) (not granting a motion for an anti-suit injunction to prevent infringement proceedings brought by Nokia in Germany); *Lenovo (United States) Inc. v. IPCom GmbH & Co. KG*, No. 5:19-cv-1389, Dkt. 71 (N.D. Cal. Dec. 12, 2019) (terminating Lenovo's motion for an anti-suit injunction after a French court ordered Lenovo in a parallel proceeding to withdraw its motion for an anti-suit injunction).

U.S. courts have also constrained patent owners' infringement claims through anti-suit injunctions and anti-anti-suit injunctions. In most circumstances there were overarching FRAND issues that could dispose of the entire action.⁶³

Another offensive option for accused U.S. infringers is to initiate an inter partes review (IPR) before the Patent Trial and Appeal Board (PTAB), the adjudicatory component of the U.S. Patent and Trademark Office.⁶⁴ Under this procedure, the defendant in a federal district court patent infringement action can seek review by the PTAB of the validity of the patents-in-suit. The board makes a threshold determination as to whether to "institute" the IPR by determining whether there is a "reasonable likelihood" that the petition will succeed in whole or in part. Depending on the scope of the relief sought in the IPR and whether it is instituted, a district court may stay the patent infringement case pending resolution of the IPR. This may take up to 18 months, and the stay may, in some instances, be extended up to an additional 12 months while the appellate court reviews the PTAB decision. If an IPR petition is not instituted, the case is litigated in full in the federal district court. If the IPR is instituted, the validity determination will resolve

63. See *TCL Commc'n Tech. Holdings v. Telefonaktiebolaget LM Ericsson*, No. 8:14-cv-341, 2015 U.S. Dist. LEXIS 191512 (C.D. Cal. June 29, 2015) (granting an anti-anti-suit injunction to prevent Ericsson from pursuing foreign patent claims on SEPs that were subject to the court's global FRAND determination); *Huawei Techs. Co. v. Samsung Electronics Co.*, No. 3:16-cv-2787, 2018 WL 1784065 (N.D. Cal. Apr. 13, 2018) (granting an anti-anti-suit injunction against Huawei from enforcing injunction orders issued by a Chinese court); *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872 (9th Cir. 2012) (granting an anti-anti-suit injunction against Motorola from enforcing any injunction issued by a German court).

64. For a full discussion of IPR and other post-grant proceedings that can be filed before the USPTO Patent Trial and Appeal Board, see *Sedona Parallel USPTO Proceedings*, *supra* note 3.

the issue for the federal district court proceeding insofar as it relates to the types of invalidity determinations within the purview of the PTAB—namely (for the most part) validity determinations based on printed publications and patents. However, in the relatively rare instances where the PTAB is considering a petition for post-grant review (not a petition for IPR), the board may also look at other validity issues, including, for example, those based on prior art products or services insofar as they were made public in the marketplace, and validity issues arising under Sections 101 (patentable subject matter) and 112 (enablement, written description, indefiniteness) of the Patent Act.⁶⁵

Between 2014 and 2018, the number of IPRs filed was relatively steady at between 1,600 and 1,800 petitions a year.⁶⁶ About 70 percent of these IPR petitions were instituted.⁶⁷ Of the instituted IPRs that proceeded to trial between 2016 and 2019, 60 to 70 percent resulted in the invalidation of all claims at issue; 15 to 25 percent resulted in the affirmance of all claims at issue; and 10 to 20 percent resulted in mixed findings.⁶⁸ Since 2018, the number of IPR filings have dropped, with 1,271 filings in 2019, 1,443 filings in 2020, and approximately 1,280 filings in 2021.⁶⁹

65. While the PTAB routinely considers over 1,000 IPR petitions each year, post-grant review petitions are rarely filed. For example, in the period from August 1, 2021 to July 31, 2022, only 41 PGR petitions were filed. *See* USPTO Patent Trial and Appeal Board, *PTAB Trial Statistics, August 2022, IPR, PGR*, https://www.uspto.gov/sites/default/files/documents/ptab_aia_20220831.pdf.

66. Lex Machina, Patent Litigation Report (Feb. 2019), at 26.

67. *Id.* at 29.

68. *Id.* at 28.

69. Lex Machina, Administrative Venues, (last visited Dec. 23, 2021).

c. Current Developments in Patent Litigation in the U.S.

While many favored patent jurisdictions have become more congested over the last few years for a variety of reasons,⁷⁰ one court in the Western District of Texas is one of the fastest in the country for patent litigation. In this court's Standing Order Governing Proceedings for Patent Cases, issued October 8, 2021, trials are scheduled to conclude within eighteen months.⁷¹ In some situations, case management schedules in the Western and Eastern Districts of Texas can provide for matters to be concluded in as little as 12 months.

An expedited procedural schedule is an important consideration for patent owners seeking a quick resolution as well as to head off potential institution of an IPR by the PTAB. This is because the PTAB looks at certain factors, known as the "*Fintiv* factors," when considering whether to institute an IPR when litigation is copending: whether the court will grant a stay, the proximity of the trial date, an overlap of issues between the district court and IPR, the investment in the district court proceedings, whether the parties are the same, and any other circumstance that would impact the board's exercise of discretion. In 2020, the PTAB denied 228 petitions on procedural grounds, roughly 20 percent of all institution decisions, relying on the *Fintiv* factors and the "trial date" framework for 51 percent of all denials under 35 U.S.C. 314(a).⁷² By September of

70. United States Courts, *Federal Court Management Statistics—Comparison Within Circuit* (June 30, 2021), https://www.uscourts.gov/sites/default/files/data_tables/fcms_na_distcomparison0630.2021.pdf.

71. Judge Alan D. Albright, *Standing Order Governing Proceedings—Patent Cases* (April 4, 2023), <https://www.txwd.uscourts.gov/wp-content/uploads/2023/01/Standing-Order-Governing-Patent-Cases.pdf>.

72. See *PTAB Uses Discretion, Fintiv to Deny Petitions 38% in 2021 to Date* (Sept. 22, 2021), UNIFIED PATENTS, <https://www.unifiedpatents.com/insights/>

2021, 16 percent of all institution decisions were denied on procedural grounds, using the *Fintiv* factors in 73 percent of all Section 314(a) denials.⁷³ As a result, patent owners are even more motivated to file their patent litigation complaints in forums that provide a fast trial schedule.

2. Brazil

Brazil can be an attractive venue for patent owners to file infringement actions and to obtain preliminary injunctions, subject to a relatively expedited interlocutory appeal. A party would need to establish a likelihood of eventually prevailing on the merits and that the party will be harmed in the absence of such injunctive relief. Technical evidence showing likelihood of infringement is needed for patent owners to obtain a preliminary injunction. In addition, injunctive relief may be granted before any consideration of validity under the bifurcated court system in Brazil.

a. Global Venue Selection Factors

i. Factor 1—The Market

Brazil is the ninth largest economy in the world and the largest in Latin America,⁷⁴ with a population of approximately

[2021/9/22/an-early-look-at-the-ptabs-use-of-fintiv-and-discretion-discretionary-denials-through-september-2021](https://www.unifiedpatents.com/insights/2020-ptab-discretionary-denials-report); *PTAB Discretionary Denials Up 60%+ in 2020: Fueled Entirely by 314(a) Denials* (Jan. 5, 2021), UNIFIED PATENTS, <https://www.unifiedpatents.com/insights/2020-ptab-discretionary-denials-report>.

73. *Id.*

74. See U.S. Dep't of State, 2021 Investment Climate Statements: Brazil, <https://www.state.gov/reports/2021-investment-climate-statements/brazil/> (last visited Feb. 21, 2024).

215 million.⁷⁵ In 2019, Brazil signed a significant trade agreement with the European Union after twenty years of negotiation.⁷⁶

In July 2019, the Brazilian Ministry of Economy and the Brazilian Patent Office (BRPTO) announced a plan to tackle patent examination pendency.⁷⁷ By March 2022, according to BRPTO's official data, this plan resulted in a reduction of 79.57 percent of patent applications pending for decision.⁷⁸

ii. Factor 2—The Quality of Adjudication

Brazil is a civil law country but implements a bifurcated court system that operates on the state and federal levels. For instance, patent infringement actions are filed before the state courts. Some states, such as São Paulo and Rio de Janeiro, have district courts specialized in commercial disputes, including patent litigation matters. São Paulo and Rio de Janeiro are the largest patent litigation venues in Brazil, with São Paulo also having specialized chambers at the appellate level.

75. See *Brazil*, THE WORLD BANK, <https://data.worldbank.org/country/brazil> (last visited Feb. 21, 2024).

76. See European Commission Press Release, *EU and Mercosur reach agreement on trade* (June 28, 2019), https://ec.europa.eu/commission/presscorner/detail/en/IP_19_3396; see also Amandine Van Den Berghe, *What's Going On with the EU-Mercosur Agreement?*, CLIENT EARTH (June 11, 2021), <https://www.clientearth.org/latest/latest-updates/news/what-s-going-on-with-the-eu-mercotur-agreement/>.

77. See *Bye, Bye Backlog? Government Measures to Stimulate Business in Brazil*, LICKS ATTORNEYS (July 10, 2019), <https://www.lickslegal.com/news/bye-bye-backlog-government-measures-to-stimulate-business-in-brazil>.

78. See Kene Gallois, *Brazil's Patent System: Latest Statistics on Efforts to Reduce the Backlog and the Road Ahead*, IPWATCHDOG (July 1, 2021), <https://ipwatchdog.com/2021/07/01/brazils-patent-system-latest-statistics-efforts-reduce-backlog-road-ahead/>.

There is no discovery phase in Brazil. After the pleading phase, parties submit evidence production requests to the court. The court then issues a case management decision, establishing the controversial points that require further evidence production to be solved, and grants the parties' evidence requests that are deemed relevant to solve such controversial issues.

It is possible (as in the French system) to seek a search at the defendant's premises, allowing the patentee together with a Brazilian public officer to enter the premises of the defendant and to describe the accused product or process in a report, as well as seize samples of the accused products. This measure, however, is considered more extreme and is rarely conducted.

Parties can use technical experts. Courts can also appoint an unaffiliated expert to provide written opinions addressing infringement or validity. There is no examination or cross-examination of experts.

Although invalidity arguments may be raised in patent infringement actions before the state courts as a matter of defense, invalidity cases in Brazil can only be filed before the federal courts.⁷⁹ Federal courts in Rio de Janeiro have specialized district and appellate courts to hear IP validity cases. Notably, in a validity lawsuit, the Brazilian Patent and Trademark Office is a codefendant with the patent owner.

iii. Factor 3—Time to Trial and Final Relief

Disputes usually last between two and four years at the trial court of first instance, depending on the court's productivity

79. See Law No. 9,279/96 [Brazilian Patent Statute], Art. 56; see also Andre Venturini et al., *Global patent prosecution 2022 - Brazil*, IAM (Oct. 28, 2021), <https://www.lexology.com/library/detail.aspx?g=175496a3-792e-4f08-86ac-2369f4f99d6b>.

and the parties' involvement. Infringement proceedings start when a patent owner files a lawsuit before a state court. Regarding the validity of a challenged patent, the challenger can file an invalidity lawsuit against the patent owner and the BRPTO before a federal district court at any time during the patent term. In addition, the Brazilian Patent Statute provides the possibility of a post-grant opposition procedure.⁸⁰ The post-grant opposition can be filed by the BRPTO or by a third party until six months after the grant of the patent.

iv. Factor 4—Likelihood of Prevailing on the Merits

Brazil has a relatively positive environment for patent holders. Preliminary injunctions on patent infringement cases are statutorily allowed.⁸¹ It is also possible to obtain exclusion orders against the importation of infringing products. Additional remedies include search and seizure of goods, accounting documents, and a daily penalty against patent infringers. In view of the strong remedies available, there is a high rate of settlements before trial.

In addition, the courts are known as not displaying a significant bias between nonpracticing entities and practicing entities.

v. Factor 5—Availability of Effective Relief

Preliminary injunctions are available and often requested by plaintiffs in infringement lawsuits. The requirements for the granting of a preliminary injunction are (i) strong evidence that convinces the judge of the likelihood of the plaintiff's claims, and (ii) risk of irreparable harm.

80. Brazilian Patent Statute, *supra* note 79, Art. 51.

81. *Id.*, Art. 209.

Pharmaceutical litigation is growing in Brazil, and preliminary injunctions are available regardless of whether a patent holder is seeking to enforce compound claims or use claims. Preliminary injunctions are also available for process claims, albeit requiring a higher threshold to be met with the prima facie evidence, due to the asymmetry of information between the parties, as processes are usually not public knowledge.

Damages can be sought in patent infringement proceedings. Awards will be determined on the basis of the counterfactual that the violation had not occurred.⁸² Loss of profits will be determined by the most favorable, to the injured party, of the following criteria: (i) the benefits that would have been gained by the injured party if the violation had not occurred; (ii) the benefits gained by the author of the violation of the rights; or (iii) the remuneration that the author of the violation would have paid to the proprietor of the violated rights for a license that would have legally permitted him to exploit the subject of the rights.⁸³

vi. Factor 6—Cost of Litigation

There is no discovery in Brazil. The typical litigation costs (including legal fees and other expenses) through trial in Brazil range from roughly \$300,000 to more than \$2 million, depending on the size and complexity of the case. However, costs increase when the parties seek to obtain preliminary and permanent injunctions.

82. *Id.*, Art. 208.

83. *Id.*, Art. 210.

vii. Factor 7—Recovery of Fees

Typically, the winner is entitled to receive court fees and other expenses incurred during the case, including the court-appointed expert's fees.⁸⁴ However, attorneys' fees are not reimbursed by the losing party.⁸⁵

b. Opportunity For Defendant-Initiated Litigation

An accused infringer can file declaratory judgment suits seeking a declaration of noninfringement and invalidity. The standing requirement for a declaratory judgment of noninfringement in Brazil is low because the potential defendant only needs to show simple evidence of the likelihood that the patent is going to be asserted. For instance, evidence showing the behavior of the patent owner in similar circumstances can be enough evidence to support a noninfringement suit. One of the main purposes of a declaratory judgment suit is to enable the defendant to choose Brazil as a venue.

In addition, the Brazilian Patent Statute regulates post-grant review proceedings; any third party with a legitimate interest or the BRPTO can challenge a patent within six months from the grant. If the challenge is successful, the patent is invalidated with retroactive effect to the date of filing.

Parties can always consider an invalidity lawsuit or a declaratory validity lawsuit. Brazilian federal courts will hear such cases even when post-grant review proceedings are pending before the BRPTO.

84. *Patent Litigation 2024-Brazil*, CHAMBERS AND PARTNERS (Updated Feb. 15, 2024), <https://practiceguides.chambers.com/practice-guides/patent-litigation-2023/brazil>.

85. *Id.*

c. Current Developments in Patent Litigation in Brazil

The most relevant development recently seen in Brazil was the Brazilian Supreme Court's declaration of unconstitutionality of the patent term that assured a 10-year minimum term from the grant date. The 2021 ruling established a patent term of 20 years from the filing date.⁸⁶

The Supreme Court also ruled that the decision would have a retroactive effect for patents related to pharma products and methods, as well as medical equipment and supplies.⁸⁷ Patent owners and applicants with granted patents in the pharma and human health sectors will likely see an impact related to their license agreements and assets. The BRPTO has already issued the new patent terms for most of the affected patents.⁸⁸

Patent owners have sought from the courts compensation for the delays during the patent's examination. Preliminary injunctions have been granted in some cases to keep in force patents that would otherwise already have expired under the base 20-year term, at least until judgment is rendered at the trial level.⁸⁹

86. Direct Unconstitutionality Action (ADI) 5,529 (Brazil Supreme Federal Court 2021), available at <https://jurisprudencia.stf.jus.br/pages/search/sjur451892/false>. See Roberto Rodrigues & Ana Calil, *Brazilian Supreme Court considers ruling on patent case for the first time this century*, J. OF INTELL. PROP. L. & PRAC., Vol. 16, No. 2 (Feb. 2021) 146–49, <https://doi.org/10.1093/jiplp/jpaa195>.

87. *Id.*

88. *Id.*

89. Rob Rodrigues et al., *Patent Term Adjustment in Brazil at the centre of major battle for IP owners*, IAM, <https://www.iam-media.com/article/patent-term-adjustment-in-brazil-the-centre-of-major-battle-ip-owners>.

B. *Europe*

1. Germany

One of the key reasons to file a patent litigation suit enforcing a global patent portfolio in Germany is the availability of injunctive relief within roughly a year of litigation at moderate cost. Germany has a bifurcated system for patent cases in which infringement and invalidity are determined in separate proceedings by separate courts, resulting in the so-called “injunction gap” that is considered attractive by plaintiffs. Infringement proceedings are decided much more quickly than validity proceedings, and an injunction ordered by the infringement court of first instance can be provisionally enforced even if an appeal is filed and there is not yet a validity decision available. Also attractive to patent plaintiffs is the fact that Germany has highly specialized patent courts and attorneys with a wealth of experience, leading to significant predictability and high-quality decisions, i.e., decisions that are respected, and often followed, in the rest of Europe.

Potential infringers often file proactive invalidity actions in Germany in anticipation of becoming a target of a future infringement suit.

a. Global Venue Selection Factors

i. Factor 1—The Market

Germany is the largest economy in Europe and fourth largest worldwide behind the U.S., China, and Japan (GDP is at approximately \$4.08 trillion U.S.; GDP per capita is approximately \$50,800 U.S.).⁹⁰ Germany is the third largest

90. GDP (current US\$), THE WORLD BANK, https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?name_desc=false (last visited Feb. 21, 2024).

exporter worldwide.⁹¹ Research and development accounts for 3.1 percent of Germany's GDP.⁹²

Significant portions of worldwide supply chains are often located within Germany. Twenty-eight of the world's 500 largest stock-market-listed companies are headquartered in Germany, which also has a relatively large number of small and medium enterprises that are often market leaders in their specific segment.

Hence, evidence of infringement is usually available, since the allegedly infringing products are quite often manufactured, distributed, and sold within Germany.

ii. Factor 2—The Quality of Adjudication

Generally, Germany has a high quality of adjudication due to the following factors: strong reputation (constitutional independence; specialist courts, judges, and lawyers; significant experience from adjudicating the highest number of cases by far in Europe year by year), predictable judgments (usually patentee-friendly), and a significant influence on other jurisdictions (e.g., the UK Supreme Court's strong convergence to Germany's approach to equivalence⁹³). The latter aspect is particularly noteworthy, as German judgments often serve as pilot judgments for a European-wide or even global settlement.

The German courts' "injunction gap" significantly impacts the quality of the adjudication in favor of the plaintiffs and to

91. *Exports by Country 2024*, WORLD POPULATION REVIEW, <https://worldpopulationreview.com/country-rankings/exports-by-country> (last visited Feb. 21, 2024).

92. *Research and development expenditure*, THE WORLD BANK, <https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS>.

93. See *Actavis v. Eli Lilly*, UKSC 48 (UK Supreme Court 2017) (discussing the German court's approach to equivalents at length), available at <https://www.bailii.org/uk/cases/UKSC/2017/48.html>.

the detriment of defendants. This injunction gap refers to the fact that injunctive relief can be imposed before any finding is made on patent validity in Germany, because:

- infringement and nullity (i.e., validity) are determined in separate proceedings by separate courts;
- infringement proceedings are decided much quicker than validity proceedings; and
- an injunction ordered by the infringement court of first instance can be provisionally enforced even if an appeal is filed and there is not yet a validity decision.

Regional courts are competent to hear infringement actions, but these courts do not have jurisdiction to determine the validity of a patent-in-suit. For an invalidity determination, the defendant has to lodge an opposition with the European Patent Office (EPO) or—after lapse of the opposition period or a final decision by the EPO—file a nullity action with the German Federal Patent Court. The infringement courts only assess validity on a prima facie basis in order to decide whether to stay the proceedings. As a consequence and because the infringement proceedings move more rapidly than nullity actions, there is often a “gap” between the time that an injunction is issued by the regional court and the time when an invalidity determination is made.

The best that a defendant can achieve on the infringement side is a stay of the infringement proceedings in view of validity concerns. In practice, however, the grant of a stay is rare because the threshold—a “high likelihood of invalidation”—is high.⁹⁴

94. The rate to stay infringement proceedings pending the parallel validity proceedings has increased in recent years (based on the observation of those

German law, including its implementation of the Intellectual Property Rights Enforcement Directive of the European Union,⁹⁵ provides litigants with several options to retrieve evidence in the domain of the opposing party (or an unrelated third party). Regarding discovery and inspection, these mechanisms are available if the claimant can show a likelihood of infringement (which in practice is a somewhat higher hurdle than in other countries, e.g., in France). However, the claimant has to specify exactly which documents have to be disclosed or where and what needs to be inspected. Furthermore, the claimant also needs to state why the disclosure of certain documents or the inspection of certain premises is important for the case and why there are no other reasonably available means to obtain the evidence sought. If an inspection request is successful, the claimants' outside counsel (counsel eyes only) and an expert are allowed to enter the premises of the defendant and describe the accused product or process in a report, seize samples of the accused products, and take copies of any documentation evidencing the materiality and also the origin and the scope of the infringement (including financial documentation, similar to France). Once performed, the defendant can file an appeal against the inspection order. If no appeal is filed or the appeal is unsuccessful, the report is released to the claimant and can then be used in litigation.

However, evidence is only necessary if a certain fact is contested by the other party, i.e., to the extent facts are actually

who actively practice in this area) from approximately 10 percent to 20-30 percent.

95. Directive 2004/48/EC of the European Parliament and of the Council of the European Union of 29 April 2004 on the enforcement of intellectual property rights [hereinafter EU Enforcement Directive], *available at* <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:157:0045:0086:EN:PDF>; German Act on Improvement of Intellectual Property Rights, Sept. 1, 2008, BGBl (implementing the EU Enforcement Directive).

in dispute between the parties. The level of substantiation to which a fact must be contested to be deemed inadmissible depends on the level of substantiation to which the other party supported that fact. Therefore, most factual disputes can be resolved without a need to take evidence by comprehensively presenting a respective fact, i.e., by very substantiated pleadings. In the context of seizures (of samples, documents, etc.) for infringement evidence purposes, preliminary measures (even *ex parte*) are available, but still rarely granted.

Generally, German court proceedings are public, and thus, there is no protection of confidential information by default. The parties, however, can request the court to exclude (i) the public during the oral hearing or (ii) certain parts of the file from a third-party file inspection request, but these measures are at the discretion of the court. In view of the implementation of the EU Trade Secret Directive,⁹⁶ Germany has adopted various measures to protect confidential information in main proceedings. As a consequence of the recent German Patent Act reform,⁹⁷ these measures can now also be applied to patent infringement proceedings. For instance, the court may order the parties to not disclose certain protected information outside of the pending proceedings and limit the number of persons getting access to such information. Therefore, the presentation of proprietary technical information or of comparable license agreements under FRAND aspects is now considerably easier, and the protection of confidential information has been significantly improved.

German courts decide cases based on the legal briefs submitted by the parties, the exhibits filed, and the arguments

96. German Act on the Protection of Trade Secrets, Apr. 18, 2019, BGBL.

97. German Act on the Simplification and Modernization of German Patent Law, June 10, 2021.

made by the advocates during the court hearing, which usually lasts only a few hours. Cases are normally decided without live examination of experts or witnesses, but meaningful expert involvement is possible through written expert declarations and informal questioning by the court. Technical experts need not be local, and foreign experts are regularly relied upon.

A special advantage of patent litigation in German courts for plaintiffs is the availability of utility models that are registered within only a couple of weeks. This is particularly attractive for patent holders if they perceive an urgent need for a readily enforceable protective right. For instance, a utility model can be branched off from a still-pending patent application. Its claims can be tailored to the accused embodiment within the original disclosure of the parent patent application. In principle, utility models can be enforced in the same way as patents. However, the threshold for the defendant to achieve a stay is considerably lower since utility models are not substantively examined. Furthermore, unlike in patent infringement cases, an invalidity objection is available within the utility model infringement proceedings. Defendants, however, typically prefer to attack the validity of the utility model in separate cancellation proceedings and request the infringement court to stay the infringement proceedings until a decision on validity is available.

iii. Factor 3—Time to Trial and Final Relief

The time to trial depends on the chosen forum in Germany. Although the contributors to this *Framework* have not located any published data on this subject, the observations of those who actively practice German patent litigation are that time to trial is as follows:

- Federal Patent Court *only for nullity actions*: approximately 2.5 to 3 years.

- Regional Court Dusseldorf: approximately 12 to 18 months.
- Regional Court Mannheim: 8 to 12 months.
- Regional Court Munich I: approximately 12 months.
- Appellate Courts: approximately 1.5 to 2 years.

Final relief is available after the judgment has become legally binding. A first-instance judgment is preliminarily enforceable, but the winning party is required to deposit a security during the appeal period and the potentially lodged appeal. First-instance judgments are usually rendered a couple of weeks after the oral hearing. Second-instance judgments are also preliminarily enforceable *principally* without having to provide security (unless the losing party also provides security).

iv. Factor 4—Likelihood of Prevailing on the Merits

German courts are usually perceived as patentee-friendly, so there is—in general—a solid chance for patentees to prevail on the merits. Under the principle of submission and production of evidence, the claimant does not even have to fully prove its case. It might be sufficient to base its case on substantiated and concrete indications if the defendant is not able to contest these with the same level of substantiation.

v. Factor 5—Availability of Effective Relief

Preliminary relief (i.e., preliminary injunctions and seizures). Preliminary relief is available, both in the form of injunctions as well as seizures.

Until recently, courts even issued *ex parte* injunctions, but due to recent case law by the German Constitutional Court,

either the claimant (by way of warning letters or the like)⁹⁸ or the court has to ensure the defendant's right to be heard. Ex parte injunctions are still possible, but only in rare circumstances, e.g., in trade-fair matters.⁹⁹

Injunctive relief. Under German patent law, an injunction is issued if infringement is found (i.e., German courts issue so-called "quasi-automatic" injunctions). Since the reform of the German Patent Act in 2021, the claim for an injunction can be excluded or tailored in view of any disproportionate hardship for the defendant. However, that change in law merely codified the leading and very restrictive case law of the Federal Court of Justice (Germany's highest court) so that an exclusion or tailoring of an injunction should only occur in exceptional and rare cases. Under an injunction, the defendant is ordered to cease and desist from, inter alia, manufacturing, offering for sale, distributing, and using the attacked product or process.

Other relief. Other available relief includes recall and destruction of infringing products, public notification of the decision, the obligation to disclose details regarding suppliers and customers, and the obligation to disclose details regarding numbers and profits.

Substantive Damages. A first-instance judgment stipulates the defendant's obligation to pay damages in principle. The actual amount is subject to a second proceeding. There, the claimant can freely choose from three options to calculate its damages: reasonable royalty, share of infringer's profit, or own lost profits. Punitive damages are not available; only compensatory

98. BVerfG, 1 BvR 1783/17 (Germany Federal Constitutional Court) Sept. 30, 2018, https://www.bundesverfassungsgericht.de/SharedDocs/Entscheidungen/DE/2018/09/rk20180930_1bvr178317.html

99. BVerfG, 1 BvR 2421/17 (Germany Federal Constitutional Court) Sept. 30, 2018, https://www.bundesverfassungsgericht.de/SharedDocs/Entscheidungen/DE/2018/09/rk20180930_1bvr242117.html.

damage are available. Damages proceedings can be burdensome and time consuming. Very high damages awards are the exception rather than the rule. For this reason, in the majority of cases, the parties settle after any initial infringement decision (from a German or any internationally renowned court) and come to a commercially meaningful solution.

Border detention measures. The German customs authorities have become rather sophisticated (upon the request of IP proprietors) in detecting and detaining infringing products entering the European market via Germany. IP proprietors can request the cooperation of customs officials by filing a border detention request, listing the relevant IP rights, and providing sufficient details for recognizing the goods upon arrival. When customs authorities encounter products that conform to a border detention request, they will normally retain the products and inform the IP proprietor forthwith, who can then follow up with appropriate action (e.g., inspect and, if appropriate, initiate civil proceedings).

vi. Factor 6—Cost of Litigation

German litigation costs are significantly lower than U.S. or UK proceedings. The main driver for costs are the party's own attorney fees (which are usually based on hourly rates). Depending on the complexity of the matter, such fees amount to approximately €100,000 to €250,000 for first-instance proceedings (infringement as well as nullity proceedings). Apart from that, the claimant has to advance the statutory court fees. Court-appointed experts are rare, so such costs are usually avoided. However, the fees can be higher in high-stakes cases, and recovery of fees is a relevant factor to be considered for the cost-risk analysis.

vii. Factor 7—Recovery of Fees

Germany has adopted a limited “winner-takes-all” principle. The winning party has a claim against the losing party for reimbursement of statutory attorney and court fees and other necessary expenses, such as travel and translation costs. The attorney and court fees are in turn based on the value in dispute, which depends on the patent holder’s economic interest in winning the proceedings. For example, the reimbursable statutory fees for a value in dispute in the amount of €500,000 in first-instance infringement proceedings amount to approximately €16,000. Typical values in dispute range from €500,000 to €5 million. The statutory maximum value in litigation is €30 million.¹⁰⁰

b. Opportunity For Defendant-Initiated Litigation

The only accepted opportunity for defendants to initiate litigation in Germany (besides bringing a proactive invalidity attack) to date is a negative declaratory action aimed at a judicial determination that the acts committed do not infringe the respective patent. For this, however, the potential defendant seeking the declaration needs to show a legal interest in this determination, which is usually established if the patentee has alleged that it has a claim for patent infringement against the claimant. A similar action could also be initiated, e.g., by way of an Italian or Belgian torpedo in other jurisdictions.¹⁰¹

100. See [German] Federal Ministry of Justice, Lawyers’ Remuneration Act – RVG, Annex 1 (to § 2 paragraph 2), Schedule of remuneration, *available at* https://www.gesetze-im-internet.de/rvg/anlage_1.html (last visited Feb. 21, 2024).

101. For discussion, *see supra* Sect. III.B (Delaying Proceedings).

Declarations of obviousness of a product over the state of the art on a particular date (“*Arrow* declarations”) ¹⁰² and declarations of “FRAND”-ness of license offers in a standard-essential patent (SEP) dispute have not yet been decided by case law but are likely available in Germany, as in other European countries.

In SEP-FRAND cases, potential defendants can theoretically file a claim against the SEP holder based on the SEP holder’s FRAND commitments. When ruling on the assertion by SEP defendants of such a “FRAND defense,” a court need only decide whether the offer made by the patentee constitutes FRAND; it need not determine the scope of the FRAND conditions themselves. In adjudicating FRAND issues, the German courts stick closely to the requirements set out by the European Court of Justice in *Huawei v. ZTE*.¹⁰³ Accordingly, the defendant can raise a FRAND defense against the asserted claims for injunction, recall, and destruction. Even if the FRAND defense is successful, any claims for information, rendering of accounts, and damages are still enforceable, but any asserted claims for injunction, recall, and destruction may be limited to a FRAND royalty. The German SEP-FRAND case law is very much in flux and quite divergent between the practices of the Mannheim, Munich, and Dusseldorf courts in particular. To date, no German court has decided a specific FRAND royalty or range.

102. For description of *Arrow* declarations, see *supra* note 11 and underlying commentary text.

103. *Huawei Techs. Co. v. ZTE Corp.*, C-170/13 (CJEU 2015), available at <https://curia.europa.eu/juris/liste.jsf?num=C-170/13>.

c. Current Developments in Patent Litigation in Germany

The most recent development in German patent litigation was a reform of the German Patent Act that took effect in August of 2021. The reform was lobbied for by the automotive and telecommunications industries and resulted in three important changes to the law. First, the claim for an injunction can be excluded or tailored in view of disproportionate hardship for the defendant. However, that change merely codified the leading and very restrictive case law of the Federal Court of Justice so that an exclusion of an injunction should only occur in exceptional and rare cases. Second, and much more importantly, a deadline of six months to provide a qualified written opinion on validity was imposed on the Federal Patent Court in nullity proceedings, in order to be used for stay requests on the infringement side. It remains to be seen whether the Federal Patent Court will be able to meet that requirement in reliable quality and whether the infringement courts will then follow the qualified written opinion. Third, the protection of trade secrets in patent infringement proceedings has been significantly improved by applying certain rules of the German Act on the Protection of Trade Secrets. For instance, the court may order the parties to not disclose certain protected information outside of the pending proceedings and limit the number of persons getting access to such information (the “confidentiality club”). Therefore, the presentation of proprietary technical information or of comparable license agreements under FRAND aspects is now considerably easier.

2. United Kingdom

The United Kingdom is a common law jurisdiction with substantial discovery processes (albeit more limited than in the U.S.), oral evidence including cross-examination, and oral

advocacy before specialist patents judges. This leads to decisions that are respected and often followed in Europe. Historically, it has attracted much international pharmaceutical litigation. More recently, there has been an influx of SEP-FRAND litigation owing to developments in the law.

a. Global Venue Selection Factors

i. Factor 1—The Market

The UK is presently the sixth largest economy in the world by GDP and the largest economy in Europe that is independent from the European Union.¹⁰⁴ It is also a top-ten manufacturing country in the world.¹⁰⁵

As such, it is a major market for pharmaceutical and electronic products that form the focus of much international patent litigation. Given the size of the market and the UK courts' liberal and compensatory approach to assessing damages, awards for damages are relatively high compared with most jurisdictions around the world, other than the United States.

ii. Factor 2—The Quality of Adjudication

The United Kingdom comprises three civil jurisdictions: England and Wales, Scotland, and Northern Ireland (with the UK Supreme Court serving as the final court of appeal for all three jurisdictions). If an alleged infringing act takes place throughout the UK, then a claimant has a choice of jurisdiction.

104. See CENTRE FOR ECONOMICS AND BUSINESS RESEARCH (CEBR), WORLD ECONOMIC LEAGUE TABLE 2022 (Dec. 2022), <https://cebr.com/wp-content/uploads/2022/12/WELT-2023.pdf>.

105. UK Remains in the Top Ten of Largest Manufacturing Countries, MAKE UK, <https://www.makeuk.org/insights/publications/uk-manufacturing-the-facts--2022#/world-rankings> (last visited Feb. 21, 2024).

The territory of UK patents and European patents is UK-wide, and accordingly, the courts of any of the three constituent jurisdictions will grant injunctions that are UK-wide in scope. However, most patent litigation in the UK takes place in the Patents Court of England and Wales, which is the focus of the remainder of this section.

The Patents Court of England and Wales is widely regarded as being of very high quality. It is a specialist court, within the Chancery Division of the High Court. As such, it has a bespoke procedure for patent cases and specialist judges. It deals with the higher value or more technologically complex cases in the UK; lower value or simpler cases are heard by another specialist IP court (the Intellectual Property Enterprise Court, which has special procedures aimed at reducing fees and costs, and with limited fee-shifting, discussed further below). All cases in the Patents Court are assigned to nominated patent judges, and those cases that have been assessed as more technically difficult (categories 4 and 5 on a scale of 1 to 5) are assigned to judges who are career patent lawyers. Historically, there have been two or three such career patent specialist judges. The patent judges are well respected by their peers in other jurisdictions and are influential in other jurisdictions that are members of the European Patent Convention, including Germany and the Netherlands. Judges in those jurisdictions will frequently follow UK judgments (and if they do not, will usually give reasons for differing).

English civil procedure allows for written disclosure or discovery (the degree of disclosure being tailored according to a flexible menu of options, but invariably less extensive than that in the United States), provision for conducting experiments, extended cross-examination of fact and expert witnesses, and oral proceedings before the judge.

iii. Factor 3—Time to Trial and Final Relief

In a statement dated February 1, 2022, the Patents Court confirmed that it endeavors to bring patent cases to a final liability trial where possible within 12 months of the claim being issued.¹⁰⁶ In practice, the time to liability trial is often longer, generally between 12 and 18 months.

It is possible for proceedings to be stayed pending European Patent Office opposition proceedings,¹⁰⁷ although this is not common and tends to happen only if the EPO opposition proceedings are well advanced.

Judgments will typically be handed down within a few weeks of trial, with the final order as to relief being made a month or so after that. In a case where a patent has been found valid and infringed, the order will set out the scope of any injunction ordered and also allow the commencement of a damages inquiry or an account of the infringer's profits (following the provision of limited disclosure to allow the successful patent holder to make an informed election between the two types of relief proceedings).

Permission to appeal a judgment is required and will not necessarily be granted, particularly if the judgment relates to questions of fact, or mixed questions of fact and law, such as obviousness or inventive step. If permission to appeal is granted, the appeal hearing will generally take place within about a year.

106. See *Practice Statement: Listing of Cases for Trial in the Patents Court*, [UK] COURTS AND TRIBUNALS JUDICIARY (Feb 1, 2022), <https://www.judiciary.uk/guidance-and-resources/practice-statement-listing-of-cases-for-trial-in-the-patents-court/>.

107. *Virgin Atlantic Airways v. Zodiac Seats U.K.*, [2013] UKSC 46 (UK Supreme Court), available at <https://www.supremecourt.uk/cases/uksc-2010-0013.html>, and *IPCom v. HTC Europe Co.*, [2013] EWCA (Civ.) 1496 (England and Wales Court of Appeal), available at <https://www.bailii.org/ew/cases/EWCA/Civ/2013/1496.html>.

The court will often stay any injunction pending appeal, balancing the interests of the parties if the judgment is overturned on appeal.¹⁰⁸ Usually, the court will require the patent holder to make a cross-undertaking to reimburse the defendant for its losses should the injunction be lifted on appeal.

As proceedings in the UK are bifurcated, the award of damages or infringer's profits is not made immediately following the liability trial. There is, instead, a further trial (a damages inquiry or account of profits) that will run to a similar timescale as the liability trial. Nonetheless, it is possible to apply for an interim payment of the damages, which will likely be awarded.

iv. Factor 4—Likelihood of Prevailing on the Merits

The cases tried in the Patents Court in England and Wales are small in number and tend to be part of a wider international dispute. Overall success rates of patent holders seeking to establish infringement of a valid patent are low.

Below is a table showing the number of first-instance judgments from 2009 to 2021, the number of judgments in which at least one patent was held valid, the number of judgments in which at least one patent was held to be infringed, and the number of judgments in which at least one patent was held to be valid and infringed.¹⁰⁹

108. *Minnesota Mining and Mfg. Co v. Johnson & Johnson*, [1976] RPC 671 (England and Wales High Court—Chancery), available at <https://academic.oup.com/rpc/article/93/25/671/1609511>.

109. Derived from the data published in *A User's Guide to Patents, Fifth Edition*, by Trevor Cook, WilmerHale, published by Bloomsbury Professional Law (other than 2019-21 data, which has been provided directly by Trevor Cook).

Year	Total number of judgments	First-instance judgments with a finding of validity (out of the total judgments considering validity)	First-instance judgments with a finding of infringement, including conceded infringement, out of the total judgments considering infringement	First-instance judgments with a finding that a patent is valid and infringed (out of the total judgments considering both validity and infringement)
2009	24	12/23	11/15	7/14
2010	10	4/9	3/9	1/8
2011	15	5/14	5/13	1/12
2012 ¹¹⁰	16	10/16	6/12	4/12
2013	23	10/18	14/19	6/14
2014 ¹¹¹	23	7/19	13/17	7/14
2015	12	5/11	4/6	1/6
2016	17	4/14	10/13	3/10
2017	11	3/10	6/7	2/6
2018	12	7/11	7/10	6/9
2019	16	4/15	13/13	4/12
2020	14	10/14	10/12	8/9
2021	19	7/18	13/17	4/15

No overall pattern can be discerned other than historically, except for 2018 and 2020, the number of judgments in which at

110. Excluding finding of infringement in declaration of noninfringement claim.

111. Excluding finding of infringement in declaration of noninfringement and groundless threats claims.

least one patent was found valid and infringed has not exceeded 50 percent of judgments in which both issues were considered.

The consequence of these success rates is that up until recently, the court lists have been dominated by international pharmaceutical patent litigation. Generic companies have been encouraged by the rates of invalidation and the need under English law to “clear the way” in advance to avoid being enjoined upon launch (and, accordingly, bringing claims for revocation and declarations of noninfringement, targeted at those patents that were perceived to be weaker).

More recently, a large number of cases have been brought by declared standard-essential patent holders, including nonpracticing entities, in the cellular telecommunications field. In particular, declared SEP holders seek to obtain an injunction in respect of any one UK patent in their portfolio, with a view to demanding a FRAND license to their entire global portfolio.¹¹² A patent holder with a large portfolio will seek to demand a high value license and will be in a position to assert a large number of patents with a view to increasing its overall chances of success.

v. Factor 5—Availability of Effective Relief

In the United Kingdom, a patent owner may launch civil proceedings for patent infringement and claim the following main types of relief:

- an injunction to stop or prevent infringement;

112. Based on *Unwired Planet Int’l Ltd. v. Huawei Technologies (U.K.) Co.; Huawei Techs. Co. v. Conversant Wireless Licensing SARL; ZTE Corp. v. Conversant Wireless Licensing SARL*, [2020] UKSC 37 (UK Supreme Court). (judgment for the three appeals holding that a FRAND license can be global), available at <https://www.supremecourt.uk/cases/uksc-2018-0214.html>.

- delivery up or destruction of infringing goods;
and
- damages or an account of infringer's profits.

Most UK patent cases settle.¹¹³

Interim, final, and springboard injunctions. Whether to grant an injunction is up to the court's discretion and is not a remedy provided as of right. The court may grant an injunction when it considers it to be just and convenient in the circumstances, bearing in mind the need for any relief to be effective, proportionate, and dissuasive.

The following questions are considered by the judge when weighing whether to grant a preliminary interim injunction:

1. is there a serious question to be tried;
2. where does the balance of convenience lie (including a consideration of whether damages would be an adequate remedy); and
3. are there any special factors.

In practice, interim injunctions are largely limited to pharmaceutical cases involving generic pharmaceutical companies that have failed to "clear the way" before launch (e.g., by obtaining a declaration of noninfringement or revoking the patent). For a patentee to be successful, the interim

113. MICHAEL C. ELMER & C. GREGORY GRAMENOPOULOS, *GLOBAL PATENT LITIGATION: HOW AND WHERE TO WIN* (3d ed. 2019), Ch. 20, Table 20-2 (referring to the largest damages awards in UK patent cases as:

- *Ultraframe v. Eurocell*, [2006] EWHC 1344 (Pat) (England and Wales High Court–Patents), available at <https://www.bailii.org/ew/cases/EWHC/Patents/2006/1344.html> (reportedly awarding \$6.15 million in damages).
- *Gerber Garment Technology, Inc. v. Lectra Systems Ltd.*, [1997] RPC 443 (England and Wales Court of Appeals) (reportedly awarding \$6 million in damages).

injunction application must be made without delay. The patentee must give a cross-undertaking as to the damages that will be payable to the defendant in the event the injunction is eventually deemed wrongly granted because the patentee loses at trial or subsequently. Such cross-undertakings can also be in favor of third parties that suffer loss as a result of the interim injunction.

A final injunction may also be granted following a substantive trial to mandate or prevent certain acts (such as the manufacture, sale, or importation of goods held to infringe a patent). It may be stayed pending appeal, as discussed above. A final injunction might not be granted if the cost of design around is disproportionate, and if the licence being demanded is excessive. Nonetheless, in the ordinary course, a final injunction will be granted following a finding of infringement.

Springboard injunctions that continue post-patent expiry may be available where the final product is not infringing but the process by which it was developed included infringing acts. Any such injunction should reflect the advantage gained by the infringing use and not put the patentee in a better position than if there had been no infringement. These are extremely rare.

Delivery up or destruction of infringing goods. Where goods have been found to infringe patent rights, courts may order, at the request of the applicant, delivery up or destruction of any patented product in relation to which the patent is infringed or any article in which that product is inextricably comprised.

Damages or an account of profits. A patent owner may seek damages (relating to losses to the patent owner caused by the infringement) or an account of profits (relating to the profits made by the infringer through their infringing activities, the purpose being to quantify any unjust enrichment). Both may be claimed as alternative remedies in the pleadings. It is only after

infringement has been found that the patent owner must elect damages or an account of profits.

Generally, damages are compensatory, not punitive. Where the patentee sells or manufactures products, it may claim for the lost sales of products sold by the infringer, as well as losses from sale and supply of ancillary items. Where the patentee usually licenses the patent, the measure of damages will usually be a royalty rate, based on comparable license agreements. Where the patentee neither manufactures nor sells products and does not license the patent, the court will seek to determine a notional royalty rate, applying the user principle that a royalty reflects the damage suffered. The general rule is that the damages will amount (as far as possible) to the sum of money that would put the injured party in the same position it would have been in if it had not sustained the wrong. The burden of proof in establishing the amount of damages lies with the claimant, but damages are assessed liberally.

An account of profits is rare in patent cases because, typically, a party would expect to recover more through a damages inquiry. The court will assess the overall profit and then make an apportionment.

FRAND license determination. The UK Supreme Court¹¹⁴ held in August 2020 that (a) the UK courts have the jurisdiction, and may properly exercise their power, to grant an injunction in respect of a UK patent that is an SEP, unless the implementer of the patented invention enters into a FRAND license; (b) such a FRAND license may be a global license of a multinational patent portfolio; and (c) the UK Court may determine the terms of that license without both parties' agreement.

114. *Id.*

As a consequence of this decision and the relief available to SEP owners, the English Court continues to be a leading forum for resolving global SEP-FRAND disputes.

vi. Factor 6—Cost of Litigation

Although the United Kingdom has a reputation for being a relatively expensive forum in which to litigate, costs are generally lower than in the U.S.¹¹⁵

There are a number of options available to claimants in certain circumstances that can serve to limit and control costs. This includes issuing proceedings in the Intellectual Property Enterprise Court (IPEC) or in the High Court under the Shorter Trials Scheme.

The IPEC is a specialist IP court with a streamlined procedure, fixed costs recovery (see below), and a cap of £500,000 on the financial remedies (unless otherwise agreed by all the parties).¹¹⁶ The objective of IPEC is to handle the smaller, shorter, less complex, less important, lower value actions, and the procedures applicable in the court are designed particularly for cases of that kind. It is seen, although not exclusively, as a forum for litigation by small and medium enterprises, and it has been a popular forum in which to litigate.

115. Matthew Bultman, *What You Need To Know About Patent Litigation In The UK*, LAW360 (Aug. 6, 2018), <https://www.law360.com/articles/1070615/what-you-need-to-know-about-patent-litigation-in-the-uk> (“The 2016 Taylor Wessing report ranked the U.K. seventh in the world in cost effectiveness of enforcement, behind Germany, the Netherlands and France. It was, however, still more cost effective than the U.S., which was 26th on the report.”).

116. See *Intellectual Property Enterprise Court*, GOV.UK, <https://www.gov.uk/courts-tribunals/intellectual-property-enterprise-court> (last visited June 16, 2023).

The Shorter Trials Scheme enables parties to benefit from resolving disputes in a shorter time period, with trials being listed more quickly and judgment being handed down within six weeks of trial.¹¹⁷ It is only appropriate for the less complex cases.

vii. Factor 7—Recovery of Fees

The general principle in the UK is that the unsuccessful party is ordered to pay the costs of the successful party. Subject to limited exceptions, the court has wide discretion to make a different order after taking into account all relevant factors, including, among other things, the conduct of the parties before and during the proceedings, whether a party has succeeded on part or all of its case, the complexity of the case, as well as whether either party has refused to attempt to mediate or settle the case. Fee shifting is usually issue-based, where a winning party's fees are discounted in relation to the issues on which it has lost. Once the court has determined whether costs are recoverable and by which party (and in respect of which issues), there is a separate process called "assessment" that determines the amount of costs recovery according to what was reasonably and proportionately incurred.

Recovery of fee determinations in the Patents Court is treated similarly to that in other UK courts, which will only award costs that are proportionate to the matters in issue. The party seeking to recover its costs must prove the reasonableness and proportionality of the amount claimed. The court can also award costs on the indemnity basis, though such an award is less common, as it is considered to be penal in nature. Where

117. See *Practice Direction 57AB – Shorter and Flexible Trials Schemes*, JUSTICE – GOV.UK, <https://www.justice.gov.uk/courts/procedure-rules/civil/rules/practice-direction-57ab-shorter-and-flexible-trials-schemes> (last visited Feb. 21, 2024).

indemnity costs apply, the court will resolve any doubt that it may have as to whether the costs were reasonably incurred or were reasonable in amount in favor of the receiving party, with no requirement that the costs assessed be proportionate.

In the Intellectual Property Enterprise Court, starting October 1, 2022, the cap for costs recovery increased from £50,000 to £60,000 for the liability phase and from £25,000 to £30,000 for the damages and account-of-profits phase.¹¹⁸ In addition to the overall cap, there are limits on the costs payable for each stage of the proceedings.

A patent holder that has been successful in upholding its patent should seek a certificate of contested validity from the court. The court has discretion whether to grant such a certificate, but where it is granted, then if in any subsequent proceedings for infringement or for revocation of the patent in which the patentee is successful, the patentee is entitled, unless the court or the comptroller otherwise directs, to be awarded its trial costs or expenses. Such costs are generally more generous than costs assessed on a standard or indemnity basis.¹¹⁹

Parties often reach agreement as to the amount of costs to be paid by the losing party in advance of it being assessed by the court.

118. Amount of scale costs, R. CIV. P. 46.21, JUSTICE – GOV.UK, <https://www.justice.gov.uk/courts/procedure-rules/civil/rules/part-46-costs-special-cases#amo> (last visited Feb. 21, 2024); The Civil Procedure (Amendment No. 2) Rules 2022, 2022 No. 783 (L. 8), <https://www.legislation.gov.uk/en/uksi/2022/783/> (last visited Feb. 21, 2024).

119. Patents Act 1977 c. 65 [The UK Patents Act 1977]. The approach to determining costs when the patentee has a certificate of contested validity was considered in *Optis Cellular Technology v. Apple Retail U.K. Ltd*, [2020] EWHC 3248 (Pat) (England and Wales High Court–Patents).

b. Opportunity For Defendant-Initiated Litigation

Revocation proceedings. Under UK patent law, there are five grounds for revocation of a patent by a third party:

- Nonpatentability: that the invention is not novel or inventive, or it relates to excluded subject matter, such as business methods;
- Nonentitlement: the patent was granted to a person not entitled to it;
- Insufficiency: the patent specification does not describe the invention sufficiently to enable it to be reproduced by the skilled person;
- Added matter: the subject matter of the patent extends beyond the content of the originally filed application; and
- Unallowable post-grant extension: the projection conferred by the patent has been extended by an amendment after grant, but which should not have been allowed.

No standing is required to bring a claim for revocation of a patent in the UK.

Declaratory relief. There is statutory provision in the UK Patents Act for declarations of noninfringement to be brought by any party. No standing is required.

Additionally, the English court, under its Civil Procedure Rules and its inherent jurisdiction, has a wide general power to make declarations that will serve a useful purpose, having considered justice to the claimant and the defendant, as well as whether there are any other special reasons why the court should or should not grant declaratory relief.

Over time, a range of declarations have been developed by the courts. For example, a potential infringer can seek declaratory relief in circumstances where a patent right has yet

to be granted (termed *Arrow* declaratory relief after the case that first confirmed the court's jurisdiction to grant such relief). An *Arrow* declaration is a declaration that the applicant's own product or process, or aspects of it, were known or obvious at a particular relevant date. This arises particularly in cases where divisional patent applications are pending and pose a threat to the applicant, and where there are other factors indicating that the patentee is shielding subject matter or patents from scrutiny before the courts. The award of such a declaration provides a defense against a future claim of patent infringement. This is because if the product or process (or aspects of it) was known or obvious at the priority date of the relevant patent, then none of that patent's claims can be both valid and infringed by that relevant product or process.

The English court has also confirmed that it has jurisdiction to grant declaratory relief concerning Supplementary Protection Certificates (SPCs)¹²⁰ that have yet to be granted. Such a declaration has been sought on the basis that any application that the patentee might make seeking an SPC based on the claimant's marketing authorization would be invalid.

Another example of a declaration claim that the court will entertain is for a declaration of nonessentiality, that is to declare a particular patent is not essential to a standard.

The English court has also been willing to grant declarations of noninfringement of European patents in other jurisdictions, provided validity is not in issue.

Groundless threats. An alleged infringer may also bring an action against the patentee for groundless threats of

120. Supplementary Protection Certificates are extensions to the period of exclusivity conferred to a medicinal product covered by a patent after patent expiry. They are intended to compensate the patentee for the loss of effective protection provided by a patent due to the delay between filing a patent application and obtaining a marketing authorization.

infringement proceedings. The “threat” is actionable if it is determined to be a “threat of infringement proceedings” following an objective two-step test. Threats need not be understood to relate only to bringing infringement proceedings in the UK, and the threat need not be directed at a particular individual for it to be an actionable threat. However, there is a “safe harbor” for patent holders to make communications for “permitted purposes” with a person who might otherwise be entitled to bring an unjustified threats action. The “permitted purposes” include notifying the recipient of the communication that the patent right exists; attempting to discover whether and by whom the patent is infringed; and giving notice that a person has a right under a patent where that person’s awareness of the patent is relevant to the action that may be taken.

c. Current Developments in Patent Litigation in the UK

As discussed above, the UK Supreme Court has held that the UK courts have jurisdiction to determine the terms of a FRAND license on a *global* basis in cases where a standard-essential patent holder establishes that one of its patents is valid and infringed. This has led to an influx of litigation to the UK courts, although the China Supreme Court has since confirmed that the Chinese courts also have jurisdiction to determine the terms of a global FRAND license.¹²¹

3. France

A key reason to start proceedings in France is the possibility of obtaining an injunction in a major EU market where both validity and infringement are adjudicated at the same time by

121. *OPPO Guangdong Mobile Communications Co. v. Sharp Co.*, No. 517 (China Supreme People’s Court–Intellectual Property Tribunal 2020), <http://gongbao.court.gov.cn/Details/f677b0f306e7dba410c62578dabead.html>.

the same court before well-regarded specialized judges. Although, as with other continental European law countries, there is no discovery or disclosure available in France, there is a well-developed practice of gathering evidence through the use of search and seizure *ex parte* orders. This is particularly relevant for patent holders building a multinational litigation strategy, as evidence obtained through search and seizure can usually be used in other jurisdictions. Another key reason to start litigation in France is the possibility of obtaining an advance of damages at the same time of the finding of liability (even in preliminary injunction proceedings), as well as final damages within a reasonable time frame.

a. Global Venue Selection Factors

i. Factor 1 – The Market

France is the second largest economy in the European Union and the seventh largest worldwide by GDP.¹²² France's GDP is approximately \$2.7 billion U.S., and around 2.2 percent of its GDP is spent in research and development.¹²³

France has a large presence in a variety of sectors, such as automotive, pharmaceutical, aeronautics, chemicals, and agricultural. France has been ranked first in Europe for foreign investments and also, at a sector-based level, for foreign investment in industrial activities for the past fifteen years.¹²⁴ A

122. *The 20 Countries with the largest gross domestic product (GDP) in 2022*, STATISTA (Nov. 9, 2023), <https://www.statista.com/statistics/268173/countries-with-the-largest-gross-domestic-product-gdp/>.

123. *Gross domestic expenditure on research and development (GERD) as a percentage of GDP in France from 2001 to 2020*, STATISTA (Dec. 21, 2023), <https://www.statista.com/statistics/420952/gross-domestic-expenditure-on-research-and-development-gdp-france/>.

124. *See Publication of the France Attractiveness Scoreboard, 2021 edition*, DIRECTION GÉNÉRALE DU TRÉSOR (Jan. 17, 2022), <https://www.tresor.>

number of major international companies are headquartered in France.

ii. Factor 2—The Quality of Adjudication

The quality of adjudication in France is considered high. Patent litigation is in the hands of civil professional judges (though with no technical background) for both invalidity and infringement claims. In order to increase the predictability of decisions, patent litigation is within the exclusive jurisdiction of the Paris judicial first-instance court, where a specialized chamber (the third chamber, which, in turn, is subdivided into three sections consisting of three judges) is dedicated to intellectual property cases. The Paris court of appeal also includes a specialized chamber for intellectual property matters (Division No. 5, subdivided into two chambers of three judges). The highest civil court (the *Cour de cassation*) can hear patent cases through its commercial chamber.

One particularity of the French system is the possibility to seek ex parte that a search and seizure (*saisie-contrefaçon*) be carried out at the defendant's premises. This is due to the French legal system not having any discovery or disclosure-like tool to help prove infringement. As infringement needs to be evidenced by the patentee, the French system provides this search-and-seizure mechanism for the benefit of the patentee. This measure is performed in more than 80 percent of the patent infringement proceedings and conducted ahead of launching proceedings. It allows a bailiff (French public officer) to enter the premises of the defendant and to describe the accused

economie.gouv.fr/Articles/2022/01/17/publication-du-tableau-de-bord-de-l-attractivite-de-la-france-edition-2021. See also *New investment champion in Europe*, INVEST IN FRANCE, <https://investinfrance.fr/the-new-investment-champion-in-europe/> (last visited Feb. 21, 2024).

product or process in a report, seize samples of the accused products, and take copies of any documentation evidencing not only the materiality but also the origin and the scope of the infringement (including financial documents). Once performed, the claimant has 31 days to launch patent infringement proceedings; otherwise, the seizure is automatically void and all reports, documentations, and samples must be given back to the defendant. Although such a seizure mechanism is available in all EU countries due to the EU Enforcement Directive,¹²⁵ France's extensive experience with this measure is known to be very useful for claimants, as it allows for relatively easy and rapid access to evidence of infringement when compared with other EU countries. And the possibility of using the seized elements in foreign proceedings is also advantageous to litigants in multiple jurisdiction litigation strategies.

Proceedings in front of civil courts are predominantly written. French judges will largely rely on the pleadings and exhibits filed by the parties. Consequently, pleadings can be quite lengthy depending on the relevant technology. An oral hearing (typically half a day per patent, or more if necessary) is set at the end of the proceedings for the judges to hear arguments from each of the parties (based on their written pleadings) and ask questions.

The use of experts, whether appointed by the parties or by the court, is extremely rare in French patent proceedings. In those cases where experts are appointed, they are required to prepare and file written reports. Although theoretically possible, in practice there is no examination or cross-examination of experts. The parties can file expert reports prepared for the purposes of foreign patent proceedings if they consider it appropriate.

125. See EU Enforcement Directive, *supra* note 95.

Although European Patent Office decisions are not binding on French courts, French case law is generally aligned with EPO decisions. French decisions are well respected and persuasive in other foreign jurisdictions due to the aforementioned high quality of the decisions addressing both validity and infringement, as well as the size of the market in France.

iii. Factor 3—Time to Trial and Final Relief

Preliminary proceedings can be applied for *ex parte* or *inter partes*, but in practice only *inter partes* proceedings are used, as French procedural law provides for the possibility to have a case heard within days in case of emergency. The time frame for preliminary proceedings averages between two to four months (and three to six months if the first-instance decision is appealed). This time frame can be shortened to within weeks or even days in case of urgency (which is not a condition to launch preliminary injunction proceedings).

First-instance patent infringement proceedings “on the merits” (main action as opposed to preliminary proceeding) where a counterclaim for invalidity is raised usually last between 18 months to two years. In cases where only infringement or invalidity is raised, the time frame is shorter (12 to 18 months). In appeals to the Paris court of appeal, a decision is usually handed down in two years. Importantly, the appeal is heard *de novo*. Proceedings brought before the highest civil court usually last around 18 months but can only concern points of law.

Decisions are immediately enforceable, even if an appeal is lodged.

Although damages can be sought within the liability proceedings, it is more common for the claimant to seek an advance on damages and to start a second phase of the proceedings once there is a finding of infringement from the

first-instance judges. In such cases, an advance on damages is awarded to the patentee, and the defendants are forced to render account on the scope of the infringement. This second phase lasts less than a year.

iv. Factor 4—Likelihood of Prevailing on the Merits

The Paris courts are a jurisdiction where patents are invalidated in about a third of cases, held valid but not infringed in about another third of cases, and held valid and infringed in a third of cases.¹²⁶

v. Factor 5—Availability of Effective Relief

Availability of Injunctive Relief. In France, the grant of an injunction is “as of right” once the court confirms infringement (and the patent is upheld if validity is contested), even if an appeal is lodged. The injunction applies to any act of infringement, i.e., manufacturing, importing, offering for sale, selling the product at stake, or implementing the patented process.

Preliminary injunctions. Preliminary injunction proceedings consider both validity and infringement of the patent-in-suit, including the merits, but on a very short time frame. The proportionality principle may lead judges to refrain from granting a preliminary injunction, but it has been seldom applied. To obtain a preliminary injunction, validity and infringement should not be seriously challengeable. An advance on damages can also be requested along with the preliminary injunction order. Until recently, the threshold to obtain a preliminary injunction was considered quite high in

126. ELMER & GRAMENOPOULOS, *supra* note 113, *Chapter 22: France* (stating that the average patentee win rates for French designation of European patents from 2006-16 was 39 percent).

France because of the need for a thorough assessment of the validity and infringement of the patent-in-suit, and such orders had been hard to obtain (see further below).

Availability of Substantive Damages. Over the past twenty years, French legislators have amended the law in order to increase the damages that can be claimed by patent owners (and licensees) to better reflect the damage suffered.

Recovering damages is therefore part of the patent infringement proceedings, whether it be on the merits (the main action) or in preliminary proceedings. As mentioned above, a patentee can claim an advance on damages within preliminary injunction proceedings¹²⁷ or within proceedings on the merits. In the latter case, the damages are finally assessed in a second phase of the proceedings (after the liability judgment has been handed down). In a recent case, the Paris court awarded the highest ever amount of advance on damages for a patent case (€28 million, around \$34 million U.S.).¹²⁸

Following a judgment holding infringement and awarding an advance on damages, it is fairly common for parties to reach a settlement before the court concludes its damages assessment.

127. See *Eli Lilly vs Zentiva*, RG 19/06927 [Paris Court of First Instance] Jan. 7, 2021 (awarding an advance on damages of EUR 4 million (i.e., approximately USD 4.9 million) along with a preliminary injunction), *rev'd on appeal*, but only in relation to the advance on damages, in *Zentiva vs Eli Lilly*, RG 21/01880 [Paris Court of Appeal] Nov. 9, 2021; see also *Novartis vs Teva Santé*, RG 16/15196 [Paris Court of First Instance] June 7, 2018 (granting almost EUR 14 million (approximately \$17 million U.S.) along with a preliminary injunction).

128. See *Eli Lilly vs Fresenius Kabi*, RG 17/10421 [Paris Court of First Instance] Sept. 11, 2020.

vi. Factor 6—Cost of Litigation

France is generally seen as a reasonable venue for the costs of litigation when compared to common law systems. As there are no court fees in France, the costs are limited to attorneys' fees. At first instance, in cases where both validity and infringement are at stake, the costs usually range between €150,000 and €500,000, depending on the complexity of the case. Costs may be higher for high-stakes cases.

vii. Factor 7—Recovery of Fees

In France, the winning party can claim reimbursement of its attorneys' fees. But the grant of attorney fees and the amount awarded are within the exclusive discretion of the court. There are therefore no specific rules for the determination of the amount to be awarded. Usually, the award can range between 20 to 70 percent of the attorneys' fees.

b. Opportunity For Defendant-Initiated Litigation

Defendants in France can initiate invalidity actions against a patentee where they show that they have an interest in invalidating a particular patent. The grounds for revoking a patent are lack of novelty, inventive step, or industrial application; insufficiency of disclosure; added matter; or undue extension after limitation or opposition proceedings.¹²⁹

Defendants can also bring an action seeking a declaration of noninfringement. This action is divided into two phases. In the first amicable phase, the defendant must invite the patentee to give its opinion as to whether the relevant product or process (the details of which have been provided by the defendant)

129. French Intellectual Property Code, Article L. 613-25 IPC and Article L.614-12 IPC, which refers to Article 138 § 1 of the European Patent Convention (French designation of European patents).

constitutes an infringement. If the patentee concludes that there is infringement or in case of lack of reply, the defendant can then launch the second phase, the judicial phase, by serving a summons for declaration of noninfringement upon the patentee.

In FRAND-specific cases, defendants have brought cases in France based on alleged contractual breach of the patentee's obligation to grant a FRAND license in accordance with its declaration made to ETSI, the recognized European standards body dealing with telecommunications, broadcasting, and other electronic communications networks and services. French courts have recognized jurisdiction to hear these claims.¹³⁰

c. Current Developments in Patent Litigation in France

One notable development in French patent litigation is that France has entered into the worldwide fray of anti-anti-suit injunctions in FRAND cases. As anti-suit injunctions are not legally admissible within European courts, anti-suit injunctions had been seldom addressed and only within the context of conflict between non-European state court and an arbitral tribunal, and not concerning patents. But in *IPCom v. Lenovo*, a case concerning standard-essential patents, the French court ordered an anti-anti-suit injunction and considered that this measure was admissible, as the anti-suit injunction had been granted by a non-European court and was grounded on the

130. *TCL v. Philips, ETSI*, RG 19/02085 [Paris Court of First Instance] Feb. 6, 2020; *Xiaomi v. Philips, ETSI*, RG 20/12558 [Paris Court of First Instance] Dec. 7, 2021, Order.

merits to protect the right of the patentee to litigate its French patents in France.¹³¹

Another recent development is the increasing rate of success of preliminary injunction proceedings. Traditionally, preliminary injunction proceedings were difficult to obtain, as doubts on either validity or infringement would lead to a dismissal of the claim. The threshold seems to be lower than before, as only serious doubts can lead to a dismissal of the case. In practice, patents that have survived opposition proceedings or that have been successfully litigated in another European country have more chances to pass that threshold, as evidenced by the increase in preliminary injunctions handed down by French judges.

Another recent development in French case law is the confirmation by the Higher Civil court (*Cour de cassation*)¹³² of the possibility to obtain cross-border injunctions on the basis of European Regulations but also on the basis of French international private law.

4. The Netherlands

The District Court of The Hague and the Court of Appeal of The Hague are sophisticated patent forums with judges that often have technical backgrounds. Traditionally, Dutch courts are known for their willingness to grant cross-border

131. *IPCom v. Lenovo*, RG 19/59311 [Paris Court of First Instance] Nov. 8, 2019; *IPCom v. Lenovo, Motorola*, RG 19/21426 [Paris Court of Appeal] Mar. 3, 2020 (affirming first instance court decision). It is not possible to grant anti-anti-suit injunctions within courts of the European Union due to the Brussels Regulation, which does not authorize the jurisdiction of a court of a Member State to be reviewed by a court in another Member State.

132. *Cass. 1st civil Ch.*, 29 June 2022, RG 21-11.085, *Hutchinson v. Tyron Runflat et al.*

injunctions and efficient proceedings. Also, although no disclosure system applies, Dutch law offers the possibility of relatively efficiently obtaining evidence through seizure of documents. Patent litigation based on standard-essential patents in the Netherlands is common in view of the Courts' stance toward alleged negotiation-delaying tactics. Decisions from the Court of Appeal of The Hague require implementors to partake in technical discussions and constructively cooperate in negotiations toward a license agreement in order to avoid a finding of unwillingness.

a. Global Venue Selection Factors

i. Factor 1—The Market

The Netherlands is home to the headquarters of several top-500 publicly traded companies. Additionally, many large foreign companies have subsidiaries in the Netherlands or use the Netherlands as their distribution hub and point of entry to Europe. This is significant, because—as a rule—the presence of a Dutch subsidiary is sufficient for the Dutch court to assume jurisdiction over its foreign parent companies. Relief is available against the Dutch subsidiaries as well as their foreign parent companies. The relief is not necessarily restricted to the Netherlands; if the Dutch subsidiary acts across the Dutch borders, cross-border relief is available, and to the same extent against any co-sued foreign parent companies. This makes the Netherlands an attractive jurisdiction for international patent litigation.

The Netherlands is geographically small but is densely populated, and its economy is considerable. In 2022, GDP was

at \$57,025 U.S. per capita for a total of \$1.01 trillion U.S.¹³³ About 2.3 percent of GDP is spent on research and development.¹³⁴

ii. Factor 2—The Quality of Adjudication

Patent litigation in the Netherlands is concentrated before the specialized first-instance and appeal courts of The Hague. As a result, patent cases are dealt with by experienced judges with good technical understanding, who handle a significant number of patent cases each year. This generally leads to excellent quality and predictable adjudication.

The judiciary is fully independent, with judges that are appointed for life. The Netherlands consistently ranks in the top 10 of least corrupt countries in the world.¹³⁵ The Netherlands patent system is not generally thought of as biased against plaintiffs who do not manufacture or sell the patented products in the Netherlands (nonpracticing entities) or as biased in favor of domestic over foreign litigants.

Dutch procedural law, including its implementation of the EU Enforcement Directive,¹³⁶ provides litigants with several options to retrieve evidence that is in the domain of the opposing party (or an unrelated third party). Moreover, the amount of evidence required to succeed depends on the level of substantiation the defendant puts forward when contesting. As a result, if a plaintiff can make it sufficiently plausible that there likely is infringement, it will usually be able to gather the required evidence to prove its case.

133. *Netherlands*, THE WORLD BANK, <https://data.worldbank.org/country/NL> (last visited Feb. 21, 2024).

134. *Gross domestic spending on R&D*, OECD DATA, <https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>, (last visited June 19, 2023).

135. *See Corruption Perceptions Index*, TRANSPARENCY INT'L, <https://www.transparency.org/en/cpi/2019/> (last visited June 19, 2023).

136. *See* EU Enforcement Directive, *supra* note 955.

Dutch courts apply established European Patent Office case law on validity, most importantly the so-called “problem-solution approach” for assessing inventive step.¹³⁷ Dutch courts will consider the outcome of EPO opposition proceedings (in particular Technical Board of Appeal decisions) as well as any decisions of experienced foreign colleagues and will treat them as persuasive (but nonbinding) viewpoints. They will nevertheless independently assess the merits of all issues based on the evidence before them.

Decisions by the courts of The Hague are often considered representative of the “continental” European approach. Over the last ten years the UK Supreme Court has at least twice explicitly relied on Dutch court opinions (on inventive step in *Conor v. Angiotech*¹³⁸ and on equivalence in *Eli Lilly v. Actavis*¹³⁹) when reviewing Court of Appeal decisions.

Dutch courts decide cases based on the legal briefs submitted by the parties, the exhibits filed, and the arguments made by the advocates during the one and final court hearing, which usually lasts no longer than a day. Cases are normally decided without live examination or cross-examination of experts or witnesses, but meaningful expert involvement is possible through written expert declarations and informal questioning by the court. Technical experts need not be local—

137. In the problem-solution approach, (i) the “closest prior art” is determined, followed by (ii) establishing the “objective technical problem” to be solved by the distinguishing features, and (iii) considering whether or not the claimed invention, starting from the closest prior art and the objective technical problem, would have been obvious to the skilled person.

138. *Conor Medsystems Inc. v. Angiotech Pharms. Inc.*, [2008] UKHL 49 (UK House of Lords), available at <https://publications.parliament.uk/pa/ld200708/ldjudgmt/jd080709/conor-1.htm>.

139. *Actavis v. Eli Lilly*, [2017] UKSC 48 (UK Supreme Court), available at <http://www.bailii.org/uk/cases/UKSC/2017/48.html>.

the courts are used to handling written and oral testimony in English, and foreign experts are regularly relied upon.

Dutch civil procedure does not provide for an obligation to surrender all relevant evidence (i.e., there is no discovery or disclosure). Evidence that is known to exist (such as documents or samples) can, however, be seized and secured through an *ex parte* evidence seizure. The evidence must be located in—or, e.g., regarding electronic files, accessible from—the Netherlands, and the standard of proving infringement is low. Similar to the French concept of the *saisie-contrefaçon*, a claimant may obtain leave to have a bailiff (a Dutch public officer) enter the premises of the defendant, describe the accused product or process in a report, and seize samples of the accused products or other pieces of evidence. Evidentiary seizures can also be used to assist litigants in other jurisdictions. Evidentiary seizure is of a preservatory nature only. Subsequent access to seized evidence can be obtained through *inter partes* access proceedings, which are possible in preliminary injunction and merits proceedings. After performance of the seizure, the claimant must launch patent infringement proceedings within a set term; otherwise, the seizure is automatically void and all reports, documentation, and samples must be returned to the defendant.

iii. Factor 3—Time to Trial and Final Relief

Permanent relief can be acquired by litigating patent cases under an accelerated regime, which features a predetermined procedural timetable. These proceedings result in a first-instance merits decision in a time frame of 12-18 months.

Dutch law also allows for *inter partes* preliminary relief at very short notice: normally a hearing in up to eight to 16 weeks and a decision two to four weeks later. In extremely urgent situations, these timelines can be even shorter.

The courts handle validity and infringement within the same proceedings, both in preliminary and merits proceedings. The mere pendency of parallel invalidity or opposition proceedings as such is therefore not sufficient for a stay. In general, it is rather difficult for a patentee to successfully apply for deviation from the procedural timetable. Exceptions do occur, however; e.g., if there already is a first-instance decision on the merits invalidating the patent, or if a final decision from the Technical Boards of Appeal is forthcoming very close to the projected conclusion date of the Dutch proceedings.

As a rule, injunctive relief decisions in patent cases—both preliminary and permanent—are enforceable notwithstanding appeal, and enforcement of a judgment pending appeal usually does not require placement of a bond. The enforcement of a decision that is later overturned results in liability for the resulting damages for the enforcer.

Dutch courts have a discretionary power to bifurcate assessment of damages, and litigants usually request such bifurcation. In practice, damage cases rarely go to trial. Due to the powerful, immediately enforceable first-instance injunctions, settlement of patent cases is much more common. Plaintiffs that insist on a court-determined damages award can initiate the damages proceedings notwithstanding appeal against the first-instance infringement decision. The damages award itself, as a rule, is also enforceable notwithstanding appeal.

First-instance decisions, both preliminary and permanent, are open to appeal at the specialized Court of Appeal of The Hague. Appeal proceedings consist of a *de novo* hearing of the case (facts and law) by three judges. They take between 12 and 18 months, but the timeline can be greatly accelerated—three to six months or shorter, if necessary—particularly in preliminary injunction proceedings. Appeal decisions may be further

appealed before the Supreme Court, where proceedings may take between 1.5 and two years. No leave is required. Supreme Court appeal is limited to a review on error of law.

iv. Factor 4—Likelihood of Prevailing on the Merits

Because of the absence of bifurcation, a patentee must succeed both on validity and infringement to prevail. During the period of 2016-2021, patentees were successful in obtaining a finding of infringement in around 35 percent of judgments. The odds of succeeding were higher in preliminary injunction proceedings (around 42 percent) than in merits proceedings (around 30 percent). The appeals court is generally seen as somewhat more patentee-friendly than the first instance court. In the same period, 30 percent of the appeal decisions overturned a first-instance decision, often in favor of the patentee.¹⁴⁰

v. Factor 5—Availability of Effective Relief

Availability of Preliminary Relief. Preliminary relief is generally available in the Netherlands through inter partes preliminary proceedings. Preliminary relief proceedings are essentially a mini-trial on the merits at very short notice: normally a hearing in eight to 16 weeks and a decision two to four weeks later. In extremely urgent situations, these timelines can be even shorter. The court will form a preliminary opinion on validity and infringement. In addition, the law requires the existence of an urgent interest in an injunction. This urgency requirement, however, is not very strict. Dutch Supreme Court case law assumes that urgency exists as long as there is a continuing infringement or the threat thereof. In recent lower

140. These figures are compiled on the basis of yearly case law updates by Gertjan Kuipers at the Dutch Patent Conference.

court case law, it is considered that maintaining an urgent interest requires swift action. An urgent interest may be lost, therefore, if several months (six to 12) have gone by without a proper justification. An injunction may furthermore be denied if a balancing of interests requires so. The judge in preliminary injunction proceedings must give consideration, *inter alia*, to the provisional nature of the judgment and the far-reaching consequences of a possible injunction for the defendant, on the one hand, and to any damages suffered by the claimant if an injunction were not granted, on the other hand. FRAND disputes are in principle deemed unsuitable for preliminary injunction proceedings.

In addition to *inter partes* preliminary relief, *ex parte* relief may be obtained in highly exceptional cases, if the patentee can show (a) a *prima facie* valid title, (b) the *prima facie* (threat of) infringement, and (c) irreparable harm if the patentee would have to await the outcome of *inter partes* preliminary proceedings. As mentioned above, a protective letter can be filed to try to avoid or limit the scope of *ex parte* measures.

Availability of Injunctive Relief. As a rule, injunctive relief is available to a patentee whose patent is held to be valid and infringed. Breach of an injunction results in severe civil penalties, which are due immediately and payable to the plaintiff.

Exceptions where injunctive relief can be avoided despite a finding of infringement include situations wherein granting injunctive relief is (a) disproportional in view of the fundamental rights involved; (b) contrary to the patentee's contractual or legal obligations (e.g., in standard-essential patent disputes); (c) contrary to a compelling societal interest; or (d) an abuse of rights. Such defenses are rarely successful.

Other relief. Other available relief includes recall and destruction of infringing products, public notification of the

decision, the obligation to disclose details regarding suppliers and customers, and the obligation to disclose details regarding numbers and profits.

Availability of Substantial Damages. Dutch proceedings are based on a system of compensatory damages. Damages awards do not have a punitive element. The assessment can be based on lost profits of the patentee or on surrender of realized profits by the infringer. Damages can also be estimated, e.g., based on a fictitious royalty.

Cross-border relief. In both preliminary and permanent injunction proceedings, cross-border relief covering the whole territory protected by a European patent is available in cases where Dutch defendants who act across Dutch borders are involved. Cross-border relief is also available against foreign defendants involved in the same cross-border activities, e.g., parent companies of Dutch defendants. There are examples wherein the mere presence of a Dutch European distributor of an infringing product was sufficient for granting cross-border relief against the product's foreign manufacturer and customers as well. If the defendant raises an invalidity defense, *permanent* cross-border relief is unavailable or will be stayed,¹⁴¹ but an invalidity defense does not interfere with availability of a *preliminary* cross-border injunction.¹⁴²

Preliminary civil seizure of infringing products. Dutch law provides for the possibility to preliminarily seize or attach

141. Roche Diagnostic Corp./Primus II, ECLI:NL:HR:2007:BA9608 (Netherlands Supreme Court Nov. 30, 2007). On the basis of Art. 24(4) of Regulation (EU) No 1215/2012 ("Brussels I bis"), the Courts of the Member State where the (foreign) patent is registered have exclusive jurisdiction regarding matters of validity of the patent.

142. Solvay SA v. Honeywell Fluorine Prods. Europe BV, C-616/10 (CJEU 2012), available at <https://curia.europa.eu/juris/liste.jsf?num=C-616/10&language=EN>.

products that allegedly infringe IP rights. The procedure is *ex parte*, fast, relatively easy, and cost-effective. A seizure or attachment request must be filed with the competent court, mentioning the IP rights invoked and the reasons infringement is suspected. The request will generally be allowed by court decree within a couple of days. On the basis of this decree, a bailiff (if necessary, with the assistance of the police) can enter the premises of the alleged infringer and make a detailed description of the stock (numbers and product codes) or physically seize the stock and store it elsewhere. Preliminary seizure or attachment is a “conservatory” measure: the effect is that the owner of the seized or attached products is no longer entitled to trade the products pending the infringement proceedings on the merits, which must be initiated after execution of the seizure.

Border detention measures. The Dutch customs authorities have become rather sophisticated (upon the request of IP proprietors) in detecting and detaining infringing products entering the European market via the Netherlands. IP proprietors can request the cooperation of customs by filing a border detention request, listing the relevant IP rights, and providing sufficient details for recognizing the goods upon arrival. When customs authorities encounter products that conform to a border detention request, they will normally retain the products and inform the IP proprietor forthwith, who can then follow up with appropriate action (e.g., inspect and, if appropriate, initiate civil proceedings).

vi. Factor 6—Cost of Litigation

Dutch litigation is relatively cost-effective, in part due to the absence of discovery or disclosure. Nevertheless, the costs of litigation vary significantly with the complexity of the case and the amount of expert involvement required. Although the contributors to this publication have not located any published

data on this subject, the observation of those who actively practice Dutch patent litigation is that straightforward patent cases can be tried for under €100,000 in first instance, whereas a case on a highly complex patent can cost up to around €500,000. As a rough rule of thumb, a full appeal on facts and law will cost about 75 percent of the first instance. Nonpatent defenses (e.g., FRAND defenses that require extensive third-party input) can add significantly to these numbers.

vii. Factor 7—Recovery of Fees

The winning party in Dutch patent litigation is entitled to be compensated by the losing party for its “reasonable and proportionate” legal costs. To provide a yardstick for what are reasonable and proportionate legal costs, a cap is set by the court depending on the complexity of the case that ranges from €10,000 for a simple case in preliminary injunction proceedings to €250,000 in highly complex merits proceedings.¹⁴³ These caps include the fees of legal and patent counsel but exclude disbursements such as expert costs. The parties may independently negotiate a cost amount to avoid a hearing. The order to pay legal costs will routinely be enforceable notwithstanding appeal.

b. Opportunity For Defendant-Initiated Litigation

Invalidity actions. Dutch invalidity actions are open to anyone and can be instigated at any point during the lifetime of a patent. They are reasonably fast and are therefore suitable to influence other jurisdictions, in particular jurisdictions that have bifurcated validity and infringement assessments.

143. *Indicatie tarieven in Octrooizaken Rechtbank Den Haag* (Sept. 1, 2020), available at <https://www.rechtspraak.nl/SiteCollectionDocuments/indicatie-tarieven-in-octrooizaken-rb-den-haag-1-september-2020.pdf>.

Declaratory actions. Dutch civil law contains a broad provision allowing plaintiffs to apply for any declaratory judgment regarding a legal relationship, provided that the plaintiff can show a legal interest in obtaining such declaratory judgment. Examples of declaratory relief in patent cases that the Dutch court has ruled upon include declarations of noninfringement, declarations of obviousness of a product over the state of the art on a particular date (i.e., “Arrow declarations”),^{144 145} and declarations of “FRAND-ness” of license offers in a standard-essential patent dispute.¹⁴⁶ Although not yet tried in practice, it is likely that the provision also allows a defendant to apply for the determination of appropriate license terms in such disputes, and in other cases where a patentee is contractually or legally obliged to provide a license.

Preliminary injunction proceedings result in a reasoned judgment on both validity and infringement in a matter of weeks. These proceedings are therefore useful to gain fast, meaningful relief that is suitable for use in a counterattack. Pure invalidity actions in preliminary injunction proceedings, however, are generally thought to be impossible.

c. Current Developments in Patent Litigation in the Netherlands

Due to the case load at the District Court of The Hague, first-instance proceedings (whether according to the “accelerated

144. For description of “Arrow declarations,” see *supra* note 11 and underlying commentary text.

145. *E.g.*, *MSD v. Generics*, IEPT20080213 (District Court The Hague Feb. 13, 2008), summary available at <https://www.boek9.nl/items/iept20080213-rb'-den-haag-msd-v-generieken>.

146. *Archos v. Philips*, ECLI:NL:RBDHA:2017:1025 (District Court The Hague Feb. 8, 2017), available at https://uitspraken.rechtspraak.nl/inzien_document?id=ECLI:NL:RBDHA:2017:1025.

regime” or in regular merits proceedings) currently may take longer than usual to result in a judgment. Whereas accelerated patent infringement cases in the past resulted in a decision in 12 to 15 months, it may now take 18 months to two years before a judgment is rendered. There are voices calling for the creation of a second specialized IP court in the Netherlands, but no plans to that effect have been made yet.

The District Court of The Hague has recently indicated that it deems both preliminary injunction proceedings and merits proceedings in accordance with the “accelerated regime” unsuitable for FRAND disputes. Therefore, owners of standard-essential patents are left to regular merits proceedings, which are generally on a slower pace but provide more possibilities for tailored procedural arrangements.

The District Court of The Hague nevertheless continues to be an attractive venue for cross-border actions. In two recent cases, the District Court of The Hague accepted cross-border jurisdiction. One of these cases is a “standalone” FRAND case, and the other concerns a request for an anti-anti-suit injunction (which was not granted in part due to a lack of urgent interest).¹⁴⁷

C. *Asia*

1. China

In recent years, plaintiffs have found success in all three Chinese Intellectual Property Courts. For example, foreign

147. See *Vestel v. Phillips et al.*, ECLI:NL:RBDHA:2021:14372 (District Court The Hague Dec. 15, 2021), available at <https://uitspraken.rechtspraak.nl/inziendocument?id=ECLI:NL:RBDHA:2021:14372>; *Ericsson v. Apple*, ECLI:NL:RBDHA:2021:13881 (District Court The Hague Dec. 16, 2021), available at <https://linkeddata.overheid.nl/front/portal/document-viewer?ext-id=ECLI:NL:RBDHA:2021:13881>.

parties have had an average win rate reaching over 68 percent before the Beijing Intellectual Property Court.¹⁴⁸ In addition, China issued the Fourth Amendment to China's Patent Law, effective mid-2021, which signifies its overall direction in making China a more competitive forum for patent enforcement, with increased damage awards and provisional relief measures and conferring more power on administrative intellectual property enforcement. Thus, it is expected that this venue will continue to be attractive for both domestic and foreign plaintiffs who want to take advantage of the low litigation costs, fast first-instance proceedings on the merits, and available remedies.

a. Global Venue Selection Factors

i. Factor 1 – The Market

Asia, particularly China, has long been an important manufacturing region and sales market for multinational firms. According to statistics released by the National Bureau of Statistics of China in August 2023, the national economy continued to recover, production and demand were basically stable, and employment and prices generally held steady.¹⁴⁹ In particular, in July 2023, the total value added of industrial enterprises grew by 3.7 percent year on year, wherein the value

148. *Beijing Intellectual Property Court: The winning rate of foreign parties in foreign-related civil cases is nearly 70%* (Oct. 18, 2019), https://www.gov.cn/xinwen/2019-10/18/content_5441766.htm#:~:text=%E4%BB%8E%E8%A3%81%E5%88%A4%E7%BB%93%E6%9E%9C%E7%9C%8B%EF%BC%8C%E6%B6%89%E5%A4%96,%E7%9A%84%E6%94%AF%E6%8C%81%E7%8E%87%E4%B8%BA49. (2019 data, is this still relevant?)

149. See Press Release, National Bureau of Statistics of China, National Economy Sustained the Steady Recovery in July (Aug. 15, 2023), http://www.stats.gov.cn/english/PressRelease/202308/t20230815_1941964.html.

added of mining increased by 1.3 percent, manufacturing went up by 3.9 percent, and the production and supply of electricity, thermal power, gas, and water grew by 4.1 percent.¹⁵⁰

Increasing economic activity and expansion of market size has resulted in a significant increase in the number of patent filings in China. In June 2023, the World Intellectual Property Organization announced that Chinese applicants filed 70,015 patent applications through the Patent Cooperation Treaty system in 2022, ranking first ahead of other countries such as the U.S. (59,056 applications) and Japan (50,345 applications).¹⁵¹ This reflects China's efforts to transform from a major intellectual property rights importer into a major intellectual property rights creator.

ii. Factor 2—The Quality of Adjudication

Specialized intellectual property courts. Since November 2014, China has established four specialized intellectual property courts (or tribunals) in Beijing, Shanghai, Guangzhou, and Hainan Free Trade Port. Notably, a nationwide unified appeal court has been established in Beijing to exclusively hear appeals for all invention and utility model patent-related cases. As more patent litigation cases are lodged in China, the Chinese courts are establishing a substantial track record with patent litigation. This can minimize the uncertainties for both sides, especially in cases involving some specific issues or subject matter such as standard-essential patents or biotechnology. Furthermore, judges in specialized intellectual property courts or tribunals generally have extensive experience in IP and are normally

150. *Id.*

151. See PCT YEARLY REVIEW 2023, WORLD INTELLECTUAL PROP. ORG. (2023), <https://www.wipo.int/edocs/pubdocs/en/wipo-pub-901-2023-en-patent-cooperation-treaty-yearly-review-2023.pdf>.

assisted by technical advisors in cases that require technical knowledge, including patent infringement cases.

Smart court. In recent years, China has also strived to build a “smart court” system to modernize its trial and court system, facilitate court management, and automate and digitalize the adjudication process. The scope of digitalization includes online case filing, online payment, online video hearings, and evidence storage and processing using blockchain. According to the Supreme People’s Court, 10.7 million cases were filed online in 2022 via the “People’s Court Online Service” mobile terminal, an average of 61 cases every minute; and 92.64 million cases were served online, with a year-on-year increase of 123 percent.¹⁵² To regulate online litigation, the Supreme People’s Court has enacted a comprehensive set of rules and procedures—the Rules of Online Litigation of People’s Court (effective August 1, 2021)—requiring online litigation to be “impartial and efficient, legal and optional, right-protection oriented, convenient for the people, and safe and reliable.”¹⁵³

Choice of jurisdiction. Litigants in China are allowed to choose the jurisdiction (or specifically a province or a city) to commence proceedings based on the place where the allegedly infringing acts take place, i.e., where the infringing products were made, used, offered to sell, sold, or imported. In practice, litigants tend to commence proceedings in a familiar jurisdiction or a jurisdiction that is favorable to the litigant, such as the place where the litigant conducts business, the place with generally higher chance of success for patent litigation, or—for cases

152. See SPC: *In 2022, the people’s courts filed more than 10 million cases online* (Feb. 15, 2023), https://news.cnr.cn/native/gd/20230215/t20230215_526155218.shtml.

153. See *The SPC Releases the Rules of Online Litigation of People’s Court*, [CHINA] DALIAN MARITIME COURT (Sept. 27, 2021), <https://www.dlhsfy.gov.cn/en/index.php?m=content&c=index&a=show&catid=107&id=1247>.

involving a foreign patent owner—the place that has a reputation of being fair to foreign litigants. For strategic purposes, a litigant may try to establish a link between its targeted jurisdictions with the infringement, such as by purchasing the infringing product from a seller or distributor based in the targeted jurisdictions.

No discovery. As there is no extensive documentary discovery in China and no formal seizure or inspection procedure as is common in many European jurisdictions, litigants often have to engage investigation firms to assist in procuring sufficient evidence in support of their case. During the evidence gathering process, when certain important evidence is procured, it is common to conduct evidence preservation. If certain evidence proving infringement or damages is not available or accessible to the plaintiff, the plaintiff can request an order from the court to preserve the evidence, i.e., ordering the defendant or third parties having possession of the evidence to produce the evidence to the court. Typically, such evidence will include financial books showing damages and samples of accused products showing infringement.

iii. Factor 3—Time to Trial and Final Relief

Patent litigants in China generally can secure relief within a reasonable (and reasonably predictable) time frame. Compared to the U.S., where time to trial in patent cases can take up to three to four years, patent litigation in China tends to have a shorter time frame because adjudication normally takes place in specialized intellectual property courts, and there are no discovery proceedings.

The time required to complete patent invalidation proceedings in China is generally six months but may be reduced to five (for an invention or utility model patent) or four (for a design patent). The time to complete a patent

infringement proceeding through appeal can take up to two or more years, with the first-instance proceeding taking approximately nine to 18 months and the second-instance proceeding taking approximately six to nine months (or longer on a case-by-case basis).

Further, court proceedings in China typically are not stayed pending the completion of an invalidation proceedings before the Patent Reexamination Department of the China National Intellectual Property Administration (CNIPA), although damages awards and permanent injunctions are generally stayed pending the outcome of an appeal.

iv. Factor 4—Likelihood of Prevailing on the Merits

With the specialized intellectual property courts and reform measures and mechanisms introduced by these specialized courts, China provides patent litigants, including foreign litigants, a reasonable chance of prevailing on the merits of the case.

In China, methods for diagnosis or treatment of diseases are not patentable, while software is patentable. All patentable technologies are generally equally enforceable in China, including pharmaceutical patents.

v. Factor 5—Availability of Effective Relief

A wide range of relief is available in China, including preliminary injunctions, damages awards, and permanent injunctions. Each type of relief provides different benefits to litigants.

Preliminary injunction. An injunction may be sought by a patent holder to put a defendant out of the infringing business, increase the patent owner's market share, or serve as a strong settlement lever in the patent holder's favor. To obtain a

preliminary injunction in China, litigants must satisfy the following factors: (1) whether the claimant's request has a factual ground and a legal basis; (2) whether failure to take preservation measures will cause irreparable harm to the legitimate rights and interests of the claimant, or cause difficulty in the enforcement of the ruling for the case; (3) whether the harm that would have been caused by the failure to take preservation measures exceeds the damage that would have been caused to the defendant by conduct preservation measures; (4) whether an injunction would prejudice the public interest; and (5) any other factors that need to be considered.¹⁵⁴ If granted, a preliminary injunction takes immediate effect. Nevertheless, obtaining a preliminary injunction in patent infringement cases has historically been difficult given the concern that the patents might ultimately be held at trial to be noninfringed or invalid on merits; the Supreme People's Court has issued opinions and guidance warning against granting preliminary injunctions for this reason.¹⁵⁵ On the other hand, courts are more inclined to grant preliminary injunctions in design patent infringement cases where it is relatively easy to determine infringement.¹⁵⁶

154. See Provisions of the Supreme People's Court on Several Issues Concerning Application of Law in Review of Cases Involving Behavior Preservation in Intellectual Property Right Disputes, the Supreme People's Court (Aug. 27, 2019), <https://splcgk.court.gov.cn/gzfwwww/sfjs/details?id=ff8080816c22fc85016cd0bf71dd0d99>.

155. See Zhou Xi et al., *China IP Law Alert: The Supreme People's Court seeks public comment on its proposed enhanced sanctions for IP infringement*, BAKER MCKENZIE (June 29, 2020), <https://www.lexology.com/library/detail.aspx?g=243d9400-deab-48ee-9b73-d55da4895ee4>.

156. See Guanyang Yao & Xiao Wang, *Understanding Design Patent Protection*, WORLD TRADEMARK REVIEW (Sept. 30, 2021), <https://www.worldtrademarkreview.com/regionindustry-guide/china-managing-the-ip-lifecycle/2022/article/understanding-design-patent-protection>.

Monetary damages. The award of damages accounts for an overwhelming majority of the remedies for patent infringement cases and is determined by the factors stipulated under Article 71 of the Patent Law of the People's Republic of China: (i) the patentee's actual losses caused by infringement; (ii) the infringer's profits from the infringement; (iii) a reasonably multiplied amount of the royalties from the patent; or (iv) statutory-type damages within the range of RMB 30,000 to RMB 5 million (approximately \$4,700 to \$782,000 U.S.).¹⁵⁷ In fact, the current Patent Law has substantially increased the amount of statutory damages available to the patentee and has made available punitive damages of up to five times the amount of damages determined against willful infringement, indicating that China is determined to strengthen the availability of damages to patentees.¹⁵⁸ According to the 2020 China Patent Investigation Report issued by the CNIPA—which investigated 24 provinces (autonomous regions, municipalities), 15,000 patentees, and 42,000 patents during the five-year period from 2016 to 2020—7.3 percent of patent infringement court cases ended up with over RMB 1 million in damages, whether from court order, mediation, or settlement, which is 4.4 percent higher than that during the period from 2011 to 2015.¹⁵⁹

Permanent injunction. When a court finds infringement, it usually issues a permanent injunction as part of the remedies award to order the defendant to cease the infringing acts so long

157. See Defeng Song, *Understanding the Fourth Amendment of Chinese Patent Law*, FIELD FISHER (July 27, 2021), <https://www.fieldfisher.com/en/locations/china/insights/understanding-the-fourth-amendment-of-chinese-patent-law>.

158. *Id.*

159. See *Report: Over 30% Current Patents Commercialized in China*, CHINA SERVICES INFO (Updated June 8, 2021), <https://govt.chinadaily.com.cn/s/202106/08/WS60bf18b8498e082fcaef7179/report-over-30-current-patents-commercialized-in-china.html>.

as the patent is valid and the infringing acts are continuing. However, there are cases where the court has found infringement but refused to grant any permanent injunction due to public interest concerns. For instance, in 2008, the Supreme People's Court awarded an ongoing royalty but not a permanent injunction against a defendant that operated a power plant using an infringing desulfurization process, in part because the power plant's closure would have a detrimental impact on the local residents.¹⁶⁰ Any permanent injunction granted by the court of first instance is stayed pending appeal. Such limitation is not applicable to a preliminary injunction, as a preliminary injunction is of interlocutory nature and takes effect throughout the entire proceedings.

Customs seizure. An order of customs seizure allows customs authorities to seize and eventually destroy infringing goods, which, along with the threat of court litigation, may put additional pressure on the accused party.

vi. Factor 6—Cost of Litigation

The cost of litigation in China varies from case to case. Attorney fees and court fees are commonly incurred in litigation proceedings in China, but there are also other prelitigation costs specific for Chinese proceedings.

For costs borne during the evidence gathering process as described in Factor 2—Quality of Adjudication, the litigant could seek to recover all these costs from the defendant, but it is at the court's discretion to decide if such costs should be awarded.

160. See *Wuhan Jingyuan Env'tl. Eng'g Co. v. Fuji Chem. Water Indus. Co. and Huayang Electric Indus. Co.*, Civil No. 8 (Supreme People's Court—Civil Division 2008), available at <http://shzcfy.gov.cn/detail.jhtml?id=168132>.

vii. Factor 7—Recovery of Fees

As China has no discovery proceedings, patent litigation in China is generally less costly than litigation in the U.S., where extensive documentary discovery and oral depositions are typical. Litigants in China also have a fair chance to recover reasonable expenses, including attorney fees and court fees so long as sufficient evidence is presented to the court.

Where the patentee claims the payment for its reasonable expenses incurred to cease the infringement, the people's court may calculate it separate from and in addition to the amount of compensation determined in accordance with the Chinese Patent Law.¹⁶¹ In one case involving infringement upon a utility model patent, the Supreme People's Court discretionarily awarded RMB 60,000 (approximately \$8,500 U.S.), covering the estimated attorney fees, notarization fees, and cost of sample infringing products, despite the fact that the plaintiff did not submit any evidence of the estimated attorney fees.¹⁶²

b. Opportunity for Defendant-Initiated Litigation

Jurisdictional challenge. In China, defendants of patent infringement proceedings commonly contest the jurisdiction of the court by filing a jurisdictional challenge, particularly because defendants are given a relatively short period of time to submit a defense brief once the civil complaint has been served (15 days for a domestic party and 30 days for a foreign party from the date of service). When a defendant files a jurisdictional

161. Chinese Patent Law, Supreme People's Court on Issues Concerning Applicable Laws to the Trial of Patent Controversies, Art. 71, 2020 Amendment.

162. See *Wuxi Guowei Ceramic Elec. Appliance Co. v. Changshu Linzhi Elec. Heating Components Co.*, Civil Judgment No. 111 (China Supreme People's Court—Civil Division 2018), <http://gongbao.court.gov.cn/Details/234ed92bb2a7c2b8e8854a2b625c67.html>.

challenge, the exchange of evidence of the main proceedings will normally be postponed until after the jurisdiction issue is resolved, subject to negotiation by the parties. In the rare instances when a jurisdictional challenge is granted, the case will be transferred to another court with jurisdiction over the patent infringement dispute. Even further, the court's ruling on the jurisdictional challenge may be appealed to the second-instance court—the Intellectual Property Appeals Tribunal of the Supreme People's Court for invention and utility model patent cases; and the provincial High People's Court for design patent cases. Regardless of the result of a jurisdictional challenge, instituting such proceedings may extend the time for preparing the defense by three to four months. Nevertheless, defendants should be careful in making a jurisdictional challenge, because one that is determined to have been made with no proper and reasonable grounds could be perceived by Chinese courts to be in bad faith, which may adversely impact the patent infringement proceedings.

Declaratory judgment. An accused party noticed of alleged patent infringement may seek a declaratory judgment of noninfringement if the party can show a legal interest in such adjudication. As in the U.S., defendants often use declaratory judgment actions to select a court that the party perceives as defendant friendly. Under Chinese law, three threshold requirements have to be met before courts can accept a noninfringement declaration claim: (i) a patentee gives a warning of patent infringement to another person; (ii) the person warned or an interested person sends a written reminder asking the patentee to exercise its right to sue; and (iii) the patentee neither withdraws the warning nor files a lawsuit within one month after receipt of the written reminder or within

two months after issuing the written reminder.¹⁶³ In 2020, the Intellectual Property Tribunal of the Supreme People's Court recognized that an administrative complaint against the end user constitutes a claim of patent infringement against the manufacturer, enabling the manufacturer to commence a declaratory judgment action.¹⁶⁴

Invalidation. China has a bifurcated patent system that allows parallel infringement and invalidation proceedings. An accused party of an infringement proceeding may commence invalidity challenges against a patent before the CNIPA, which will first be decided by the Patent Re-Examination Board of the CNIPA and can be appealed to the Beijing IP Court before appeal to the IP Appeals Tribunal of the Supreme People's Court. The grounds for filing an invalidity challenge include the lack of novelty, lack of inventiveness, lack of enablement, insufficient disclosure of written description, ineligible statutory subject matter, and double patenting. According to the CNIPA Annual Report, there were 7,095 invalidation cases accepted for the year 2022.¹⁶⁵ Of those proceedings, 1,431 cases were related to invention patents, 3,156 cases related to utility model patents, and 2,508 cases related to design patents.¹⁶⁶ The same Annual Report also notes that a total of 7,879 invalidation cases were

163. See *Analysing non-infringement declaration litigation in China*, MANAGING IP (Apr. 16, 2020), <https://www.managingip.com/article/b113w2jsmw19zf/analysing-noninfringement-declaration-litigation-in-china>.

164. *Id.* (discussing *VMI Netherlands v. Safe-Run Huachen Mach. (Suzhou) Co.*, No. 5 (China Supreme People's Court–Intellectual Property Tribunal 2020), <http://gongbao.court.gov.cn/Details/2bb16202c8444e985800ef7220e630.html>).

165. See *2022 Annual Report of the State of Intellectual Property Administration*, CHINA NAT'L INTELLECTUAL PROP. ADMIN. (Jun. 5, 2023), https://www.cnipa.gov.cn/art/2023/6/5/art_3249_185538.html.

166. *Id.*

successfully closed for the year 2022, suggesting a 11.5 percent increase as compared to 2021.¹⁶⁷

c. Current Developments in Patent Litigation in China

In June 2021, the fourth amended Patent Law of the People's Republic of China came into effect. This amendment has substantially strengthened the patent enforcement system by introducing certain pro-patentee measures that are likely to motivate patentees to enforce their patent rights before Chinese courts. For instance, this amendment (i) increased the statutory damages minimum amount from RMB 10,000 to RMB 30,000 and maximum amount from RMB 1 million to RMB 5 million, and introduced punitive damages of up to five times the amount of compensation ascertained by court; (ii) shifted the burden of proving damages in patent infringement actions to the accused party by requiring the accused party to submit financial records and materials to evidence gains; (iii) enabled the CNIPA to determine patent infringement disputes of significant national impact; (iv) expanded the scope of protection over design patents (particularly on subject matter) and extended their term of protection; (v) codified pre-suit injunction, evidence preservation, and property preservation against accused parties; and (vi) extended the statutory limitation period for instating an action against patent infringement from two years to three years.¹⁶⁸

167. *Id.*

168. See National People's Congress of the People's Republic of China, Decision of the Standing Committee of the National People's Congress on Amending the Patent Law of the People's Republic of China, Order No. 55 of the President of the Peoples Republic of China (Oct. 17, 2020), http://en.npc.gov.cn.cdurl.cn/2020-10/17/c_674693.htm.

According to the China Intellectual Property Rights Protection Report 2022 issued by the CNIPA, there were around 38,970 first-instance patent cases in the year 2022.¹⁶⁹ Given the recent amendment to the Chinese Patent Law and the emphasis on new creations in the Five-Year Plan (2021-25) of the State—particularly the Five-Year Plan Notice of the National Intellectual Property Protection and Utilization Plan released on October 28, 2021, which set a target of increasing the number of invention patents registered by 2025¹⁷⁰—it is expected that the number of patent registrations and patent enforcement in China before Chinese courts will continue to increase in the next five to ten years.

169. See *The status of intellectual property protection in China in 2022*, CHINA NAT'L INTELLECTUAL PROP. ADMIN. (June 30, 2023), https://www.cnipa.gov.cn/art/2023/6/30/art_91_186011.html.

170. See The State Council the issuance of the “14th Five-Year Plan” Notice of the National Plan for the Protection and Use of Intellectual Property Rights, STATE COUNCIL OF THE PEOPLE’S REPUBLIC OF CHINA (Oct. 9, 2021), http://www.gov.cn/zhengce/zhengceku/2021-10/28/content_5647274.htm.