Fundamentals of Intellectual Property Litigation

Litigation is usually the last resort towards resolving any intellectual property dispute. This is due in part because the costs associated with intellectual property litigation can range from a couple hundred-thousand dollars per month to over several millions by term, which can last years. About 3-5% of cases ever make it to an actual trial as parties may determine that a settlement is in their best financial interest.

The Lawsuit

A lawsuit is a civil action brought before a court of law in which a plaintiff, a party who claims to have received damages from a defendant's actions, seeks a legal (i.e., monetary) or equitable remedy. The defendant is required to respond to the plaintiff's complaint. If the plaintiff is successful, judgment will be given in the plaintiff's favor, and a range of court orders may be issued to enforce a right, award damages, or impose an injunction to prevent or compel an act. Intellectual property litigation typically revolves around claims by the plaintiff of infringement of a patent, trademark, copyright or trade secret right. Infringement may occur where the defendant has made, used, sold, offered to sell, or imported an infringing invention, trademark, copyright or its equivalent. One also commits infringement, indirectly, if he actively and knowingly induces another to infringe, and is liable for that infringement. Types of "indirect infringement" include "contributory infringement" and "induced infringement."

Injunctions

When monetary damages cannot solve all problems such as injury to goodwill a party may seek the court grant an equitable remedy, such as an injunction. An injunction may be permanent or it may be temporary. A preliminary injunction, or an interlocutory injunction, is a provisional remedy granted to restrain activity on a temporary basis until the court can make a final decision after trial. It is usually necessary to prove the high likelihood of success upon the merits of one's case and a likelihood of irreparable harm in the absence of a preliminary injunction before such an injunction may be granted; otherwise the party may have to wait for trial to obtain a permanent injunction

Discovery

Discovery is the exchange of evidence and statements between the parties based on what they each expect to argue during the actual trial. Discovery is meant to eliminate surprises, clarify what the lawsuit is about and perhaps to make a party realize they should settle or drop the claim.

Request for Production. During discovery, a party to a lawsuit may request that another party provide any documents that it has that pertain to the subject matter of the lawsuit. For example, a party in a court case may obtain copies of e-mail messages sent by employees of the opposing party. The other party is then required to furnish copies of any documents that are responsive to the request, except for those that are legally privileged. In the U.S. Federal court system, discovery requests are governed by Rule 34 of the Federal Rules of Civil Procedure.

Interrogatories. Interrogatories are a formal set of written questions from one litigant the opponent must answer. Interrogatories are used to clarify matters or facts in dispute, gather information, and help to determine what facts will be presented at a trial.

Deposition. A deposition is out of court testimony by a witness that is reduced to writing. Depositions are taken before a court reporter by a party in the case. Representatives of the parties to a case, employees for either party, or witnesses who are unrelated to either party may be compelled to provide testimony by way of deposition.

Request for Admissions. A request for admissions is a set of statements sent from one litigant to an adversary. The other side must either admit or deny the statements. Rule 36(a)(1) limits the types of requests to facts, the application of law to fact, opinions about either, and the genuineness of any document attached to the request.

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Markman Hearing (Patent Infringement Cases Only)

Markman hearing is a pretrial hearing in a U.S. District Court during which a judge examines evidence from all parties on the appropriate meanings of relevant key words used in a patent claim, when patent infringement is alleged by a plaintiff. It is also known as a "Claim Construction Hearing". Holding a Markman hearing in patent infringement cases has been common practice since the U.S. Supreme Court, in the case of Markman v. Westview Instruments, Inc., found that the language of a patent is a matter of law for a judge to decide, not a matter of fact for a jury to decide. In the United States, juries determine facts and judges determine matters of law.

Markman hearings are important, since the court determines patent infringement cases by the interpretation of claims. A Markman hearing may encourage settlement, since the judge's claim construction finding can indicate a likely outcome for the patent infringement case as a whole. Markman hearings are before a judge, and generally take place before trial. A Markman hearing may occur before the close of discovery, along with a motion for preliminary injunction, or at the end of discovery, in relation to a motion for summary judgment. A Markman hearing may also be held after the trial begins, but before jury selection.

The evidence considered in a Markman hearing falls into two categories: intrinsic and extrinsic. Intrinsic evidence consists of the patent documentation and any prosecution history of the patent. Extrinsic evidence is testimony, expert opinion, or other unwritten sources; extrinsic evidence may not contradict intrinsic evidence.

Resolution Without Trial

Summary judgment can be awarded by the court prior to trial, effectively holding that no trial will be necessary. Issuance of summary judgment can be based only upon the court's finding that: there are no issues of "material" fact requiring a trial for their resolution, and in applying the law to the undisputed facts, one party is clearly entitled to judgment.

A party making a motion for summary judgment (or making any other motion) is called a "moving party." A "material fact" is one which, depending upon what the factfinder believes "really happened," could lead to judgment in favor of one party, rather than the other. A plaintiff may move for summary judgment in its favor on any cause of action, and similarly, a defendant may move for summary judgment in its favor on any affirmative defense, but in either case, must produce evidence in support of each and every essential element of the claim or defense (as it would have to do at trial). To be successful, such motions must be drafted as written previews of a party's entire case-in-chief (that it would put before the finder of fact at trial) because all parts of an entire claim or defense are at issue.

Trial & Appeal

Generally speaking, the plaintiff has the burden of proof in making his claims, which means that it is up to him to produce enough evidence to persuade the judge or jury that his claim should succeed. The defendant may have the burden of proof on other issues, however, such as affirmative defenses.

There are numerous motions that either party can file throughout the lawsuit to terminate it "prematurely" – before submission to the judge or jury for final consideration. These motions attempt to persuade the judge, through legal argument and sometimes accompanying evidence, that because there is no reasonable way that the other party could legally win, there is no sense in continuing with the trial. Motions for summary judgment, for example, can usually be brought before, after, or during the actual presentation of the case. Motions can also be brought after the close of a trial to undo a jury verdict that is contrary to law or against the weight of the evidence, or to convince the judge that he should change his decision or grant a new trial.

Also, at any time during this process from the filing of the complaint to the final judgment, the plaintiff may withdraw his complaint and end the whole matter, or the defendant may agree to a settlement, which involves a negotiated award followed also by the plaintiff withdrawing his complaint and the settlement entered into the court record. After a final decision has been made, either party or both may appeal from the judgment if they are unhappy with it (and their jurisdiction grants the ability). Even the prevailing party may appeal, if, for example, they wanted a larger award than was granted. The appellate court (which may be structured as an intermediate appellate court) and a higher court will then affirm the judgment, refuse to hear it (which effectively affirms), reverse, or vacate and remand, which involves sending the lawsuit back to the lower trial court to address an unresolved issue, or possibly for a whole new trial. Some lawsuits go up and down the appeals ladder repeatedly before finally being resolved.