

Patent Strategy: Winning Against Non-Practicing Entities

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Agenda

1. Introduction to panelists
2. Overview of non-practising entities (NPEs)
3. Statistics relating to patent litigation
4. LOT Network
5. Guided questions
6. Audience questions

Panelists

Ken Seddon

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Josh Death

AVP Legal, IP and Patentable Innovation,
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Tim Kowalski

Senior Patent Counsel, Google

What is an NPE?

Canadian Court's Definition

“I observe first that the term “patent troll” means different things to different people. Some [...] use this term to describe an entity that asserts patent rights it does not use. A less pejorative term is non-practising entity. Others [...] view the term “patent troll” as connoting an entity that asserts patent rights that it did not develop and that are invalid and/or are asserted far beyond the scope contemplated at the time of the invention.

Clearly, the word “troll” is not complimentary. It is intended to evoke the image of an ugly, evil creature that may live under a bridge and may attempt to extort money from someone who wishes to use the bridge. **The suggestion is that the patent troll is one who seeks to profit improperly from an asset it did not earn at the expense of the public.”**

MediaTube v Bell, 2017 FC 6

Patent Litigation: Differences Litigating Against NPEs

- ↪ Motivation for litigation and remedies sought
 - ↪ NPEs typically seek quick royalty / licence agreement
 - ↪ No claim for lost profits; thus potential damages exposure lower
 - ↪ Injunctions possible but unlikely
- ↪ Low probability of proceeding to trial
 - ↪ NPE risks patent invalidity (patent is NPE's only asset)
 - ↪ NPE risks exposure to costs if unsuccessful
- ↪ NPEs often well-funded
 - ↪ E.g., publicly-traded NPEs, private litigation investment firms
- ↪ Issues with indemnitors and litigation insurance
- ↪ Security for costs
 - ↪ NPE typically shell corporation

Patent Litigation:

Differences between Canada and US

– **US**

- Recent developments have decreased NPE activity
 - *Alice* – invalidity based on non-patentable subject matter
 - *eBay* – limited availability of injunctions for NPEs

– **Canada**

- Smaller market and cheaper litigation costs
- No post-grant review process like IPR in US
- Injunctions technically available for NPEs

Patent Litigation Statistics: Canada

- Over **1150** patent proceedings commenced in Federal Court in past 10 years
 - **50%** of these proceedings were patent infringement actions
 - **24%** of patent infringement actions related to high-tech patents
 - e.g., communication technologies (wireless, broadcast, etc), software and computing, information storage, etc.
- In 2017, nearly **40%** of patent infringement actions related to high-tech inventions

Patent Litigation Statistics: Canada

Known NPEs in High-Tech

Most NPE activity in Canada occurs in high-tech fields

- Dovden Investments Ltd.
 - Vehicle tracking technology
 - Nearly 40 lawsuits between 2012-2014, most settled
- Wi-LAN Inc.
 - Wireless and cellular networking
- Rovi Guides Inc.
 - TV set-top box and program guide software
- MediaTube, NorthVu, Two-Way Media
 - Communication technologies (e.g., broadcast, IPTV)

LOT Network

Discussion Questions

- **How do NPEs typically approach companies?**
 - Cold calls, demand letters, formal suits
 - Arrangements typically sought by NPEs
 - Level of knowledge NPE typically has about defendant's products and business

Discussion Questions

- **How and when to respond if approached by an NPE?**
 - Ignore, delay, engage?

Discussion Questions

- **What strategies can be used to avoid being targeted by NPEs?**

Discussion Questions

- **What strategies can be used to:**
 - Reach early and favourable resolution?
 - Win at trial?

Discussion Questions

- **What strategies can be employed to engage indemnitors?**
 - When to approach indemnitors?
 - How to address situations with multiple potential indemnitors?
 - Indemnity language that facilitates early settlement?
 - Litigation insurance?

Discussion Questions

- **Where do you see the role of NPEs in patent litigation in five years?**

Open Question Period



Thank you for attending!

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