



*Intellectual Asset Management*

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*Building IP value in the 21st century*

Devising international patent litigation strategies

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# Devising international patent litigation strategies

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Patent holders have many reasons to assert their patents in litigation, including maintaining market exclusivity, receiving royalties and disrupting their competitors. Global patent litigation has rightly been called the 'sport of kings' – the rewards can be great, but the legal costs alone can exceed a small fortune.

Patent holders face increased challenges when asserting their rights, but a global approach can lead to a lucrative resolution. That said, it is now more important than ever to develop a comprehensive plan carefully and strategically. Think through your strategy before embarking on a costly international campaign. Single-patent, single-jurisdiction patent litigation is hard enough to predict; when scaled up to include multiple patents in different jurisdictions, it becomes key to define success, develop an exit strategy if things go poorly and – most importantly – craft a timeline for when to declare victory and move on.

## Define your goals

It is essential to consider the reasons for asserting your patents and the implications of doing so.

## Stopping competition

Seeking to restrain competition can trigger a host of legal concerns, potentially violating anti-competition laws or attracting regulatory scrutiny. In certain countries, obtaining injunctions has become difficult. Further, enforcing the protection of a functionality may backfire if that functionality can be designed around or if doing so pushes competitors to develop another approach to solving the problem.

## Royalties

If you wish to receive royalties, consider the rule on the size of royalties in each jurisdiction. Patent awards in the United States are generally higher

than those elsewhere. Additionally, understand the connection between the geographies of your patents and the target's business and supply chain. Owning an infringed patent is just half the battle; a royalty rate is worthless without a base. In addition, if exhaustion exists, recovery may be limited.

## Disruption

Causing even temporary disruption to competitors entails legal, financial, operational and reputational risk – even if the type of relief you seek is allowed under the law of a particular jurisdiction. Your adversary may file counterclaims or other legal actions against you and government bodies may launch regulatory investigations. This will cost money – sometimes a lot of money. However, such risks may be outweighed by the benefits: threats to your adversary's supply chain, fear to its customers, an increased cost of doing business in a particular jurisdiction, distraction to its executives or tarnishing of its public image.

## Willingness to litigate

If you want to show a willingness to litigate, consider how far you are willing to litigate. Do you have what it takes (ie, the time, personnel, authority and – most importantly – financial resources) to litigate to the end?

## Look to the endgame

Each patent holder has its own reasons for having developed or acquired its patents and, similarly, will have unique goals for a monetisation campaign.

## What is 'complete success'?

When is the right time to cash in your winnings and profit? It is essential to consider what victory means before starting a monetisation campaign.

**How long will you give yourself to win?**

A carefully crafted strategy does not always go to plan. Resilience and flexibility are essential, but changes to the landscape – legal, political, business, economic or otherwise – may hamper your efforts. How much time will you allow to elapse before you think about changing your goals?

**What is your strategy if you fail to achieve your goals quickly?**

Do you have a contingency plan? Have you briefed your stakeholders adequately about possible mid-campaign changes in strategy? If you change your strategy, will that affect others' perception of your company? In an industry where image matters a great deal, it is important to balance maximising potential recovery with saving face if circumstances go south.

**Understanding the tools at your disposal**

After evaluating strategic considerations, turn to the tools at your disposal.

**What are the means authorised to achieve your goals?**

At the end of the day, you are only as strong as your wallet. Whether the money comes from your company, investors, litigation financiers or another source, it is essential that you demonstrate the value proposition to maximise your potential resources. Once you have ascertained what those resources are, you can better understand the tools at your disposal.

**What tangible tools do you have?**

Presumably, in a global monetisation campaign, the patent holder will choose to assert a certain number of patents; strategically choosing the best patents to assert is essential for success. Certain good patents may be off-limits for assertion (eg, they may be too valuable to put at risk or there may be regulatory concerns, encumbrances or exhaustion concerns). You should also consider whether your portfolio contains open applications, which may offer flexibility to amend claims, including opportunities for reissues, central amendments or other mechanisms. Other types of intellectual property – including copyright, trademarks and trade secrets – may also be asserted against the target. In addition, any contractual relationship you may have with the target of your campaign may provide additional support (eg, breach of a non-disclosure agreement).

**What intangible tools do you have?**

Judges and juries are not immune to public opinion; a sympathetic plaintiff has a better chance of winning on the merits. Crafting a compelling story is essential to a successful global monetisation campaign. A patent holder must ask itself why it deserves money or relief and why the target must pay (a blameworthy defendant can be as powerful a narrative as a sympathetic plaintiff). Each narrative is different, but certain themes are ubiquitous, such as the patent holder that was a pioneer in the field, fell on hard times or had its intellectual property stolen (especially by a foreign company or government). The key question is how the story behind your intellectual property relates to the target. Controlling the narrative is important, as your adversary will try to poke holes in your story; thus, it is essential to keep your narrative consistent over time (and even bolster it, if possible).

**What interpersonal tools do you have?**

Any shared connections with your adversary will prove invaluable as you execute your campaign. The connections (business, political, personal or otherwise) need not relate directly to the campaign, but any way to explore resolution outside of official channels will prove to be an asset as both parties dig in their heels for a long fight.

**Where should you deploy your tools?**

In planning a global campaign, you will have to consider in which countries to assert your patent portfolio. The available choices will depend on the geographies of the patents in your portfolio. This determination depends on many factors, including:

- the locus of infringement;
- which jurisdictions are friendlier to patent infringement lawsuits;
- where preliminary relief is available;
- where you have pre-existing relationships with local counsel;
- whether there are local anti-competition concerns; and
- what relief is likely to be granted.

**Matching goals with jurisdictional tools**

Possibly the greatest challenge of successfully executing a global monetisation campaign is gaining a thorough understanding of local laws and customs. Securing good local counsel is half the battle, as no one can pretend to be an expert in every country's legal system. You must carefully

study how successful patent infringement lawsuits are won in each jurisdiction if you wish to achieve the same success.

Important considerations include the following.

### **Preliminary relief**

Are injunctions, border seizures, raids or other procedural mechanisms available to a patent holder before trial? What are the requirements for obtaining such relief? What are the costs of obtaining relief and enforcing it? Can the adverse party file countermeasures? If affected by the preliminary relief mechanisms, can third parties (eg, customers) file countermeasures? Is there detriment – whether judicial, regulatory, reputational or otherwise – to using such preliminary relief mechanisms?

### **Costs**

Apart from the obvious consideration of local attorneys' fees and court filing fees in each jurisdiction, it is important to consider whether there will be any extra costs for executing in each jurisdiction:

- Will you have to pay enforcement fees on the finding of preliminary or permanent relief?
- Is it necessary to pay some type of bond to the court?
- Will you have to engage technical experts?
- Will you have to travel to the jurisdiction often (or pay for others to do so)?

It is also essential to consider the type of law in each jurisdiction and develop a budget based on when and how certain events occur (eg, briefing in



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a civil law country is vastly different from briefing in a common law one).

#### **Proof requirements**

Evidentiary requirements differ by jurisdiction and type of law. It is essential to consider whether and to what extent a jurisdiction provides for discovery. What may be practical in certain jurisdictions may be cost-prohibitive in others.

#### **Time to end results**

Developing a litigation timeline in each jurisdiction is essential when planning a global monetisation campaign. By mapping those timelines together, you can piece together when pressure points may develop around the world, which may in turn dictate when to file suit in certain jurisdictions. It is also essential to give stakeholders a sense of when they are likely to see a return on their investments.

#### **Patent working and local business requirements**

Certain jurisdictions have requirements that an asserted patent is being worked in that jurisdiction and not simply being held for the purpose of litigation.

#### **Right to sue**

In certain jurisdictions, before a plaintiff can file suit, it must take great logistical pains to prove that it has the authority to do so. Although this can be rather annoying, focusing on this at the beginning will ensure that procedural concerns do not prejudice your strategy later on.

#### **Executing a global campaign – together**

You have done your homework – now you need to put it all together to execute a coordinated, global campaign. Managing a series of litigations in disparate jurisdictions around the world presents a unique series of challenges – some readily apparent, others more subtle.

#### **No two legal systems are completely alike**

Even if you consider yourself an expert in

comparative law, managing a global monetisation campaign will provide a robust education in the intricacies of legal systems around the world.

#### **Your narrative should stay consistent**

Although each lawsuit will take a different form, making sure that your story is the common thread that unites each litigation will ensure consistency and strengthen your case.

#### **What happens in one country may influence what happens in another**

Some jurisdictions – especially those with similar legal systems or legal systems that developed from the same body of law – may apply a legal ruling from another jurisdiction involving the same parties and issues as precedent, or at least treat it as highly dispositive. You must take care to consider how your cases interact with one another, especially when the validity of the patents in suit has been challenged.

#### **Cross-cultural differences are real and can be challenging to overcome**

In a globalised world, it can be shocking how deeply certain cross-cultural differences remain. In certain countries you will be treated with the utmost respect and service, while in others your attorney will expect that you treat him or her with reverence. Sometimes, your local counsel will answer an email within minutes – in the middle of their night. Other times, it will take days (and multiple follow-up requests) to gain his or her attention. In certain jurisdictions attorneys view themselves as subservient to the courts, with client service a distant priority. While many local counsel take pains to cater to international clients, you will notice differences. In addition, be mindful of local customs (eg, holidays, labour laws and current events) that may cause delay.

#### **The world is (still) a big place**

Notwithstanding cultural differences, time zone differences present a challenge when engaging in a global monetisation campaign. Certain



jurisdictions will present challenges when attempting to find a mutually convenient time to communicate. Expect plenty of late-night and early-morning conference calls and be prepared for day-long lapses in communication. Engaging a regional coordinating counsel who can serve as your liaison on the other side of the world can help to mitigate this issue.

### **Frequent-flier miles will be your friend**

It is one thing to communicate with local counsel on the phone or via email, but quite another to meet with them on the ground, on their home turf. Travelling to each jurisdiction in which you are litigating builds trust, helps to avoid errors in translation (even if everyone speaks the same language, different customs can lead to differing interpretations) and ensures that the entire team is on the same page. In certain jurisdictions it is essential that the client is present during hearings, even preliminary hearings, so ask local counsel when you will actually have to be present.

### **Develop a budget early (and update it often)**

It cannot be stressed enough how important it is to develop a comprehensive budget as early as possible. Ideally, the budget will imagine every possible scenario and provide multiple contingencies so as to remain flexible in the face of uncertainty – this is litigation, after all. As the case progresses, be sure to request updated budgets regularly. This will not only ensure that you can keep your stakeholders updated (they will ask), but also establish the principle that keeping costs in check is important (otherwise, fees will run wild and you will find yourself in an uncomfortable place).

### **Knowing when you've won and when it's time to move on**

Now that you have completed the thorough diligence, comprehensive planning and seamless execution required of your global monetisation

campaign, what comes next? If all has gone well, you will have to decide when to enter into a settlement agreement. This decision will be based on many factors, including your adversary's willingness to settle patent infringement lawsuits, your litigation track record, your stakeholders' patience and wallets and the global patent licence climate. Determining when to call it a day or when to double down and try for a larger return on your investment is complicated.

Even more difficult, if your campaign has not progressed as anticipated, is knowing when to cut your losses and stop the bleeding. You must consider what your adversary – which you have likely caused financial, commercial and reputational pain – will be willing to pay to put matters to rest, or whether it will look to be compensated for its loss. You will have to consider the financial, commercial and reputational risk to your employer, your stakeholders and yourself. Although no one likes to quit, there are times when walking away with something (or at least, more than nothing) is a partial victory in itself. **iam**

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