The Patent Lawyer

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September / October 2020

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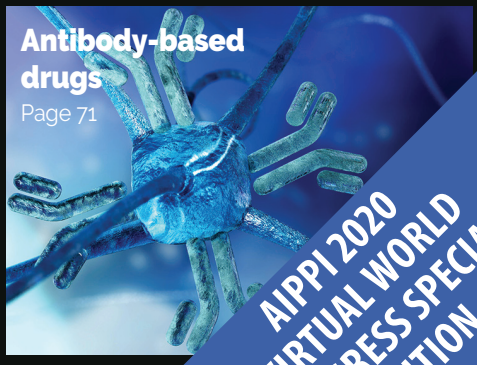

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Strategic factors in the attack and defense of patent enforcement

Dr. Sergey Vasiliev, Partner at Gorodissky & Partners, considers the elements for both claimant and defendant in preparation for legal action.

The patent enforcement is kind of a puzzle or a mathematic task. The exact result that a patentee is seeking for is to win the case, while the ways to reach the goal can be multiple. One of the benefits the experienced patent litigator may bring to the case is the ability to develop various enforcement strategies and foresee possible scenarios of litigation. The same relates to the defensive strategies that may lead to settlement, loss or win.

In this article we would like to consider some practical tips that can be helpful for both claimant and defendant in terms of preparation and taking legal actions.

1. Preparation for actions: what and how to collect as evidence

Preparation for actions is the mainstay of the litigation strategy. You would have certain flexibilities to decide on the course of enforcement depending on what has been prepared for legal actions and how.

The concept of pre-trial discovery is not allowed in Russia and the burden of proof lays solely with the claimant. The claimant shall produce and submit evidence himself and may face the risk that the case will be dismissed due to lack of proper and sufficient evidence. Therefore, before you decide to take the case to the court you should make sure that all possible efforts have been exerted to collect as much evidence as needed.

The only exception becomes available once the case is in court. The litigant may ask the court to force the other party to submit certain evidence. Prior to filing the said motion, the litigant shall take all possible efforts aimed at obtaining the evidence himself. It is, however, at the court's discretion to decide whether to satisfy such a motion. The rationale here is a balance between parties' interests. The claimant shall prove that he did his best to collect and submit the evidence and thus needs the court's support now as all other available options were exhausted. If you are on the defendant's side, you should assure that the court's order to submit certain evidence will not unreasonably disturb the privacy and confidentiality of the defendant's business.

Dr. Sergey Vasiliev

> **Time for submitting evidence is limited.**

For example, in a recent patent litigation case heard by Commercial Court of Moscow Region the claimant submitted no evidence on use of the patented method of processing correspondence. Instead, the claimant motioned with the court to force the defendant to submit the evidence himself. The patentee neither seeks and collects the evidence himself, nor involves a third party for doing that. The defendant objected that the claimant provided his assumptions only without any confirmatory documents and an expert opinion on use of the patent-in-suit. In other words, any other manufacturer in the same field could be in the defendant's shoes. The defendant also explained that the only goal of litigation was getting access to the business processing applied at the defendant's production. As the outcome the court rejected the claimant's motion on obtaining the evidence and dismissed the case court on the grounds that the claimant failed to provide sufficient and persuasive evidence of infringement.

Another important rule to keep in mind is that the time for submitting evidence is limited. The party shall be in position to collect, produce and submit evidence when the case is considered in the first instance court. The court of appeals may not accept any new pieces of evidence except when the party proves that it was practically impossible to submit that piece of evidence within the hearings in the first instance court.

There are a few standard ways to collect the evidence, including test purchasing, detective investigation, notarization. Test purchases normally help furnishing solid pieces of evidence,

such as infringing product per se and a number of supporting documents (sales agreement, invoice, specification, manual, etc.). The detective is invited when the defendant's activity is hidden. Notarial services are very helpful to certify evidence, which can further be removed or modified by the adversary to impede the enforcement.

2. What type of legal action is appropriate for my case

As one knows, the basic principle says that the scope and nature of defense shall be adequate to the scope and nature of the infringement.

In theory, civil, administrative and criminal legal proceedings can be initiated against the patent infringement. In practice, however, the civil actions are mainly taken to enforce the patent rights.

If the right holder faces clearly counterfeit products pretending to be the original ones, then administrative or criminal actions with the police is the appropriate remedy. The minimum scope of evidence here should be a sample of a counterfeit product and an expert opinion on use of the patent in the product. The patentee may have good chances to organize the police raid if he submits a motion and the said pieces of evidence with the police office. In the rest of the cases, the civil actions with the court are preferable.

And it's getting more common when an unauthorized use of the patent becomes a subject of consideration of Federal Antimonopoly Services, that monitor and prosecute the unfair competition on the market. Therefore, if adversary's activity is aimed at getting unlawful/ unfair advantages on the market and may damage the patentee that case can be brought to the antimonopoly services.

Taking civil actions is not a bar for taking administrative or criminal ones. Therefore, if appropriate, the enforcement strategy may imply both civil actions with the court, and the administrative actions with antimonopoly body.

3. How to change the venue

The procedural rules and judicial principles are similar and equal in all commercial courts all over the territory of Russia. However, the party may feel more comfortable to litigate in its home region rather than in the court of the defendant's location. The rule on court competence, however, says that the lawsuit shall be filed in the region of defendant's registered place of business. If there are multiple infringers, the lawsuit can be filed at the registered address of any of the defendants. Therefore, in terms of litigation strategy, legal actions can be taken in respect of two or more defendants in order to have options to choose the venue. The importer, manufacturer, warehouse, seller can be treated as potential defendants. Therefore, the claimant may consider the locations of those parties and take the case to the court of preferable region.

> **The scope and nature of defense shall be adequate to the scope and nature of the infringement.**

4. Think a few steps ahead and be ready for counteractions

The effective enforcement strategy presupposes that the strength of the patent-in-suit was checked and challenged before taking actions. In the very negative scenario when the patent-in-suit is invalidated by the adversary the court case shall be dismissed. If the patent-in-suit is invalidated in part the court may keep on litigation based on the newly issued patent. In that case the patentee may face the risk that the initial claims would not be satisfied due to the new (narrow) scope of protection granted under the newly issued patent.

Another reason to challenge the patent is postponement of litigation for a certain period or until the end of invalidity proceedings, which normally last less time than litigation.

The thing is that the Russian patent system is bifurcated meaning that patent infringement disputes are commenced and heard in courts, while patent invalidity actions are brought in front of the RU PTO. In this light the good defensive strategy presupposes to claim postponement of the litigation until the end of invalidity proceedings. This, however, is a matter of the court's discretion and pending invalidity proceedings are not an imperative ground for the court to postpone litigation.

Résumé

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Sergey has been working at Gorodissky & Partners since 2007. He advises clients on non-contentious and contentious use of IP/IT, unfair competition and false advertising, parallel imports and anti-counterfeiting, licensing, franchising and due-diligence. He has extensive experience in representing clients in courts and various administrative bodies. He regularly speaks at national and international seminars and conferences and is the author of numerous articles on various issues of patent and copyright. Repeatedly nominated by leading international legal ratings. He is a member of LES Russia.

In turn, the smart offensive strategy presupposes submitting motivated objection not to postpone litigation. In that context invalidity proceedings for the patent-in-suit that took place in the past and resolved in patentee's favor can be served as good persuasive ground to convince the judge not to break litigation.

5. Court expertise/expert report

Examination of the product-in-suit and the claim interpretation always concerns a number of technical questions. Even if the judge is a person skilled in the art, he must judge from the perspective of law and shall not take responsibilities for the technical matters. In the circumstances a court expertise becomes one of the key elements of the litigation since its result substantially determines the outcome of the case.

Although the expert(s) is (are) assigned by the court, it is on the parties' side to find a proper candidate and convince the judge to choose that particular exert and not some other one. To enhance the chances to have the candidate assigned as an expert it is recommended that the candidate; (1) has special knowledge in the art; (2) doctor degree; (3) a number of publications; (4) was assigned as the court expert in the past; and (5) has knowledge in the interpretation of the patent claims.

And it is a good ground to have the candidate challenged if that person; (1) might have any interest in the dispute; (2) might be under control of the claimant or defendant; or (3) prepared inappropriate reports in the past.

Therefore, the task for each party is to carefully study the candidates, find some gaps in their practice and provide motivated objections to the judge.

Another important round is studying and criticizing the expert report. After submission of an expert opinion, the parties shall have the right to study and challenge the same. If needed, the experts may be called to the court and should answer the questions of judges and litigants. The high qualified patent litigator shall be able to question the expert in a way, which opens up any disadvantages, uncertainties and inconsistencies in the expert report. Depending on the result of the questioning of the expert the court may either accept the expert report and continue litigation or assign additional/repeated examination.

6. Abuse of rights or how to catch the adversary

Unfair efforts of the parties to litigation shall finally be rejected. Even if the inferior courts for some reason miss an unfair behavior the senior courts normally redress the balance. Therefore, both the claimant and defendant are advised to look at the dispute from the perspective of fair play and equity both. That argument may substantially change the judge's view on the case and the outcome.

> **The bright example of this principle is mainly known as estoppel.**

The case law shows that legal actions can be treated as fair and not abusing if the parties' legal and technical positions are consistent and unified. Any explanations or statements made by a party in one proceedings/litigation can be exploited against that party in another litigation/proceedings. Therefore, the fair party shall not submit opposite and inconsistent statements, meaning that a statement given in course of a patent prosecution/invalidation shall not contradict to the statements expressed in course of litigation. The bright example of this principle is mainly known as estoppel. This however is not the only implication of fair play doctrine.

Recommendation in this regard is to carefully study all materials related to the case, including patent prosecution and invalidation material as well as any pending and past litigations on the same patent. The adversary's arguments can be broken if those arguments and statements are discovered to be opposing to the arguments and statements submitted by the adversary within another litigation/invalidation proceedings.

Conclusion:

Patent enforcement is a complicated and longstanding process. There are a number of legal, procedural and technical issues arising in course of preparing and taking legal actions. In this article we have discussed and commented on some of those issues that have practical implication. And we do believe the materials provided herein will be helpful in drafting proper and effective enforcement strategies.

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