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Session 603

PATENT LITIGATION TRENDS



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EXECUTIVE SUMMARY



Patent Litigation Trends

MODERATOR:

Lisa Knight, *Associate GC, AIG*

PANELISTS:

- **Ahmed Davis**, *Principal and National Chair of Diversity, Fish & Richardson P.C.*
- **Lewis Hudnell**, *Principal, Hudnell Law Group P.C.*
- **Kevin Prussia**, *Partner, WilmerHale*

OVERVIEW

This April panel discussion with patent litigators showcased complex and challenging areas of patent law. Questions around Section 101 patent eligibility and indefiniteness are murky, with the Federal Circuit adding to the confusion. Trends in the Patent Trial and Appeals Board (PTAB) and the Western District of Texas are contributing to the uncertainty, notably around the role of inter partes review proceedings running parallel to federal court. Another trend is the shift to remote proceedings during the pandemic, which is expected to cause lasting changes in some practices.

KEY TAKEAWAYS

Recent cases emphasize areas of confusion in patent law, especially patent eligibility and indefiniteness.

Several pending cases before the Supreme Court this year and other cases in lower courts shed light on the areas of practitioners' focus.

- **Supreme Court.** During the panel discussion in April 2021, prior to the end of the Supreme Court term, several pending cases underscored the lack of clarity in areas of patent law, especially Section 101 patent eligibility.¹
 - *Arthrex v. Smith & Nephew* (argued in March 2021) asked whether Patent Trial and Appeal Board judges are “principal officers” and thus are unconstitutional as currently established.

¹ Some of the cases discussed were decided by the Supreme Court later in 2021.

BIG IDEAS

- Confusion around Section 101 patent eligibility is running high, with stakeholders looking to the Supreme Court or even Congress for clarification.
- The Western District of Texas is central to shifting expectations around the timing of filing patent challenges with the Patent Trial and Appeals Board (PTAB).
- Through its use of discretionary denials, the PTAB has significantly reduced the number of patent challenges it hears.
- Some pandemic-related changes to litigation practices, such as remote scheduling conferences, are here to stay.

- *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC* (cert. petition pending). In this case, the Federal Circuit issued multiple opinions, leaving a convoluted ruling and lack of clear guidance around Section 101 patent eligibility. The confusion is extensive enough that congressional clarification might even be warranted.

“The threshold question for eligibility was never meant to be this difficult. It’s been a tool in the box for many defendants now, but it has created a real uncertainty in the patent landscape and that ultimately is not good.”

— *Ahmed Davis, Fish & Richardson P.C.*



- *Minerva Surgical, Inc. v. Hologic, Inc.* (argued in April 2021). A technical issue was brought before the Supreme Court about the rights of an inventor who assigned rights in the patent to challenge its validity.
- **Lower court litigation trends.** Some recent precedential opinions raise issues.
 - *Indefiniteness*, which is increasingly a reason for patent invalidation. The Federal Circuit has made clear that it doesn't view as its job the rewriting of claims so that they make sense, but instead holds the patentee to the words used in drafting the patent claims.
 - *Cases where the lawyer made a difference.* An appellate court found that issues around attorney's fees weren't presented squarely in the lower court and reversed that court's granting of fees. In another case, the court declined to grant the full amount of enhanced damages for willfulness due to the very professional behavior of the defendant's trial counsel.

The Western District of Texas has emerged as the center of patent litigation activity.

A development in 2020 was the emergence of the Western District of Texas as the most popular jurisdiction in the country for filing patent cases. Far more cases were filed there than in any other court, rising to one fifth of all patent cases. This leap is largely due to a single judge in the Waco Division of the Western District, Judge Alan Albright, who hears over 90% of the cases filed there and offers some certainty when filing a case. A former patent litigator, Judge Albright has adopted rules and procedures designed to attract patent cases, including:

- **An exceptionally quick pace**, with a default trial date of just 18 months after the case management conference. This advantages the plaintiff in relation to the inter partes review (IPR) process at the PTAB, which was itself set up as a cheaper and faster alternative to district court, calling into question that rationale.
- **Discovery only occurs after the *Markman* claim construction hearing**, with limited exceptions. Plaintiffs thus incur fewer costs during the early months of the case, while the defendants continue to incur preparatory costs.

- **Limits on the number of claim terms.** Defendants often use the claim construction process to try to narrow the claim scope and bolster noninfringement, so this benefits plaintiffs.
- **Limits on common practices used by patent defendants.** Judge Albright has never granted a pleading stage "101 motion" (patent eligibility), a staple of patent defense strategy. His stated policy is to defer decisions on 101 motions until after discovery. His practice of denying motions to stay pending an IPR nullifies the benefits of this tactic for defendants.

“In the Western District of Texas, Judge Albright’s unique rules have quickened the pace to trial. It’s going to place a premium on being strategic and preparing your case for trial as early as possible.”

— Kevin Prussia, WilmerHale

The PTAB is exercising considerable discretion in deciding whether to institute investigations into patents, but the standard it has set is drawing notice.

The Patent Trial and Appeals Board was created by statute in 2013 and vested with discretion to decide which enforcement proceedings to hear based on the likelihood of success of the challenge to the patent's validity. The PTAB's practice considers parallel district court proceedings in making its determination.

The PTAB's approach to whether it will consider a patent when there is an upcoming trial has in effect shortened the period of time allowed for a challenge by Congress. The PTAB formally laid out six factors (in the *NHK Fintiv* case) for consideration in deciding whether to exercise its discretion and institute a proceeding:

- Whether the district court has entered a stay awaiting the PTAB, or has set a trial date
- Whether there has been a significant investment in the parallel litigation
- Whether the issues between the litigation and the PTAB proceedings overlap
- Whether the parties are the same
- And a general catchall of what the Board thinks is relevant to exercising its discretion



“The message from the Board was that you as a petitioner may just need to move more quickly . . . even if you’ve met that timing prescribed by Congress.”

— *Lewis Hudnell, Hudnell Law Group P.C.*

The effect of this is that institution rates at the PTAB have fallen significantly, from 87% when the Board was established to 56% in 2020. The vast majority of the denials are based on the *NHK Fintiv* factors. Some large technology companies have challenged these factors in the Northern District of California, arguing that the PTAB exceeded its authority and that it violated the Administrative Procedures Act. In response, some inventors groups filed a separate case seeking to enshrine the principles as a rule.

Some aspects of remote litigation that began during COVID are likely to continue.

Litigation abruptly changed during the pandemic to handle many aspects remotely. As stakeholders now transition to some in-person activities, some practices will carry forward. Remote depositions will likely remain the norm for a long time. The reduced cost can present risks for defendants, however, because plaintiffs have the incentive to depose more witnesses.

“I still think remote depositions are very much going to be the norm, at least for this calendar year.”

— *Kevin Prussia, WilmerHale*

Other types of hearings, such as scheduling conferences, discovery hearings, and even claim construction hearings, will likely continue to be conducted remotely, as district court judges appear to welcome the flexibility it affords. In contrast, it is less clear that appellate judges favor remote arguments.

Jury trials have largely been on hold during the pandemic, leaving a significant backlog as they look to restart.

BIOGRAPHIES



MODERATOR

Lisa Knight

Associate GC, AIG

Lisa Knight is the Chief Intellectual Property Counsel and Associate General Counsel for the American International Group, Inc. (“AIG”). Ms. Knight joined AIG, as its first Chief Intellectual Property Counsel in 2018. In this role, she is responsible for developing global strategies that mitigate intellectual property related risks, managing AIG’s global patent and trademark portfolios, protecting AIG’s innovation and brand. Ms. Knight has experience counseling global corporations on all aspects of intellectual property and is a registered patent attorney. Prior to her position at AIG, Ms. Knight held leadership roles at American Express as Vice President, Global Intellectual Property Strategy and Vice President and Senior Intellectual Property Counsel. Prior to law school, she was an electrical engineer for a defense contractor. As an engineer, Ms. Knight designed electronics for several classified missile system programs. In addition to the Juris Doctor that she earned from the University of California, Los Angeles School of Law, Ms. Knight also has a Master of Science degree in Electrical Engineering and a Master of Science degree in Engineering Management both from the California State University at Northridge as well as a Bachelor of Science degree in Electrical Engineering from the New York Institute of Technology.



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Ahmed Davis, Fish & Richardson, is an IP trial lawyer with 20 years' experience serving clients needing a practical and forthright counselor to handle complex patent litigation matters within highly technical industries. He has been lead trial counsel in U.S. district courts, the ITC, the Court of Federal Claims, and at the Federal Circuit, where he was a law clerk before joining Fish. He is the firm's go-to attorney for the Eastern District of Virginia, where as a practitioner he has earned a respected reputation as a skillful advocate who excels at explaining complex technologies. Ahmed's forte is jury trials—and his value in the courtroom extends beyond his eloquence and commanding presence as a litigator. Clients praise him for being a great team leader who positions each member of the trial team for success. While his chemistry background allows him to "speak the language" of science and technology, Ahmed never lets that override the human element in every case. And as national chair of the firm's Diversity & Inclusion initiative and the firm's first Black full-equity principal, Ahmed is a vocal and influential advocate behind Fish's longstanding commitment to building a more diverse workforce through recruiting and developing diverse attorneys.

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Lewis Hudnell

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Lewis Hudnell is an intellectual property attorney specializing in patent litigation. He is committed to providing outstanding client service and to helping clients achieve favorable results in complex patent disputes. Mr. Hudnell's clients range from individual inventors to major technology companies in the electronics, semiconductor, networking, computer software, and financial services industries. Mr. Hudnell has served as lead counsel on numerous patent lawsuits in federal court. Mr. Hudnell has successfully represented clients at trial and obtained numerous settlements in his clients' favor. He has also successfully represented clients in post-issuance proceedings before the Patent Trial & Appeal Board. Mr. Hudnell is a frequent speaker and author in the areas of patent litigation, the IP marketplace, and innovations in the practice of law. Mr. Hudnell was selected to the 2015-2020 Northern California Super Lawyers list and is rated AV® Preeminent by Martindale-Hubbell® in the practice areas of Patents and Patent Litigation. Mr. Hudnell earned a B.S. in Operations Research and Industrial Engineering from Cornell University, and a J.D., from the University of Pennsylvania Law School. He is registered to practice before the United States Patent and Trademark Office and is admitted to the bar in California and New York.

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Kevin Prussia, WilmerHale, is an experienced litigator and trial lawyer representing leading life sciences and technology companies on intellectual property and other areas of commercial disputes. Mr. Prussia has experience across every aspect of trial and appellate practice, including bench and jury federal trials, International Trade Commission investigations, Patent Trial and Appeal Board proceedings, and appeals to the United States Court of Appeals for the Federal Circuit and the Supreme Judicial Court of Massachusetts. Mr. Prussia has successfully tried cases to verdict and counseled numerous clients through complicated settlement discussions in high stakes litigations. Mr. Prussia is a member of the Executive Diversity and Inclusion Committee at WilmerHale and has a deep pro bono practice at the firm. Outside of the courtroom, Kevin has served on the Board of Directors for the ACLU of Massachusetts for ten years, four years as President from 2015-2019. He also serves on the Advisory Board for the Center for Law, Brain and Behavior at Massachusetts General Hospital, as well as the Dean's Advisory Council of the College of Arts and Science at NYU. Kevin received the Civil Rights Pro Bono Recognition Award from the Lawyers' Committee for Civil Rights and Economic Justice in 2013 and was recognized as a 2019 US Rising Star in IP by LMG Life Sciences.

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