



Patent Playbook: Trends to Watch and Issues to Know

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Presenters



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Agenda

- 1. Recent inquisition into non-practicing entities**
- 2. Latest on venue, especially Texas**
- 3. Other trends to watch**

Recent inquisition into non-practicing entities

2022: The Year of the Troll Inquisition



Standing Order re 3rd-Party Litigation Funding

Where **non-party is funding a party's attorneys' fees or expenses**, in exchange for a potential benefit to the funder, the party must disclose:

- **Identity of the funder**
- **Funder's role in litigation/settlement decisions**
- **Nature of funder's financial interest**

Standing Order re Rule 7.1 Corporate Disclosure

For parties that are **joint venture, LLC, partnership, or limited liability partnership**, party must disclose:

“every owner, member, and partner of the party, proceeding up the chain of ownership **until the name of every individual and corporation with a direct or indirect interest in the party has been identified**”

Fed. Cir. Signals Approval of Standing Orders (Nimitz)

“The district court identified four concerns as the basis for its information demand. All are related **to potential legal issues in the case...or to aspects of proper practice before the court**, over which district courts have a range of authority preserved by the Federal Rules of Civil Procedure.”

In re Nimitz Techs., Inc. (Fed. Cir. Dec. 8, 2022)

VLSI v. Intel



VLSI v. Intel

- VLSI files case against Intel in Delaware (2018)
- Parties file MSJs and *Daubert* motions (January 2022)
- Headed towards a winter 2022 / spring 2023 trial
- Judge Connolly issues two Standing Orders (April 2022)

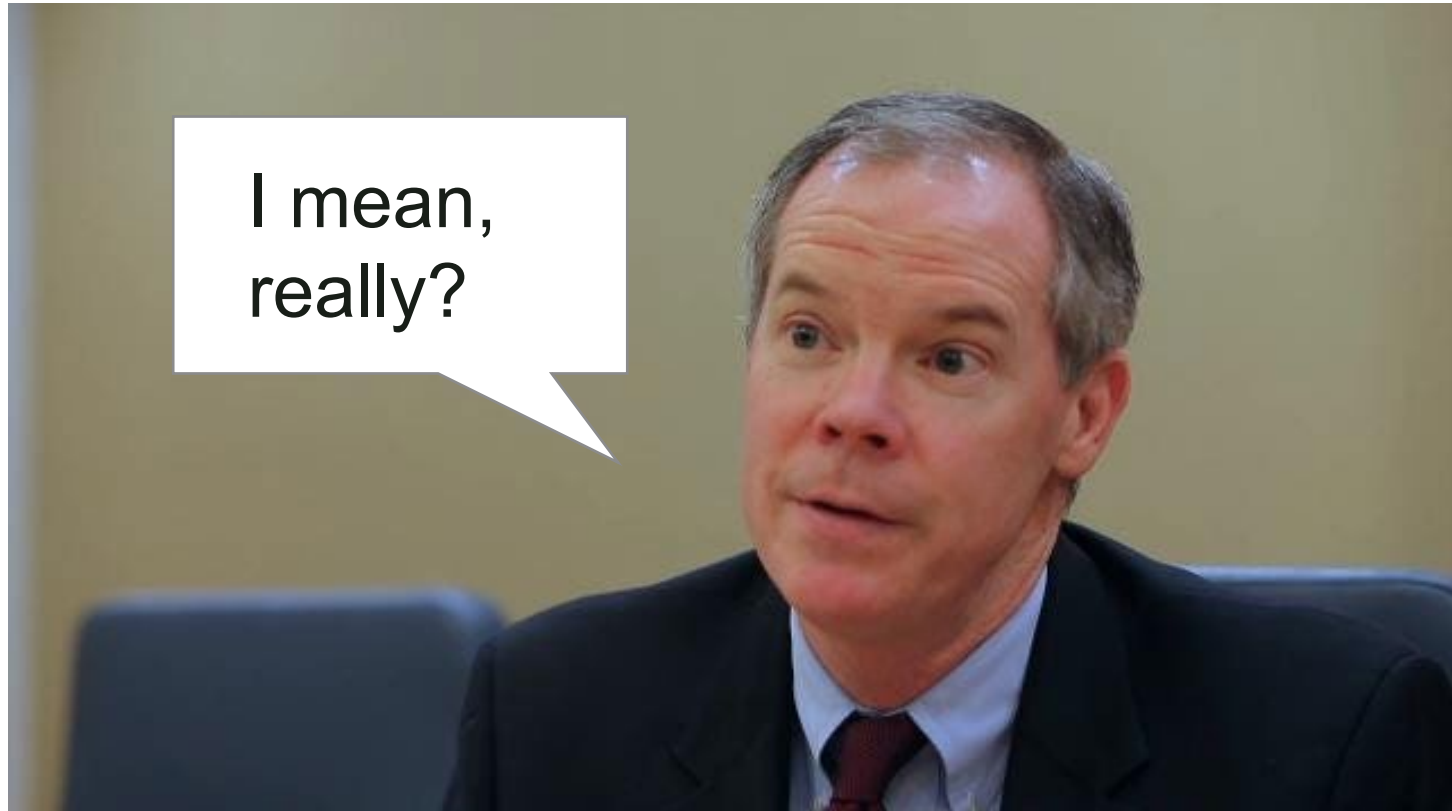


VLSI's Rule 7.1 Disclosure

- VLSI is a subsidiary of VLSI Holdings
- Seven LLCs and three LLPs own VLSI Holdings
- One of the seven LLCs is “wholly owned by a closed end investment fund family comprised of six individual funds”
- Other six LLCs, and three LLPs, are “investment funds”



VLSI v. Intel



VLSI v. Intel - October 17, 2022 Order

- “How can the Court assure itself that it does not have a conflict of interest that precludes it from presiding over the case?”
- “How can the Court assure itself that its presiding over the case will not create an appearance of impropriety?”
- “Should the Court dismiss because of VLSI’s failure to provide [Rule 7.1 disclosure information]?”

Order, Dkt. 988 (Oct. 17, 2022)

VLSI and Intel Settle

- Zero-dollar settlement
- VLSI's claims dismissed *with* prejudice
- Intel's counterclaims dismissed *without* prejudice
- Covenant not to sue for asserted patents

Order, Dkt. 998 (Dec. 27, 2022)

Why did VLSI care so much?

“According to Intel, it obtained a license to the VLSI patents...VLSI is controlled by a company called Fortress...[and] Fortress...acquired Finjan Holdings and its subsidiaries, including at least one of the parties to the 2012 Finjan/Intel agreement.”

Order, Dkt. 675 (Jan. 13, 2021)

VLSI is Not Alone in Delaware



Thoughts on Future

- Asserting licensing and inequitable conduct defenses when sued by NPE
- Connolly's orders apply to all parties in all civil cases
- Will NPEs be deterred from filing suit in District of Delaware?
- How will other courts respond?

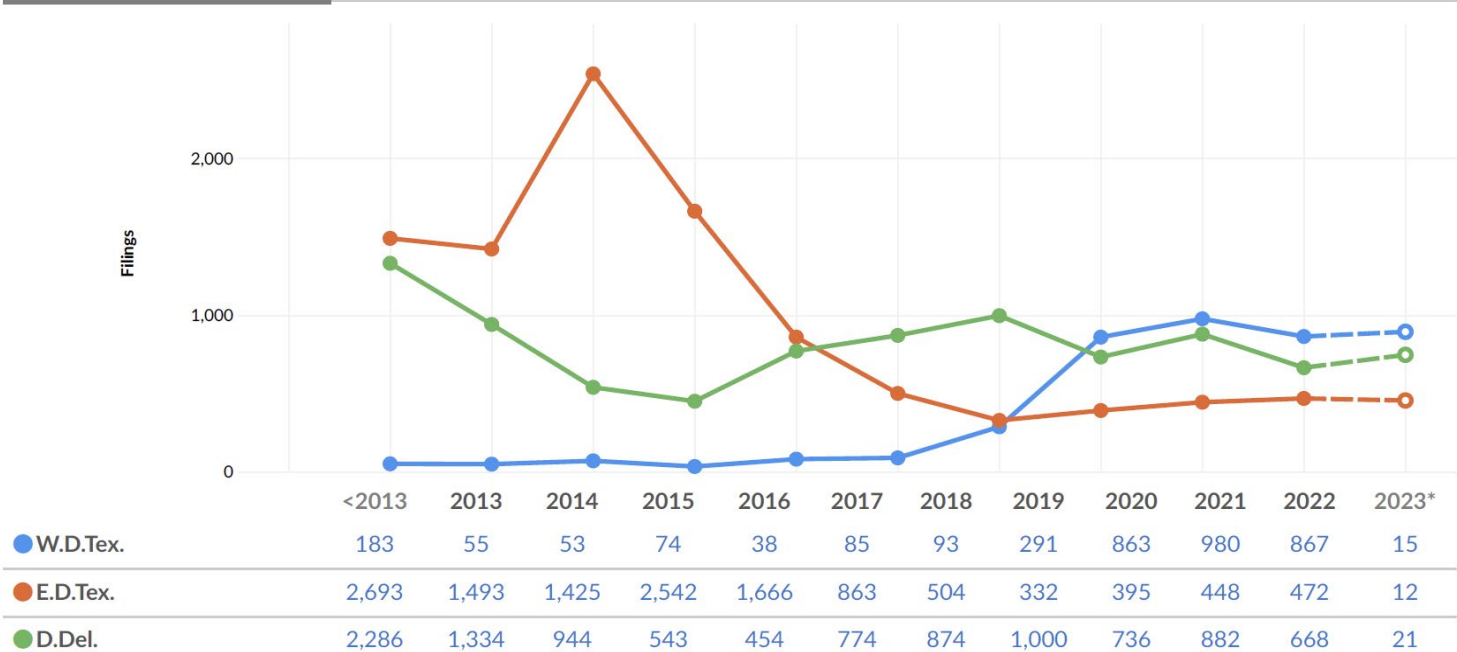
The Scene in Texas



Venue

The Patent Venue World Today

Case Filings for Patent cases



* 2023 numbers are year-to-date. Open dots are full-year estimates.

What Changed?

TC Heartland v. Kraft Foods, 137 S. Ct. 1514 (2017)

- Venue in patent cases was previously proper in essentially any federal district
- *TC Heartland* limited venue
- As a result, Eastern District of Texas is no longer a proper venue for most U.S. company defendants

What Changed?

Hon. Allan Albright

- 23% of all patent cases in 2022
- Appointed by President Trump
- Took the bench in September 2018
- Made Western District of Texas a patent litigation destination



Why Patent Plaintiffs Flock To Waco



Viewed as a transfer-proof venue



Rapid path to trial



***Alice* motions heard only after claim construction, and then likely denied**



Plaintiff friendly juries

Forum Shopping Backlash

- **In July, then Chief Judge Orlando L. Garcia mandated that new patent suits filed in Waco be randomly assigned**
- **Expectation that results would be dramatic**
- **But Judge Albright still gets most patent cases**

Implications For Patent Defendants

- **Judge Garcia's successor as chief judge, Judge Alia Moses, retained the random distribution policy**
- **Implications remain to be seen**
- **In the meantime, possible to transfer to Austin**

Other trends to watch

IPR Estoppel

The Federal Circuit has clarified that IPR estoppel is broad.



IPR estoppel applies not just to grounds asserted/ instituted/ considered, “***but to all grounds ... which reasonably could have been asserted against the claims included in the petition.***”

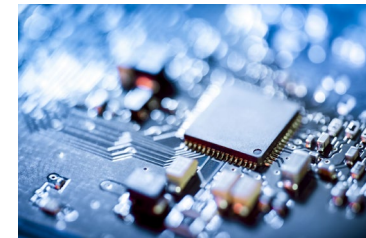
Caltech v Broadcom, 25 F.4th 976, 991 (Fed. Cir. 2022)

IPR Estoppel

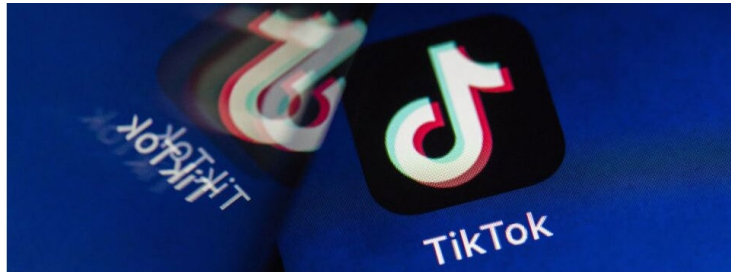
But the ultimate scope of IPR estoppel remains unclear.

- What will the Supreme Court do with *Caltech*?
 - Potentially resolve estoppel as to publication art.

- Does estoppel apply to **product** prior art?
 - Compare *Wasica* (Stark) with *Chemours* (Noreika).



Courts are requiring big tech to be more forthcoming



The TikTok app is shown.
Photographer: Brent Lewin/Bloomberg

TikTok to Pay \$368,274 in Trademark Case Discovery Sanctions



Signage at an entrance to a building on the Google campus in Mountain View, California, U.S., on Wednesday, Dec. 16, 2020.
Photographer: David Paul Morris/Bloomberg

Google Ordered to Pick Up Boies Legal Fees at \$2,000 an Hour (4)

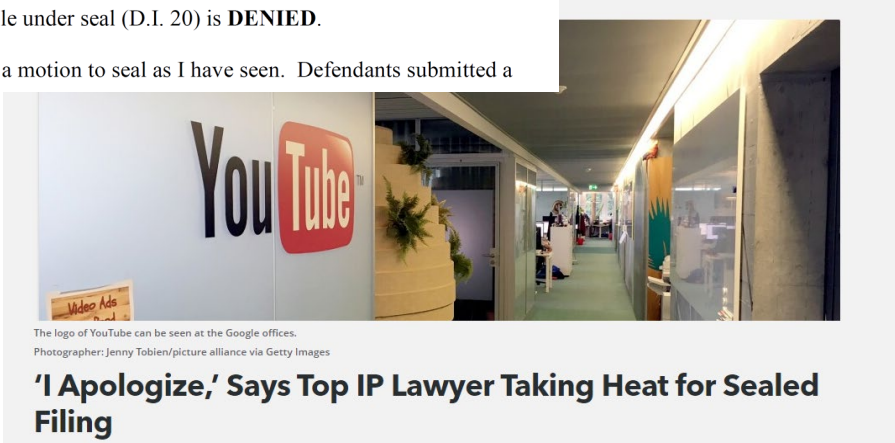
Courts are limiting sealing

ROBOCAST, INC., :
 :
 Plaintiff, :
 :
 v. : Civil Action No. 22-304-RGA
 :
 YOUTUBE, LLC, et al., :
 :
 Defendants. :

ORDER

The motion for leave to file under seal (D.I. 20) is **DENIED**.

This is about as frivolous a motion to seal as I have seen. Defendants submitted a



Thank you!
