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**U.S. District
Court Litigation**

Enforcing Intellectual Property
Rights in the United States

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Overview

Patent enforcement scenarios

- When are Chinese companies at risk for district court litigation?

Pre-litigation considerations

- Who to sue? And whether to sue at all?

Discovery & enforcement issues

- What to expect?

Patent Enforcement Scenarios

- Direct infringement (35 U.S.C. § 271(a))
 - Example: Chinese company that imports an accused product into the U.S.
- Induced infringement (35 U.S.C. § 271(b))
 - Example: Chinese company that makes an accused product and then intentionally causes a customer to import it into the U.S.
 - Specific intent to encourage infringement req'd

Patent Enforcement Scenarios

- Contributory infringement (35 U.S.C. § 271(c))
 - Example: Chinese company that imports a material part of a patented invention into the U.S., knowing that the component was made or adapted for use in an infringing manner
 - Non-staple goods
- Importing products made by a patented process (35 U.S.C. § 271(g))

Pre-Litigation Considerations

- Who to name as the defendant?
 - Does Chinese company have U.S. operating company?
 - Does Chinese company have large U.S. customers?
 - Example: U.S.-based national retailers
 - If “yes” to either, consider enforcement options that can achieve desired result without naming Chinese company

Pre-Litigation Considerations

- Pre-suit contact and negotiations?
 - Risk of default
 - Risk of increased cost and time to litigate
 - Challenges in obtaining recovery and enforcing judgment
 - Risk of breach of settlement agreement
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- Carefully consider enforcement options

Service Considerations

- Use procedures from Federal Rules?
- Otherwise, use Hague Convention
- Alternative means:
 - Rule 4(f)(3): U.S. court's discretionary authority to direct service by other means not prohibited by international agreement
Nuance Commc'ns v. Abbyy Software House, 626 F.3d 1222 (Fed. Cir. 2010)

Discovery Considerations

- Depositions
 - No depositions in China
 - Use other location (U.S., Hong Kong)
 - Teleconference or videoconference possible
- Documents and other discovery
 - If subject to personal jurisdiction, use Federal Rules
 - Otherwise, use Hague convention

Further Discovery Considerations

- Many foreign defendants are unfamiliar with U.S.-style discovery
- Increased time and expense:
 - Travel
 - Reluctance to participate in discovery tends to create disputes, impede progress, and ultimately prevent discovery of relevant info
 - Translation of documents and testimony

Collection/Enforcement Issues

- Default still requires proof of damages
 - Third-party discovery to prove sales
 - Expert damages report?
- Lack of enforceability of U.S. judgments in China
- Seek an injunction in U.S.
- Consider enforcement in other jurisdictions, including China

Questions?