

PRESENTATION:

**AN INDUSTRY PERSPECTIVE
ON PATENT LICENSING AND
EXTRATERRITORIAL ENFORCEMENT**

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I feel very honored to be among this erudite group. I represent Texas Instruments as a patent attorney, so my comments come to you as a practitioner, a person actually in the trenches doing the work, getting the patents, enforcing them, and getting royalties, and even more so, getting TI the right to do business.

Texas Instruments has had some experience in enforcing its patents through cross-licenses since about 1985, and we've had some success with this. After sitting through the previous discussions, I have amplified my remarks because I've listened to some very interesting speakers. I hope that I can make some intelligent comments about what they've said.

Apparently, the real discussion here today is whether we should have a treaty to enforce judgments from other countries in the United States. Also, whether United States judgments should be enforced in other countries. A second question is whether we should take the next step, and try to have patents from other countries enforced and maybe even tested for validity here in the United States. This would be along with U.S. patents being tested and enforced by courts in other countries. Two different questions, both of which raise some very interesting issues, as you've heard.

First of all, I should say that at Texas Instruments, we are very sensitive about putting any of our patents at risk in court. We know that, for as much as we may understand U.S. patent law in the District Courts, or even with the Court of Appeals for the Federal Circuit, we can't guarantee a positive outcome for our company. We know that some very unusual things happen in court. Although it may seem to legal scholars that even if one company lost here and another company won there, we're still making great progress in the law. But if TI loses a patent it costs us money—and that is our business. That is why we are very sensitive about putting any of our patents at risk in litigation, no matter how solid we may feel about our case.

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This leads us to license negotiations. The nice part about having some stability and predictability in our court systems in the United States is that we can enter into licensing negotiations, and we have 80-90% assurance that yes, we can enforce this patent, or no, we will not be able to enforce that patent. This predictability gives us an assessment of business risk that we can discuss with our clients. We can say: "Listen, we own this patent, but there's a pretty good business risk we are not going to get it enforced," or "There is always some risk that it will not be enforced, but we feel confident that it will be enforced."

On the question of enforcing judgments from foreign countries in the United States and vice versa, I think that is, generally speaking, a good idea. What comes to mind is the early history of the United States when we were a confederation of states. At that time, the enforcement of judgments from one state to the next was difficult and biased. One of the reasons for the U.S. becoming a federation was that the unbiased federal courts could be used instead of the local state courts to enforce judgments from, let's say, New York to Pennsylvania.

I think the analogy is very strong, because I don't think human nature has changed in all those years. I think being able to have some way to enforce a judgment from New York in Pennsylvania is very similar to having a judgment from Great Britain enforced in Korea or Thailand, and vice versa. I think that we've really approached this topic before in our United States domestic area, and I'm sure that Europe has approached it also, because it has its own domestic confederation of states.

Some of our biggest problems are with enforcing a patent in the country that issued it. I'd just like to use some actual examples. I gather the patents that TI gets in Korea, and I have to look at my chances of getting those patents enforced in Korea.

Here are some of the things that I look at in enforcement to conclude a license. What is the law in this foreign country? When I go to a law library, like I've noticed in this building, I hope to find books that will tell me what the Korean judges have done over the last 20 or 30 years to enforce Korean patents. Then I will have some idea of what they will do when I walk into their courts with my Korean patent, and ask them to enforce my patent there.

I have the same questions about enforcing not just my Korean patent, but also my U.S. patent in Korea. Will the judges there go through my U.S. patent, like I know Judge Cohn has? Will the judge actually have taken the time to think through the law, how it has developed in the past, and what should be done in this particular case? Will the judge consider not just complicated theories, like file wrapper estoppel or doctrine of equivalents, but will the judge consider something simple, like direct infringement? Direct infringement of a patent—where perhaps the technology has changed some, so the exact words of the claims may not fit exactly the way the technology is described today. But the claimed subject matter certainly is applicable to the technology developed when the patent issued.

We have to look at case law and see, generally speaking, what have the courts done here? I'm raising some of these questions because these are some of the problems that I see as a practitioner.

In fact, I should say that right now, in our licensing programs, we use the ability to bring patent infringement lawsuits in, for example, Taiwan, Japan, Korea, the United States, Great Britain and France. We know full well that at least some of those patents are going to be held enforceable, somewhere. So does the defendant. That helps us bring a recalcitrant licensing partner to the negotiation table and get a fair settlement.

As a large company, we have lawyers in many different countries. We do not necessarily have to find local counsel to determine the enforceability of a patent in any given country. Even more so, we've had some experience and we've had practice in enforcing our patents in countries outside the U.S. A small company or an individual inventor would have a much more serious problem than we have.

One of the major problems I see is trying to educate one judge in the laws of all the different countries of the world from which you have patents to be enforced. Judge Cohn, a U.S. District Court Judge, spoke about educating himself with the technology of a particular patent. Here I would ask Judge Cohn not only to do that, but also to educate himself on the laws of Taiwan, Japan, Korea, Great Britain...

Judge Avern Cohn: Stop ... Stop!

Mr. Bassuk: Now I know he's a very educated man, but let's think for a second how we're going to do that. I'm going to have to bring in an expert to testify on the laws of each country for which I have a patent to be enforced. The other side will probably bring in an expert as well, because the parties and experts will have conflicting testimony over what the law is. The experts will testify to the judge on the law, and then both sides will argue to the judge the differences in the law. Then the judge will have to try and decide the law to be applied. That will have to occur for every country for which you have a patent to be enforced. Appellate courts will later determine if the trial court correctly determined the law of the other country.

Now let's say we are in Korea. To try my patent case, to prove infringement or invalidity, I have to bring experts and other fact witnesses from the United States, Japan, Taiwan, Great Britain or France to testify before a Korean judge. I ask that Korean judge to learn the laws of all those different countries and decide the facts accordingly. I have every confidence that the judge in Korea will do as good a job as is humanly possible. I believe that these judges we have are very good and they really do try. But look at what we are asking them to do. It is almost superhuman. I'm not saying that we shouldn't go down some route to a treaty to enforce patents in other countries, but this is difficult.

I should add that the lack of reported decisions is not something that is international. Even in my own State of Texas, we have trouble getting writ-

ten decisions out of the Supreme Court of Texas. That court often makes decisions between two parties, and no decision is ever published. So I'm not seeing those decisions. Now I know what the law of the State of Texas is generally, but I don't know it well enough that I could really say in every case: "Here's something I can stand on." So the problems are not just international, they also exist in my home state. They certainly exist at the lowest levels of the court systems in my home state. In all the U.S. states, the local courts do not write opinions. It's only in U.S. Federal District Courts and the federal and state appellate courts that you see well-written opinions.

Forum shopping. If I own patents, where is the best court I can find to get enforcement? In the United States we had some terrible problems with forum shopping between the Circuit Courts of the United States, and that only ended in 1982. We solved that by having one Federal Court of Appeals for patent cases. Now if we open, under this Convention, the actual enforcement of patents to different countries extraterritorially, where will we forum shop? Because you can be sure we will do that. We will spend some time and money to look for the court that will give the best result, not just for U.S. patents, but also for patents from Taiwan, Japan, Korea, Great Britain, France, or Germany. All owners of these patents will look for the best court they can find to hold their patents valid and infringed.

Now let me make it scary for everybody. Declaratory judgments. The company being accused of infringement is going to file a declaratory judgment action to hold the patent invalid. In what country will the accused file the Declaratory Judgment action? Forum shopping already existed in the United States, and we had to do something to eliminate the real, or maybe even just perceived, thought that one court would be better than another.

Now I'm not saying that this is going to set off a flurry of activity. I'm not saying that this forum shopping and all the other things that I've mentioned are going to set up an enormous amount of patent litigation worldwide. I honestly don't know. It's an unknown world. I certainly think we should go down some of these routes, but I don't know what the actual outcome will be.

Predictability, I think, is the one word that we are most interested in. Being able to predict what an outcome will be. Predict where I can go to court. Predict where the opposite side could go to court. As a patent owner, I need to know that.

The last thing that I should mention is that, at least in my company, we do not necessarily depend upon our outside counsel to tell us what we should be doing. We, the lawyers inside our company, need to have the ability to know what will happen, because we're the people who are responsible for our patents. My client will not let me blame an outside counsel for poor results. My client looks to me, and tells me that I am the responsible person. I get the patents. I license them. I get them enforced. I need to know the predictability of what will happen.

Thank you very much for your time.