DELIVERING STRATEGIC SOLUTIONS ACCA'S 2000 ANNUAL MEETING

SELECTED EXCERPTS FROM

SUN TZU AND THE ART OF PATENT LITIGATION

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PRESENTED AT

ACCA'S 2000 ANNUAL MEETING

Washington, D.C

October 2-4, 2000

Session 108: Managing Complex Litigation

INTRODUCTION

Sun Tzu was a general who lived in ancient China around 350 B.C., during the Age of the Warring States. He is regarded by many as a master tactician and strategist, and his precepts of war and battle are still taught today at modern military academies.

What if Sun Tzu were available to mentor patent litigators today? Sun Tzu and the Art of Patent Litigation explores, in somewhat tongue-in-cheek fashion, some of Sun Tzu's better-known principles of warfare adapted to modern patent enforcement and litigation. Those principles most relevant to the topic of this program, Managing Complex Litigation, are reprinted with permission below.

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LAYING PLANS

1. Sun Tzu said: "The art of war is of vital importance to the State."

2. In modern times, the art of patent enforcement is of vital importance to the company.

3. It is a matter of life and death, a road either to safety or to ruin. Hence, it is a subject which on no account can be neglected.

4. The art of patent enforcement is governed by five constant factors, to be taken into account in one's deliberations when seeking to determine the conditions obtaining in the field.

5. These are:

    1. The Moral Law - Did the accused infringer seek to copy or trade off the efforts of the patent holder?

    2. Heaven - Is the invention truly novel?

    3. Earth - Does the patent enable one of ordinary skill in the art to make the invention?

    4. The Commander - Does the patent name the correct inventors and no more?

    5. Method and Discipline - Are the patent terms clearly and unambiguously defined?

6. The Moral Law causes the judge and jury to be in complete accord with the inventor, so that they will vote in his or her favor regardless of minor shortcomings in the patent, undismayed by any danger of reversal on appeal. The Moral Law can also work against the inventor, if he or she has behaved inequitably before the patent office.

7. Heaven signifies the inventive process, and the act of looking up into the sky for inspiration.

8. Earth comprises the practicality of making the invention; the determination of whether the invention may live or die.

9. The Commander stands for the true inventor(s), who can virtuously and sincerely claim the invention strictly as their own.

10. By Method and Discipline are to be understood the specification of the patent, the patent claims and scope of the invention, the subdivisions of each claim's limitations, the graduations of claims from independent to dependent, and from broad to narrow, and whether article of manufacture, machine, composition, process or design.

11. These five heads should be familiar to every patent litigator: he who knows them will be victorious; he who knows them not will fail.

12. Therefore, in your deliberations for waging patent litigation, when seeking to determine the potential outcome, let them be made the basis of a comparison, in this wise:

1. Which of the two parties is imbued with the Moral law?
2. Which of the two patent litigators has most ability?
3. With whom lie the advantages derived from Heaven and Earth?
4. On which side is discipline most rigorously enforced?
5. Which legal team is stronger?
6. On which side are the inventors and scientists more highly trained?
7. In which legal team is there the greater constancy both in reward and punishment?

13. By means of these seven considerations I can forecast victory or defeat.
14. The patent litigator that hearkens to my counsel and acts upon it will conquer: let such a one be retained in command! The patent litigator that hearkens not to my counsel nor acts upon it, will suffer defeat: let such a one be dismissed!
15. While heeding the profit of my counsel, avail yourself also of any helpful circumstances over and beyond these rules.
16. According as circumstances are favorable, one should modify one's plans.
17. Sun Tzu said: "All warfare is based on deception."
18. Hence, when able to go to trial, we may wish to seem unable; when offering up our witnesses, we may wish to make opposing counsel believe they are unprepared.
19. Hold out baits to entice the enemy. Feign disorder, and crush him.
20. If his patent portfolio is secure at all points, be prepared for him. If his portfolio is superior in strength, evade him.
21. If your opponent is of choleric temper, seek to irritate him. Pretend to be weak, that he may grow arrogant.
22. If he is taking his ease, give him no rest. If his forces are united, separate them by noticing depositions in different geographic locations.
23. Attack him where he is unprepared, appear where you are not expected.
24. Now the patent litigator who wins a victory makes many preparations in his office ere the litigation is brought. The patent litigator who loses a case makes but few preparations beforehand. Thus do many preparations lead to victory, and few preparations to defeat: how much more no preparation at all! It is by attention to this point that I can foresee who is likely to win or lose.

I. WAGING PATENT LITIGATION

1. In the operations of patent litigation, where there are hundreds of thousands of documents, archived e-mail on tapes in outdated and unfamiliar formats, and they require many software experts and paralegals to extract and review them, sums spent on litigation will

reach the total of a thousand ounces of silver per day. Such can be the cost of waging patent litigation.

2. When you engage in patent litigation, if victory is long in coming, then attorneys' arguments and ideas will grow dull and their ardor will be damped. If you lay siege to a large, well financed defendant, you may exhaust your strength.

3. Again, if the campaign is protracted, the resources of the client may not be equal to the strain.

4. Now, when your patent litigator's arguments and ideas are dulled, your ardor damped, your strength exhausted and your treasure spent, your enemy will spring up to take advantage of your extremity. Then no man, however wise, will be able to avert the consequences that must ensue.

5. Thus, though we have heard of stupid haste in patent litigation, cleverness has rarely been seen associated with long delays.

6. A company rarely will benefit from prolonged litigation, unless it is IBM or Microsoft, or its enemy has far fewer resources.

7. It is only one who is thoroughly acquainted with the evils of patent litigation who can thoroughly understand the profitable way of enforcing patents. Thus, it is often wise to add patent litigators to the team prosecuting a patent application of particular importance to the company.

8. The skillful patent litigator does not raise a second deposition of a witness, neither are his own witnesses deposed more than once.

9. Bring litigation materials with you from home, but have large demonstrative exhibits prepared locally. Thus the litigation team will have sufficient entertainment for the jury.

10. Poverty of the company cash account causes a litigation team to be maintained by advances from the law firm. A litigation team so impoverished finds little incentive to win.

11. On the other hand, idle attorneys at the law firm can cause the price of litigation to go up as the case becomes overstaffed; and high prices cause the company's substance to be drained away.

12. When their substance is drained away, the company will be afflicted by heavy exactions.

13. With this loss of substance and exhaustion of strength, the accounts of the company will be stripped bare.

14. Hence a wise patent litigator makes a point of staffing his or her matter appropriately. Hiring a trusted patent litigator is equivalent to a twenty-fold savings over an untrustworthy one who overstaffs his or her cases.

15. Now in order to destroy the opponent, our patent litigators must be adequately compensated; that there may be advantage from defeating the enemy, they must have their rewards.

16. Therefore, when substantial damages have been awarded, or the efforts of a patentee

thwarted, those who brought about victory should be rewarded with a bonus; better yet, a recommendation to other potential clients.

17. Any good patent litigators found on the other side should be recruited into the firm. This is called using the conquered foe to augment one's own strength.

18. In patent litigation, then, let your great object be victory, not lengthy campaigns.

19. Thus it may be known that the leader of the patent litigation is the arbiter of the fate of the company's patent portfolio, the man or woman on whom it depends whether the company shall be profitable or in peril.

II. ATTACK BY STRATAGEM

1. In the practical art of patent enforcement, the best thing of all is to enjoin the accused from making more infringing product; to obtain a damage award is not as important. So, too, it is sometimes better to persuade an infringer to take a license and pay royalties than suffer a patent invalidity determination.

2. Hence to litigate and try all of your cases to verdict is not supreme excellence; supreme excellence consists in breaking the enemy's resistance without litigation.

3. Thus the highest form of a patent litigator's skill is to thwart the enemy's plans to produce infringing product; the next best is to recover damages; the next in order is to obtain reversal on appeal; and the worst policy of all is to besiege large corporations in protracted patent litigation.

4. The rule is, not to besiege large corporations in protracted patent litigation if it can possibly be avoided. Investigation and discovery could take years; the preparation of trial briefs, in limine motions and various demonstrative exhibits will take up many months; and the trial itself months more.

5. The lead trial counsel, unable to control his irritation, will launch his associates to the assault like swarming ants, with the result that one-third of his motions will be denied, while the case still remains not won. Such are the disastrous effects of a siege.

6. Therefore the skillful patent litigator subdues the enemy without any trial; he obtains an injunction or license without laying siege to the corporation; he thwarts their infringement without lengthy operations in the field.

7. With his forces intact, he will prove infringement by the large corporation and thus, without suffering the invalidity of any patent claims, his triumph will be complete. This is the method of attacking by stratagem.

8. Now the patent litigator is the bulwark of the company's patent portfolio; if the bulwark is complete at all points, the portfolio will be strong; if the bulwark is defective, the portfolio will be weak. Patents are only as good as the ability to enforce them.

9. There are three ways in which a company can bring misfortune upon its patent portfolio:

10. (1) By commanding the company's patent counsel to file applications, keeping them ignorant of the company's prior sales efforts. This is called hobbling the patent attorneys by the on-sale bar.

11. (2) By attempting to govern its patent attorneys in the same way as the company administers other staff, being ignorant of the conditions which obtain with respect to patentability. This causes the patent lawyer to write an ambiguous or ill-defined specification.

12. (3) By employing patent litigators solely from within patent boutiques, through ignorance of the fact that many times the best patent litigators are instead found at full service firms. This shakes the confidence of management.

13. When the litigation team is restless and unable to gain the attention of company management, trouble is sure to come as they turn to other litigation matters. This is simply bringing anarchy into the litigation team, and flinging victory away.

14. Thus we may know that there are five essentials for victory:

    1. He will win who knows when to litigate and when not to litigate.

    2. He will win who knows how to handle both superior and inferior forces.

    3. He will win whose litigation team is animated by the same spirit throughout all its ranks.

    4. He will win who, prepared himself, waits to take the enemy unprepared.

    5. He will win who has trial skills and is not interfered with by the corporation.

15. Hence the saying: If you know the enemy and know yourself, you need not fear the result of a hundred trials. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every case.

III. TACTICAL DISPOSITIONS

1. Sun Tzu said: "The good fighters of old first put themselves beyond the possibility of defeat, and then waited for an opportunity of defeating the enemy."

2. To secure ourselves against defeat lies in our own hands, but the opportunity of defeating the enemy is provided by the enemy himself.

3. Thus the good patent litigator increases his security against defeat by preparing his witnesses carefully for their depositions, but cannot make certain of defeating the enemy through deposing their witnesses.

4. Hence the saying: One may know how to conquer without being able to do it.

5. Security against defeat implies defensive tactics; ability to defeat the enemy means taking the offensive.

6. Standing on the defensive indicates insufficient strength; attacking, a superabundance of strength. Thus, one does not win motions for summary judgment unless the facts and the law are certainly in his favor.

7. The patent litigator who is skilled in defense finds prior art in the most secret recesses of

the earth; he who is skilled in attack flashes forth inspirational claim constructions from the topmost heights of heaven. Thus, on the one hand, we have ability to protect our clients from others' patents; on the other, a victory that is complete.

8. To see victory only when it is within the ken of the common litigator is not the acme of excellence.

9. Neither is it the acme of excellence if you litigate and conquer and the whole Empire says, "Well done!"

10. To lift an autumn hair is no sign of great strength; to see the sun and moon is no sign of sharp sight; to hear the noise of thunder is no sign of a quick ear.

11. What the ancients called a clever patent litigator is one who not only wins, but excels in winning with ease.

12. Hence his victories bring him neither reputation for wisdom, credit for courage, nor mention in the American Lawyer.

13. He wins his cases by minimizing mistakes. Minimizing mistakes is what increases the chances of victory, for it means conquering an enemy that is already defeated.

14. Hence the skillful patent litigator puts himself into a position which makes defeat improbable, and does not miss the moment for defeating the enemy.

15. Thus it is that in patent litigation the victorious strategist only seeks trial after the victory has been won, whereas he who is destined to defeat first litigates and afterwards looks for victory.

16. The consummate leader cultivates the Moral Law, and strictly adheres during patent prosecution to Rule 56 and the duty of disclosure to the patent office; thus it is in his power to control success.

17. In respect of patent litigation method, we have, firstly, Measurement; secondly, Estimation of litigation budget; thirdly, Calculation of damages; fourthly, Balancing of chances; fifthly, Victory.

18. Measurement owes its existence to Earth — Does the patent meet all of the requirements for patentability? Estimation owes its existence to Measurement; Calculation to Estimation; Balancing of chances to Calculation; and Victory to Balancing of chances.

19. A victorious litigation team opposed to a routed one, is as a pound's weight placed in the scale against a single grain.

20. The onrush of a conquering patent litigation team is like the bursting of pent-up waters into a chasm a thousand fathoms deep. Thus, the successful patent litigator prepares his case in advance, never cedes this advantage to the enemy, and looks for ways to get on the Rocket Docket.

IV. ENERGY

1. Sun Tzu said: "The control of a large force is the same principle as the control of a few men: it is merely a question of dividing up their numbers."

2. Litigating with a large team under your command is nowise different from litigating with a small one: it is merely a question of instituting communication and controls.

3. To ensure that your whole team may withstand the brunt of the enemy's attack and remain unshaken — this is effected by maneuvers direct and indirect.

4. That the impact of your patent litigation team may be like a grindstone dashed against an egg — this is effected by the science of weak points and strong.

5. In all patent litigation, the direct method may be used for joining the issues, but indirect methods will be needed in order to secure victory.

6. Indirect tactics, efficiently applied, are inexhaustible as Heaven and Earth, unending as the flow of rivers and streams; like the sun and moon, they end but to begin anew; like the four seasons, they pass away to return once more.

7. There are not more than twelve musical notes on the piano, yet the combinations of these twelve give rise to more melodies than can ever be heard.

8. There are not more than three primary colors (red, yellow, and blue), yet in combination they produce more hues than can ever been seen.

9. There are not more than five cardinal tastes (sour, acrid, salt, sweet, bitter), yet combinations of them yield more flavors than can ever be tasted.

10. In patent litigation, there are not more than three methods of discovery — written discovery, documentary discovery and oral discovery; yet these three in combination give rise to an endless array of evidence.

11. The documentary discovery and the oral discovery lead on to each other in turn. It is like moving in a circle — but you must bring it to an end to exhaust the possibility of surprise at trial.

12. The onset of trial is like the rush of a torrent which will even roll stones along in its course.

13. The quality of decision is like the well-timed swoop of a falcon which enables it to strike and destroy its victim.

14. Therefore the good patent litigator will be terrible in his onset, and prompt in his decision.

15. Energy may be likened to the bending of a crossbow; decision, to the releasing of a trigger.

16. Amid the turmoil and tumult of trial, there may be seeming disorder and yet no real disorder at all; amid confusion and chaos, your evidence may seem to be without head or tail, yet it will be proof against defeat upon closing argument.

17. Simulated disorder postulates perfect discipline, simulated fear postulates courage; simulated weakness postulates strength.

18. Hiding order beneath the cloak of disorder is simply a question of subdivision; concealing courage under a show of timidity presupposes a fund of latent energy; masking strength with weakness is to be effected by tactical trial motions.

19. Thus one who is skillful at keeping the enemy on the move maintains the pace of trial, according to which the enemy will act. He sacrifices something, that the enemy may snatch at it.

20. By holding out baits, he keeps him offering counter-evidence; then, with a body of careful research, he lies in wait for him with a motion for judgment as a matter of law.

21. The clever patent litigator looks to the effect of combined energy, and does not require too much from each witness, especially experts; hence, his ability to pick out the right witnesses and utilize combined energy.

22. When he utilizes combined energy, his case becomes as if rolling logs or stones. For it is the nature of a log or stone to remain motionless on level ground, but to move when on a slope; if four-cornered, to come to a standstill; but if round-shaped, to go rolling down.

23. Thus, the energy developed by a series of strong witnesses is as the momentum of a round stone rolled down a mountain thousands of feet in height. So much the better at the outset of trial and just before resting one's case.

V. WEAK POINTS AND STRONG

1. Sun Tzu said: "Whoever is first in the field and awaits the coming of the enemy, will be fresh for the fight; whoever is second in the field and has to hasten to battle will arrive exhausted."

2. Therefore the clever patent litigator imposes his will on the enemy with offers of a patent license, but does not allow the enemy's will to be imposed on him by accusing him of infringement and allowing a declaratory judgment action to be filed.

3. By holding out advantages to him, he can cause the enemy to reveal his prior art or infringement theories; or, by inflicting damage in the marketplace, he can make it impossible for the enemy to ignore him.

4. If the enemy is taking his ease, he can harass him; if well supplied with food, he can starve him out; if quietly encamped, he can force him to move. Thus should you always take food to extended settlement conferences and never check out of your hotel early.

5. Appear at points which the enemy must hasten to defend; march swiftly to places where you are not expected. If representing the patentee, one should endeavor to choose a quickly moving forum, lest the infringer have time to discover invalidating prior art. If representing the defendant, you must buy time to marshal your defenses.

6. You can be sure of succeeding on your motions only if you make motions for which there is no defense. You can ensure the safety of your defense only if you hold positions that cannot be attacked.

7. Hence the patent litigator is skillful in attack whose opponent does not know what to defend; and he is skillful in defense whose opponent does not know what to attack.

8. O divine art of subtlety and secrecy! Through you we learn to be invisible, through you inaudible; and hence, we can hold the enemy's fate in our hands.

9. You may advance and be absolutely irresistible if you make for the enemy's weak points;

you may retire and be safe from pursuit if you find anticipatory prior art more rapidly than the enemy can build his infringement case.

10. If we wish to litigate, the enemy can be forced to an engagement even though it be sheltered behind its own patent portfolio. All we need do is bring suit as patent holder, sell competing "design-around" products, or where appropriate, institute an interference.

11. If we do not wish to litigate, we can prevent the enemy from engaging us even though the terms of our proposed patent license are clearly traced out. All we need do is refrain from accusing it of infringement and from creating a reasonable apprehension of suit.

12. By discovering the enemy's patent portfolio and keeping our U.S. applications invisible to the enemy, we can concentrate on our attack, while the enemy must worry about our "submarine" patents.

13. We can form a single united body, while the enemy must split up into fractions. Hence, there will be a whole pitted against separate parts of a whole, which means that we shall be many to the enemy's few.

14. And if we are able thus to attack an inferior force with a superior one, our opponents will be in dire straits.

15. The claims on which we intend to litigate must not be made known for as long as possible; for then the enemy will have to prepare against a possible attack at several different points; and his forces being thus distributed in many directions, the arguments we shall have to face at any given point will be proportionately weakened.

16. For should the enemy strengthen his product against one claim, he will weaken on another; if the enemy be the patentee, should he broaden his infringement case, he will run into prior art and weaken the validity of his patent; should he narrow his claims to preserve validity, he will weaken his infringement case. If he tries to address every issue, on every issue will he be weak.

17. Numerical weakness comes from having to prepare against possible attacks; numerical strength, from compelling our adversary to make these preparations against us.

18. Knowing the place and the time of the coming trial, we may concentrate from the greatest distances in order to litigate.

19. But if neither time nor place be known, then many scheduling conflicts will arise and witnesses become unavailable.

20. Though according to my estimate the enemy’s litigation team exceeds our own in number, that shall advantage them nothing in the matter of victory. I say then that victory can be achieved.

21. Though the enemy be stronger in numbers, we may prevent him from litigating. Research so as to discover his foreign and PCT patent applications and the likelihood of their success.

22. Rouse him, and learn the principle of his activity or inactivity. Force him to reveal himself, so as to find out his vulnerable spots.

23. Carefully compare the opposing litigation team with your own, so that you may know where strength is superabundant and where it is deficient.

VI. USE OF SPIES

1. Hostile competitors may face each other in patent litigation for years, striving for victory which may be decided in a single day. This being so, to remain in ignorance of the enemy's condition simply because one begrudges the outlay of a hundred ounces of silver is the height of folly.

2. One who acts thus is no leader of a litigation team, no present help to his client, no master of victory. Pursue instead the investigation and discovery needed.

3. Thus, what enables the wise client and the good patent litigator to strike and conquer, and achieve things beyond the reach of ordinary men, is foreknowledge.

4. Now this foreknowledge cannot be elicited from spirits; it cannot be obtained inductively from experience, nor by any deductive calculation.

5. Knowledge of the enemy's dispositions can only be obtained from other men or the enemy's documents.

6. Hence the use of what Sun Tzu refers to as "spies," of whom there are five classes: (1) Local Spies; (2) Inward Spies; (3) Converted Spies; (4) Doomed Spies; and (5) Surviving Spies.

7. When these five kinds of spies are all at work, investigation and discovery will be thorough. This is called "divine preparation of one's case." It is the patent litigator's most precious faculty.

8. Having Local Spies means employing the services of the scientists and technicians within the client company.

9. Having Inward Spies means deposing the scientists, technicians and employees of the enemy.

10. Having Converted Spies means getting hold of the enemy's ex-employees (to the extent permissible by law) and using them for our own purposes.

11. Having Doomed Spies means doing certain things openly for purposes of deception, and allowing our client's ex-employees to know of them and report them to the enemy.

12. Surviving Spies, finally, are expert witnesses who study and opine on matters concerning the enemy's case.

13. Hence, there is nothing more important to the whole litigation team than to maintain close relations with spies.

14. Spies cannot be usefully employed without a certain intuitive sagacity.

15. They cannot be properly managed without benevolence and straightforwardness.

16. Without subtle ingenuity of mind, one cannot obtain from them the truth through

depositions.

17. Be subtle! Be subtle! And depose witnesses with much preparation and a veneer of friendliness.

18. Sun Tzu said, "If a secret piece of news is divulged by a spy before the time is ripe, he must be put to death together with the man to whom the secret was told." This is too extreme, however, for patent litigation.

19. Whether the object be to obtain an injunction, recover damages or force a competitor's entry into a license, it is always necessary to begin by finding out the names of the spies who must be deposed.

20. The enemy's spies who have left their employ must be sought out, interviewed to the extent permitted by law, and well-fed; if summoned to testify, comfortably housed. Thus they will become Converted Spies and available for our service.

21. It is through the information brought by the Converted Spy that we are able to acquire and employ Local and Inward Spies.

22. It is owing to this information, again, that we can cause the Doomed Spy to carry false tidings to the enemy.

23. Lastly, it is by this information that the Surviving Spy can be used on appointed occasions.

24. The end and aim of spying in all its five varieties is knowledge of the enemy's weaknesses; and this knowledge sometimes can only be derived, in the first instance, from the Converted Spy. Hence it is essential that the Converted Spy be treated with the utmost liberality.

25. Of old, the rise of the Yin Dynasty was due to I Chih who had served under the Hsia. Likewise, the rise of the Chou Dynasty was due to Lu Ya who had served under the Yin.

26. Hence it is only the enlightened ruler and the wise patent litigator who will use investigative and discovery techniques with the highest intelligence and thereby achieve great results.