

# Patent-Infringement Injunctions' Scope

forthcoming in vol. 90 of the *Tex. L. Rev.*

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*August 2011*

# Motivation:

## Limits on Remedies Debates

- **Damages**
  - How to calculate?
  - When to enhance?
- **Injunctions**
  - When to issue?

# Why Do Remedies Matter?

## Utilitarian Concern w. Incentives

- **Patentee behavior**
  - “Pro”
    - Invention creation
    - Development & commercialization
    - Disclosure
    - Notice & search for pot’l users/infringers
  - “Con”
    - Hold-up or hold-out
  - Ambiguous
    - Licensing (exclusive or non-exclusive)

# Why Do Remedies Matter?

## Utilitarian Concern w. Incentives

- **Potential-infringer behavior**
  - “Pro”
    - Follow-on innovation
    - Patent search
    - Licensing use
  - “Con”
    - Nonuse
    - “Free riding” (nonexcludability/nonrivalry)
  - Ambiguous
    - Design-around

# Why Does Inj. Scope Matter?

## Infringer Incentives

- **Infringer Choices**
  - License
  - “Ironclad Redesign”
  - “Doubtful Redesign”
- **Profit-Maximization Assumption**
- **Analogy to Patent-Scope Concerns**

# How Are Injunctions Drafted?

## Types 0-4

- **Type 0-2 = “Do not infringe” orders**
  - Example: “Do not make, use, offer to sell, sell, or import the infringing device.”
- **Type 3 = Reparative orders**
  - Example: “Destroy all instances of the infringing device made in the U.S., even though they are all now located in India.”
- **Type 4 = Prophylactic orders**
  - Example: “Destroy all instances of the infringing device located in the U.S.”

# “Do Not Infringe” Orders: Allowed Types 0 & 1

- **Type 0 measure zero” order**
  - “Do not make, use, offer to sell, sell, or import the Model No. 555,999 device.”
- **Type 1 “colorable differences” order**
  - “Do not make, use, offer to sell, sell, or import the Model No. 555,999 device or devices no more than colorably different from the Model No. 555,999 device.”

# “Do Not Infringe” Orders: Disallowed Type 2

- **Type 2 (“obey the law” order)**
  - **Different Levels of Generality Even Here!**
    - “Do not further violate U.S. patent law.”
    - “Do not further infringe the plaintiff’s patent rights.”
    - “Do not further infringe U.S. Patent No. 7,000,000.”
    - “Do not further infringe claims 1, 3, and 4 of U.S. Patent No. 7,000,000.”



# Type-2 Error: Disjunction Bet. Books & Action

- **Federal Circuit View**
  - Type-2 orders generally violate FRCP 65(d).
- **District Court Practice**
  - Regular issuance of Type-2 orders in 2010!
    - 56 of 99—57%—had Type-2 language
      - 52 of 86 permanent injunctions: 60%
      - 4 of 13 preliminary injunctions: 31%

# Type-2 Error: Subject-Matter Specificity

- **BMS: 6%** (1 of 17)
- **Non-BMS Utility: 69%** (50 of 77)
- **Design: 100%** (5 of 5)

# Type-2 Error: Potential Explanations

- **Limited consequences**
  - Reformation default
- **Inertia**
- **Common lack of opposition**
  - Consent-order error: 63% (37 of 59)
  - Further unopposed: 80% (8 of 10)
  - Actively opposed: 37% (11 of 30)
    - BUT still a quite high error rate!

# Type-2 Error: Potential Explanations

- **Counter-intuitiveness of Fed. Cir. view?**
  - Given “rule of reformation,” why the concern?
  - Australia, Canada, and UK appear to approach differently.
- **Desire for greater patentee protection**

# Type-2 Error: Should We Care?

- **General concern with error or inconsistency?**
- **Potentially misleading**
  - Distorted party expectations
  - Leading court into error?
- **Potential effect on contempt judgment**
  - Proof as primary concern, not notice?

# A Better Way?

## Type-4 Prophylactic Orders

- **Multiple Subtypes**

- Correlated-Activity Injunctions

- Do not make, ... import, ship, display images of, or cause another unauthorized party to sell the Model No. 555,999 device.”

- Destruction/Disablement/Delivery Injunctions

- “Destroy all existing Model No. 555,999 devices.”

- “Reformulated Metes & Bounds” Injunctions

- “Do not make ... a razor having three or more blades, the first blade having an exposure of 0.3 mm, the second blade having ....”

# Conclusion

- **Need to clean up practice or law w.r.t. Type-2 injunctions**
- **Possibilities for Type-4 (prophylactic) injunctions**