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The Eastern District Court Of Texas – Still An Active Docket For Patent Cases

*The Editor interviews **Fred I. Williams**, Partner in the Austin office of Akin Gump Strauss Hauer & Feld LLP. He is the assistant leader of the firm's IP practice and devotes the majority of his practice to representing industry-leading companies in cases involving patent infringement, copyright, trade secret, competition, trade regulation and consumer protection claims.*

Editor: Please tell our readers about your background.

Williams: I am originally from Florida, attended college and law school in Utah, and started my career in Houston at the Vinson & Elkins firm in 1995. On my second day at the firm, I got my first case in the Eastern District of Texas, where I have been practicing consistently ever since.

Editor: The Eastern District has been a favorite venue, particularly for the plaintiffs' bar.

Williams: That's right. When I started working in the Eastern District, it had not yet become a hotbed of intellectual property litigation, but it was a very active docket for consumer class actions, medical malpractice, and personal injury cases, etc. Initially, I was working on consumer class actions. When I moved to the Brobeck firm in 2000, I began doing more and more IP cases. By that time, the Eastern District's patent docket had become extremely active, so that over the past 12 years, patent cases have dominated my practice.

Editor: I understand that the judges on that court are very knowledgeable on IP matters.

Williams: That's totally accurate. Given the active docket, the judges have a wealth of patent experience that is probably unequaled anywhere in the country over the last 10 years, given the number of cases they handle, the number of *Markman* rulings they issue and the number of trials they hold.

Fred I. Williams

Editor: Is this jurisdiction still a favored one for getting quick relief for patent holders? Why is it such a popular venue?

Williams: East Texas is still highly favored, but the docket has been somewhat slowed over the past few years. As recently as 2005, there were expectations of a very, very fast trial schedule – sometimes one year from filing a complaint to trial date – a very fast track given the popularity of the docket. Since then, it has slowed down, especially with some of the judges' retirements in the past year. But signs just in the past few weeks show that the docket is quickening, so it's still a very competitive choice of venue for plaintiffs. Delaware is obviously a popular forum as are the Northern District of California, the Central District of California, the Eastern District of Virginia and the Western District of Wisconsin, but I would estimate that East Texas will keep up with them just fine.

Editor: While not bound by Texas decisions, do you find that courts in other states often invoke Texas precedents?

Williams: I think that's right. There is some skepticism elsewhere in the country about some of the Texas decisions, but I see citations to Texas cases regularly outside the state. Part of that again is due to the fact that the judges in the Eastern District have such a wealth of experience and the opportunity to address such a broad base of issues given the number of cases they oversee.

Editor: Please describe the case where you were defending major telecommunications companies regarding the invention of smartphone technologies. Do you think that the outcome would have been the same if the case were tried under the new America Invents Act?

Williams: That was a case where our firm represented 18 different telecommunications companies, most of the leading traditional wireless handset makers and all of the major carriers and wireless service providers in the country. The case was brought by an individual inventor with a company that owned his patents. It was a very heavily litigated and hard-fought case over four years with some unique issues. There were two patents at issue. We won summary judgment of invalidity on one of the patents when the *Markman* ruling came down, and then we were successful in a reexam on the other patent. In the reexam, every one of the 100-plus claims asserted against our clients was rejected. I'm sure we would have seen the same outcome if the America Invents Act had been in place, although then we might have been able to sever the case into parts.

Editor: You have handled a number of cases involving wireless technology. Is patent dispute resolution an area where there are many challenges?

Williams: Given the level of technology in wireless devices, there are many patents that may apply to wireless networks and handsets and their operation. In many of these cases where we might have one patent-in-suit, as we prepare the damages case for

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those claims, we find that there are many, many patents that address the technology in the device. The value of any one particular patent in a case may be diminished by the fact that it takes all kinds of different technologies to build a smartphone, for instance. And the level of litigation activity in the wireless device and network markets has been extraordinarily high over the past several years, which, I think, is a function of markets converging. Formerly, we thought of our cell phone as being one device, our desktop computer as another device, and maybe a laptop computer or even a PDA, each as separate instruments, but now people are carrying one device instead of four. As those markets converge, we see a lot of litigation activity as a result of the size of, and competition in, the markets involved.

Editor: You have also been at the cutting edge in defending medical device companies against infringement claims. Would you describe one or two of those cases?

Williams: We had a couple of interesting cases in the medical device area in the past several years. As with all of my cases, I worked as part of a great team that continues to work on medical device cases regularly. My involvement focused on a case in Memphis, Tennessee, involving a doctor who claimed that he had contributed ideas to a medical device manufacturer that were incorporated into a new product. He made trade secret as well as correction of inventorship claims relating to one of the patents on the product. At the same time, there was a concurrent patent infringement case filed in California against our client, the medical device company, and one of its competitors, who had signed up the original plaintiff, the doctor in the Memphis case, as a consultant. Those cases involved balloon catheter technology and minimally invasive spine surgery. After a brutal injunction hearing, this hard-fought case eventually settled shortly before trial.

Editor: Please describe your defense of the world's leading data networking company against claims of patent infringement, copyright infringement, trade secret misappropriation, employee raiding and breach of contract.

Williams: That was one of my favorite cases. We represented the leading data network company against a competitor that had traditionally been in the telecommunications space. At this time, a few years ago, we saw converging markets between telecom companies and datacom companies, not unlike the way we see convergence in the wireless consumer market today. As those two markets began to converge, there were employee transfer issues, as talent moved from one company to another, producing a series of lawsuits among competitors. In this fascinating case, there were a number of employees who had switched from the plaintiff to our client, the defendant. Our client was a start-up company in North Texas working on optical cross-connect products that were basically large switches for managing telecommunications and data communications traffic. Initially, our client was sued in state court, and then the litigation moved to federal court in the Eastern District of Texas when the startup company was acquired by the world's leading data networking company. The claims included patent infringement, a variety of trade secret claims, and copyright claims relating to software tools used in writing code for some of the products related to the case. It was an extremely hard-fought case with multibillion-dollar damage claims back and forth. Not only did we have the claims brought by the plaintiff, but our client also had antitrust claims, all of which spawned filings in other courts, from California to The Hague. We ultimately won on all claims against us – patent, copyright, trade secret and employee-raiding claims, winning summary judgment in two different orders. The patent claim was dismissed by agreement before we won summary judgment on all the others. The judge ruled that our client's employee owned the software tools at issue, so the plaintiff had no viable trade secret or copyright claims on them. And the court ruled that the plaintiff had no triable claim for damages despite its enormous hypothetical damage model.

These cases that involve "employee-raiding" claims or theories seeking to keep employees from changing jobs are some of the most rewarding cases for me. Frequently, the plaintiff's claim is that this employee is not really entitled to stay in the same industry if she leaves the plaintiff's employ, a situation described as the "Hotel California" theory. The plaintiff will frequently claim that the employee can check out, but she can never leave! Being able to represent those employees at their new company and vindicating their right to pursue their chosen profession at the company of their choice, all while making sure that they're not breaching any contractual obligation to the former employer, is very rewarding.

Editor: The scope of the competitive area is rather nebulous. At one time states would have certain jurisdictional boundaries beyond which an employee could pursue his career without competing with his former employer, but jurisdictional boundaries today would not be relevant for telecommunications and data networking employees.

Williams: There still are geographical limitations on what a covenant not to compete can require. I think without exception the employees whom we've represented in these kinds of cases did not have covenants not to compete and, theoretically, were free to work for whomever they chose as long as they respected the confidentiality of the work they did for their former employer, but that doesn't always keep the former employer from suing them or their new employer.

Editor: What effect has the newly enacted America Invents Act had on the manner in which your clients are handling their patent portfolios? How are you counseling them differently?

Williams: So far, the difference in approach that we're observing in the wake of the new statute is principally the joinder rules. Before the Act, in some jurisdictions, there was more leeway given to a plaintiff to join in one case many different defendants who appeared on the face of the complaint to be unrelated and proceed to trial in one trial against all of them. Since the Act, it is clear that there has to be a common nucleus of operative fact that joins the different defendants in the case. This is the principal difference I see on the litigation side.

I think the Act has curtailed some joinder activities of non-practicing entities (NPEs) in joining multiple defendants. We saw them actively joining multiple defendants before the Act and especially in the days before the Act's effective date in order to beat the new law to the courthouse.

Editor: Do you see the Federal Court of Appeals as playing the same role it has always played?

Williams: The Federal Circuit is such a dynamic court that I think it will continue to have just as prominent and important a role as it's had in the past. For instance, we talked about the joinder issue raised by the America Invents Act. The Federal Circuit just last week issued an opinion in the case entitled *In re EMC* where the court addressed mis-joinder of parties for pre-Act filings. So I see the Federal Circuit as fairly responsive to the needs of patent litigants, and I think it will continue to be very influential.