Legal battle settles on courthouse steps

High-stakes world of international patent litigation

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Law Times

What does a sex toy manufacturer in Ottawa have to do with the high-stakes world of international patent litigation?

Plenty, if you're paying attention to a five-year legal battle spanning multiple jurisdictions.

Earlier this year, a settlement was announced in Ottawa-based Standard Innovation Corp.'s ongoing struggle with the LELO group of companies, after a match of industry titans one American law firm likened to the "Apple v. Samsung battle of the sexual wellness industry."

The legal battle — waged at the United States International Trade Commission, the United States Patent and Trademark Office, and the Federal Court of Canada, among others — arose from Standard Innovation's patent, which covers its couples' vibrator known as the We-Vibe.

J. Bradley White, chairman of the intellectual property group at Osler Hoskin & Harcourt LLP, led worldwide co-ordination of Standard Innovation's legal strategy.

"This case was hard-fought with two parties that were very entrenched in their positions for years, in multiple states, multiple countries, involving multiple patents," says White.

The work resulted "in a settlement that both parties seemed to be extremely pleased with," he says.

"For the client, I was extremely pleased, because it was a settlement that achieved the commercial goals that they needed after years of getting there through various jurisdictions, so the client was very pleased and thrilled with that," says White.

According to law firm Osha Liang LLP, which worked on the case with White and Mayer Brown LLP, "this patent infringement dispute began in 2011, when Standard Innovation requested the U.S. International Trade Commission launch an investigation into the infringement of Standard Innovation's U.S. Patent No. 7,931,605 by several companies, including LELO. This investigation resulted in the first-ever general exclusion order relating to sexual wellness products. Litigation in multiple jurisdictions and venues has continued ever since."

An early victory for Standard Innovation came after the ITC issued a general exclusion order in 2013 that prevented competing devices from being imported, manufactured, or sold in the United States because they infringed on Standard's patent. However, this decision was reversed in 2015 by the Federal Circuit. In the meantime, other legal challenges racked up on both sides.

At the same time it filed the ITC complaint, Standard Innovation also filed a patent infringement suit in Texas against LELO, which ultimately tranferred to a federal court in California, giving the right to Standard Innovation to claim damages. LELO also obtained a patent, related to what's described as its "inductively chargeable massager patent," and sued Standard Innovation in California federal court.

Both parties went before the United States Patents and Trademark office to battle and were scheduled to commence trial in Canada on Feb. 1 — before the case settled on the courthouse steps. Earlier this year, a settlement was announced by Standard Innovation Corporation and LELO.

J. Bradley White says he was 'extremely pleased' with a settlement in a case that involved years of litigation.

"The settlement includes a cross-licensing agreement that allows both companies to respectfully license and use each other's relevant intellectual property," said a news release.

That doesn't mean the fight is over. The company has stated it will protect its IP.

"Standard Innovation will continue to enforce its valuable intellectual property rights. The company will protect itself from those who distribute, market and/or sell products that infringe its patents. Patents that protect its innovative couples vibrator products are held in Australia, Canada, China, Europe, Hong Kong, Mexico and the United States," said a March 2016 news release, about the European Patent Office recognizing the We-Vibe vibrator.

"The law firms and the lawyers that are in a position to be the quarterback of a worldwide strategy or be a team player in that worldwide strategy are the ones that are going to be best positioned to go forward, given the high-stakes, high-end litigation that's typically involved in patents," says White.

"[I]ncreasingly, clients are requiring other law firms in the various jurisdictions to be co-ordinated for a variety of reasons, not the least of which, of course, is that it's important to ensure that the strategy is consistent across these jurisdictions so you don't take a position in Canada, for example, that might have an adverse impact on United States litigation, and, of course, vice versa," he says.

Ron Dimock, a partner at IP boutique Dimock Stratton LLP, says, "International patent litigation is not only remaining popular but is also becoming more necessary in view of our global economy."

Dimock was not inolved in the Standard Innovation case, but has been involved in cases related to pharmaceuticals, chemicals, medical devices, sports and office equipment, business methods, and consumer goods.

"Canadians are not always directly involved in international patent litigation. The relative small size of our market makes litigation elsewhere more financially worthwhile," he says.

"When involved, however, Canadian patent lawyers have much to offer by way of strategy and tactics. Canadian patent lawyers are not ignored by their international counterparts but rather are highly valued for their courtroom experience and invited into the inner group to help make strategy decisions.

Canadian patent judges and lawyers are well respected around the world and our patent litigation practice is seen to be a reasonable, economical, and practical compromise between the American deposition and the English discovery-free systems."

Dimock says international patent arbitration, where everything everywhere is decided at once, is "one way to avoid the overwhelming costs and the inconsistent results of fighting in various foreign courts."

"Without both sides to a patent dispute agreeing to go this route, arbitration remains only a wishful alternative.

Canada should therefore make every effort to continue to impress the world with its attractive patent litigation system with the expectation that international patent disputants will look to Canada as a place to resolve their dispute judicially, economically and efficiently."

White says what made the case unusual for him was that "it was an example of co-ordinaton internationally between various law firms to develop a strategy to avail themselves of the various avenues and remedies that were available in those countries.

"So, for example, in this case, you had co-ordinated the Canadian litigation, together with the International Trade Commission litigation, which gave us a remedy of an exclusion order that you couldn't get in traditional patent litigation, but in paralell to that, you had the damages case in the district court, and then, all of that, of course, was further complicated by proceedings before the patent offices in the States, in Europe, and then LELO independently suing us on a patent they acquired in California," he says. **LT**