



One Firm Worldwide<sup>SM</sup>



## ANTITRUST AND INTELLECTUAL PROPERTY

The frequency and variety of antitrust issues raised by the existence and enforcement of intellectual property rights, like technological change itself, have been increasing at an astonishing rate. Jones Day has been at the forefront of many of these cutting-edge issues. Our ability to seamlessly integrate lawyers with the requisite skills and experience across practice areas and offices has enabled us to build a long and successful history of advising and representing clients in antitrust matters related to intellectual property and has prepared us well to lead our clients safely through the ever-broadening maze of issues at the interface between antitrust and intellectual property.

### WORLDWIDE EXPERIENCE, REPUTATION, AND RESOURCES

Jones Day offers corporate clients sophisticated and cost-effective global representation in all aspects

of antitrust matters related to intellectual property, from preventative counseling to the litigation of full-blown disputes. Issues at the interface between antitrust and intellectual property law frequently require multidisciplinary efforts and experience. Accordingly, we regularly build teams of antitrust, intellectual property, appellate, and other practitioners across practices and offices, to effectively and efficiently service our clients' needs, whether regional, national, or international. There are neither institutional barriers nor disincentives to doing so at Jones Day. To the contrary, Jones Day lawyers in different practices and offices routinely work together, and we do so as effortlessly and effectively as if we were in adjoining offices.

Jones Day's global reach permits us to provide integrated solutions directed at avoiding both excessive caution and unnecessary disputes, even in developing or unfamiliar jurisdictions around the world. We



Practitioners in Jones Day's Antitrust & Competition Law Practice have been involved in the most significant anti-trust and intellectual property disputes over the last 20 years, both on behalf of Jones Day and as part of the agencies that enforce anti-trust and competition laws.

have antitrust lawyers in 23 cities in 12 countries and intellectual property lawyers in 27 cities in 19 countries.

Our antitrust lawyers are recognized worldwide for their ability and experience. For example, *The Best Lawyers in America* has ranked the Jones Day Antitrust Practice No. 1 nationally. *Chambers Global* has recognized Jones Day as having one of the top competition law and antitrust practices globally and has assigned our U.S. practice its highest ranking. *Chambers Asia* has assigned top rankings to our China practice as well. Additionally—for a number of consecutive years—*PLC Which lawyer?* has ranked the Jones Day Antitrust & Competition Law Practice among the top practices in the world. Reflecting this experience and achievement, Jones Day lawyers in recent years have been chosen to head the Justice Department's Antitrust Division and to chair the Federal Trade Commission.

Lawyers in our outstanding Intellectual Property Practice also are global leaders in their field. *Chambers Global* has awarded Jones Day's Intellectual Property Practice top-tier ratings. Jones Day has also shared top honors in the Intellectual Property category in *Corporate Counsel's* survey of *Fortune* 100 companies, "Who Represents America's Biggest Companies?"

Our appellate practice lawyers are equally accomplished. *The National Law Journal* consistently includes Jones Day on its "Appellate Hot List." The criteria for selection each year include at least one significant appellate win before the U.S. Supreme Court, a U.S. circuit court of appeals, or a state court of last resort in a case dealing with an important legal principle or significant damages, as well as an impressive track record overall. Our appellate lawyers have argued 18 cases before the U.S. Supreme Court in the past six Terms, as well as numerous appeals in other federal and state courts, including the Federal Circuit (which has jurisdiction over most patent-related appeals), in important and high-profile matters.

We frequently speak and write in the publications and symposia on antitrust issues involving intellectual property. We have also been asked to contribute our views to government agencies and other entities, including the United States Congress, the U.S. Antitrust Modernization Commission, the U.S. Department of Justice and Federal Trade Commission,

and the Organisation for Economic Co-operation and Development and other international antitrust delegations, from Egypt to the People's Republic of China.

Our experience at the interface of antitrust and intellectual property ranges from transactional matters to counseling to litigation. Typical of our ability to represent clients across the full spectrum of complex and demanding legal needs is our essential role in what is perhaps the most significant standard-setting enterprise of our time, the Internet Corporation for Assigned Names and Numbers (ICANN), which governs the domain name system for the internet. Beginning with ICANN's founding and incorporation in 1998, we have represented ICANN as chief outside counsel, steering it through incorporation, its bid to become the leading domain name provider and standards body, and the inevitable torrent of national and international public and private challenges it faces at the core of the online world's infrastructure. ICANN raises some of the most complex legal issues in antitrust, intellectual property, and international law, and we have been there every step of the way. Although ICANN's decisions have precipitated a variety of lawsuits, including antitrust challenges, all of those antitrust attacks have been defeated. One of these examples is discussed below.

## MERGERS, ACQUISITIONS, AND TRANSFERS OF INTELLECTUAL PROPERTY

Jones Day has long been acknowledged a leader in all aspects of mergers and acquisitions involving intellectual property. Our attorneys have extensive experience obtaining agency clearance in the United States, in Europe, and elsewhere for transactions that raise challenging intellectual property issues. We also have successfully defended against privately litigated claims that the acquisition of intellectual property violated the federal merger statute, Section 7 of the Clayton Act.

Jones Day antitrust litigators made significant law in this context in successfully defending Eastman Chemical from antitrust litigation challenging its acquisition of intellectual property. In *Eastman Kodak Co. v. Goodyear Tire & Rubber*, 114 F.3d 1547 (Fed. Cir. 1997), the Federal Circuit agreed with our antitrust team that Goodyear suffered no antitrust injury

from Eastman's acquisition and enforcement of a patent because Goodyear would have suffered the same injury when the original owner would have enforced it.

Outside of court, our antitrust lawyers have represented companies in some of the most significant high-technology mergers and acquisitions involving potential antitrust issues, including AOL's combination with Time-Warner, XM Radio's merger with Sirius, Gemstar's acquisition of TV Guide, and a number of transactions in pharmaceutical, medical device, and agrobiotechnology markets involving Abbott Laboratories, Baxter, Bayer, Boehringer Ingelheim, and sanofi-aventis.

## CLIENT COUNSELING

Among the many other clients that have turned to us for counseling on antitrust and intellectual property matters are Abbott Laboratories, Adobe, Apple, Baxter, Bayer, Boehringer Ingelheim, Celgene, Dell, FTD, Harman International, Heraeus, Intuit, King Pharmaceuticals, Merz, Nokia, NVIDIA, Procter & Gamble, sanofi-aventis, SAP, Synopsys, and Texas Instruments. We advise clients on routine and exceptional matters involving all aspects of intellectual property, including its acquisition, transfer, licensing, and enforcement.

## LITIGATION

We have litigated numerous, sometimes path-breaking, anti-trust and/or patent misuse claims, in a wide variety of state and federal courts as well as before government agencies in the United States and elsewhere. Representative examples of the various kinds of litigation we have handled at the intersection of antitrust and intellectual property law are discussed below.

## LITIGATION OF PATENT INFRINGEMENT SETTLEMENTS

Since the initial wave of U.S. public and private litigation challenging settlements of pharmaceutical patent litigation, Jones Day has been heavily involved with such suits. In these cases, enforcement agencies and private plaintiffs have alleged that



Jones Day's work in the pharmaceutical industry, particularly its representation of Bayer, transformed the landscape for the antitrust analysis of pharmaceutical patent settlements and covers the globe, which is particularly important in this era of coordinated investigations of the industry in the United States and Europe.

agreements to settle infringement claims by name-brand drug manufacturers against their would-be generic competitors constituted agreements to restrain trade in violation of the antitrust laws. We have successfully defended both **Bayer AG** and **Bayer Corporation** in more than 40 federal and state class actions claiming that Bayer's 1997 settlement with Barr of infringement litigation involving ciprofloxacin (an antibiotic known, among other things, for its ability to combat anthrax in bioterrorism) violated the Sherman Act. In 2005, Bayer won summary judgment at the district court level, successfully arguing that the alleged "reverse payment" settlement agreements (involving payments by the patent holder to the generic challengers) did not violate the Sherman Act as long as the settlement excluded no more competition than the (lawfully issued) patent itself would have done. In October 2008, the Federal Circuit affirmed that decision.

Working together, our antitrust and intellectual property lawyers have represented a number of other pharmaceutical companies in connection with settlements of pharmaceutical patent litigation, many of which now require antitrust notifications to the Department of Justice and the Federal Trade Commission. We routinely advise pharmaceutical companies on how to structure their settlements of pharmaceutical patent litigation to best achieve their business objectives while complying with the antitrust laws. We have also successfully defended settlement terms before the U.S. antitrust enforcement agencies, and the Firm has represented several clients in Europe in matters involving settlement of patent litigation.

## MONOPOLIZATION CHALLENGES TO ENFORCEMENT OF INVALID, UNENFORCEABLE, OR NONINFRINGEMENT PATENTS

Antitrust counterclaims arising in connection with patent infringement cases—particularly involving pharmaceuticals—are common, and our lawyers frequently have been called upon both to prosecute and to defend against such claims. Jones Day has ample experience with the two most common counterclaims in infringement cases. First, *Walker Process* claims assert that the enforcement of patents procured from the U.S. Patent and Trademark Office by fraud constitutes monopolization or attempted monopolization, in violation of Section 2 of the Sherman Act. Second, sham litigation claims assert that enforcement through litigation of patents known

to be invalid, unenforceable, or noninfringed constitutes monopolization or attempted monopolization. Examples of our experience with such allegations include a case involving *Walker Process* claims against **sanofi-aventis**, in which Jones Day won a motion to dismiss on grounds that the direct-purchaser plaintiff lacked antitrust standing, and a case for **Abbott Laboratories**, in which we successfully obtained dismissal of Mylan's sham litigation claim.

Beyond pharmaceuticals, Jones Day lawyers have litigated similar antitrust claims in cases involving automotive components, HVAC units, paint application systems, financial-document processing systems, office equipment, and cookies, among other products.

Some of our clients face claims that their acquisition of patents is unlawful under the merger statute, Section 7 of the Clayton Act. We successfully defended **Eastman Chemical** in *Eastman Kodak Co. v. The Goodyear Tire & Rubber Co.* against an antitrust counterclaim in an infringement case involving polyethylene terephthalate, or "PET," a chemical from which many plastic bottles are made. Defeating the Section 7 claim—as well as *Walker Process* and sham litigation claims—we obtained summary judgment on Eastman's behalf.

In addition to defending against antitrust claims relating to intellectual property, Jones Day has affirmatively asserted such claims on behalf of clients in appropriate circumstances. For example, when Schukra of North America, a maker of mechanical lumbar supports for automobile seats, brought a patent infringement action against its primary competitor, our client **Textron**, we asserted *Walker Process* and sham litigation monopolization counterclaims against Schukra. A settlement was reached before trial.

The threat of similar antitrust counterclaims—though not filed—was profitably asserted by Jones Day on behalf of a high-tech client in an infringement case filed by its closest competitor. Our client was charged with infringement of three internet business method patents. We presented possible *Walker Process*, sham litigation, and Section 7 counterclaims to counsel for the plaintiff, which abandoned its infringement case.

Jones Day also has successfully applied our experience with sham claims to matters outside the intellectual property

context. In the 2008 trial of *Louisiana Wholesale Drug Co. v. Sanofi-Aventis, LLC and Aventis Pharmaceuticals*, we won a jury verdict in favor of the **sanofi-aventis** defendants, defeating the claims that they had monopolized a market for leflunomide, a rheumatoid arthritis drug, by filing a "sham" citizen petition with the FDA to delay generic competition.

## PATENT LICENSING LITIGATION

Our attorneys have defended clients against licensing-related antitrust and patent misuse claims in U.S. and foreign courts and before enforcement agencies in the U.S., the European Union, and other countries.

In *FSPA v. Diebold*, the plaintiffs challenged our client **Diebold's** practices for upgrading ATMs, alleging refusal to license, tying, and predation claims. We defeated the plaintiffs' motion for a preliminary injunction, which sought to compel Diebold immediately to provide the new parts and software to independent service providers ("ISPs"). The plaintiffs' core argument was that Diebold, which previously had supplied replacement parts and diagnostic software to ISPs, violated the antitrust laws by refusing to supply its new patented keypads and copyrighted diagnostic software.

Similarly, Jones Day convinced the Italian Antitrust Authority to drop **Diebold** from its industrywide investigation into the distribution and licensing practices of ATM manufacturers. We demonstrated (among other things) that Diebold's agreements and licensing practices were lawful under Italian law as well as the EU regulation on vertical agreements and concerted practices.

Jones Day has successfully defended **Texas Instruments'** innovative patent licensing program against multiple antitrust and patent misuse claims. One of these was *Texas Instruments v. Hyundai Electronics*, which challenged Texas Instruments' worldwide patent portfolio licensing program. In a precedent-setting decision, the court first adopted our argument that per se tying claims are inapplicable to portfolio licensing of patents. After Texas Instruments prevailed on its patent infringement claims, we convinced the court in a one-week bench trial that Texas Instruments' patent licensing program did not constitute patent misuse under the rule of reason.



Jones Day has handled challenges to our clients' licensing and distribution policies and practices both inside and outside the United States, in courts as well as before enforcement agencies, successfully defending portfolio licenses and refusals to license, among other practices.

In *AST Research v. Texas Instruments*, we again defended **Texas Instruments**, this time against various theories challenging Texas Instruments' package licenses as allegedly unlawful tying. AST, however, dropped its antitrust allegations and entered into a portfolio license with Texas Instruments.

Similarly, in *Grid Systems Corp v. Texas Instruments*, Jones Day defended **Texas Instruments** against claims that it had engaged in the illegal tying of patents in a portfolio license. The plaintiff claimed that it had been "coerced" into a license agreement covering more patents than it really wanted, an assertion that we argued was supported by neither the facts nor the law. The case settled on the eve of trial.

Additionally, in a Section 337 patent infringement proceeding conducted before the U.S. International Trade Commission, *In re Certain Flash Memory Controllers, Drives, Memory Cards, and Media Players*, we defended **SanDisk** against allegations of patent misuse based on its worldwide patent portfolio licensing program.

Jones Day has handled similar challenges to our clients' licensing and distribution policies outside the United States. For example, we are currently representing a pharmaceutical client in an investigation by the European Commission that was initiated by a Spanish competitor whose request for a patent license had been rejected. The Commission conducted a dawn raid of the company's premises and opened a formal investigation. The Commission alleges that the company had abused its dominant market position for a certain pharmaceutical by filing patent applications throughout Europe in an attempt to create "cascading" patent protection (a patent cluster), without any underlying intention by the company to carry out R&D efforts in all the areas in which it had sought patent protection.

We represented **Apple** before the French Competition Council in *VirginMega v. Apple*, in which the plaintiff claimed that Apple's refusal to license its digital rights management technology to a competing online music service amounted to abuse of a dominant position. The Council dismissed both the request for interim measures and the case on the merits.

In addition, Jones Day represented **Harman/Becker Automotive Systems GmbH**, a subsidiary of Harman International, in an arbitration with Communication & Control Electronics Ltd. (“CCE”), which challenged a patent pool among CCE, Harman/Becker, Philips, and Matsushita. The pooling arrangement, relating to so-called D2B optical bus technology, contained various restrictive covenants and was alleged to infringe Articles 81 and 82 of the EC Treaty. A settlement between the parties was reached.

## LITIGATION OF STANDARD-SETTING ACTIVITIES

Jones Day also has been actively involved in several cases involving standard setting. For example, we defended **Union Oil Company of California (“Unocal”)**, now Chevron Corporation, in 14 separate class actions challenging Unocal’s involvement in a California Air Resources Board (“CARB”) rulemaking for low-emission or reformulated gasoline standards. In state and federal class actions, the plaintiffs sought billions in damages, alleging that Unocal failed to disclose to CARB that it was in the process of prosecuting a patent related to low-emissions gasoline. The federal claims were ultimately settled on terms very favorable to Unocal, just days before Unocal’s summary judgment motions were to be heard. As of March 2009, dismissal of the state claims remained pending.

In *Golden Bridge Technology v. Nokia*, we defended **Nokia** against boycott allegations arising from a decision of the 3GPP consortium, in which Nokia participated, to omit a patented technology from the optional portion of a standard for mobile phones. The court granted summary judgment in favor of Nokia, finding that the evidence showed no conspiracy among the consortium members, but “merely reflect[ed] a standard-setting organization at work.”

Jones Day also represented the **Internet Corporation for Assigned Names and Numbers (ICANN)** in a lawsuit filed by VeriSign, which acted as the sole registry for the “.com” generic top-level domains. VeriSign alleged that ICANN restricted VeriSign from offering certain services to internet

users as well as the prices at which it could offer services, but Jones Day—which has counseled ICANN on issues of this sort since ICANN’s founding—successfully moved to dismiss the complaint for failure to state a claim.

In addition, our Firm has litigated numerous antitrust claims related to standard setting in the DRAM, mobile telephone, and digital radio technology industries, and we have advised clients on standard-setting issues arising in the United States and in Asia.

## LITIGATION INVOLVING ALLEGED TECHNOLOGY TIES

Jones Day’s experience includes litigating cases involving alleged technology ties. For example, on behalf of Apple, we recently obtained dismissal of technology tying claims involving iPods and the iTunes Store.

We also represented Apple before the Competition Authority in the Netherlands. In *Consumentenbond v Apple*, the Council rejected the claim that Apple was tying the iPod with music from its iTunes Store and vice versa.

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Jones Day has broad, in-depth experience in handling problems at the interface between antitrust and intellectual property, and our wide-ranging capabilities span the globe. To further explore our capabilities in this increasingly active and complex area, please contact any of the lawyers listed on the following page.

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## JONES DAY GLOBAL LOCATIONS

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