

Empirical Analysis Of Permanent Injunction Decisions Following *eBay*

Steve Malin
Ari Rafilson
Sidley Austin LLP

Background

After initial review of cases, questionnaire created based on list of injunctive factors

SURVEY OF EBAY INJUNCTION FACTORS

CASE NAME: Commonwealth Scientific & Industrial Research Organisation v. Buffalo Tech, Inc.
CITATION: 492 F.Supp.2d 600
COURT: E.D. Tex.
REVIEWER: Erika Meyers/Art Ratlison
DECISION DATE: 06/15/2007
JUDGE: Davis
FIRM NAME: FTC/Sidley Austin

INJUNCTION REQUESTED:
 PERMANENT PRELIMINARY

DISPOSITION:
 GRANTED DENIED

PATENTEE	Yes	No	N/A	Weight*	Ebay Factor**
Delay in Bringing Suit	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Practicing Patentee	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	2
Direct Competitor to Defendant	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Patentee's Only/Primary Product	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	2
Lost Mkt. Share/Sales Linked to Infringement	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
Limited/Small Customer Base	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	2
Likely Price Erosion	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Nascent/Developing Market	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
Critical/Developing Time for Patentee	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
*"Sticky"/Loyal Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
Licensing Others	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
Offered License to Defendant	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	2
Refused License to Defendant	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
Only Asserting Harm On Behalf of Licensees	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
Patentee's Reputation Harmed	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2

ALLEGED INFRINGER	Yes	No	N/A	Weight*	Ebay Factor**
Willful Infringement	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
Voluntarily Offer to Avoid Future Infringement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	2
Impact on Defendant's Business/Product Line	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
Inexpensive Noninfringing Alternatives Available	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	2
Invention a Trivial Component	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
Product at Core of Defendant's Business	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	2
Minor Impact on Infringer's Sales	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	2
Compliance w/ Injunction Easy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2

EFFECT ON THIRD PARTIES	Yes	No	N/A	Weight*	Ebay Factor**
Harm to Defendant's Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Harm to Defendant's Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
Product Libelous/Relied on by Public	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2
Health Concern Implicated	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	2
Product for Entertainment Only	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	2

* 0=Not as Injunctive; 1=Mentioned But Not Very Significant; 2=Average; 3=Material to Holding
** 1=Irreparable Harm; 2=Adequacy of Damages; 3=Balance of Hardships; 4=Public Interest

Background

- Total of 28 factors comprising 3 general categories
 - Patentee
 - Infringer
 - Third parties / public

Background

SURVEY OF EBAY INJUNCTION FACTORS

CASE NAME: Commonwealth Scientific & Industrial Research Organ
 CITATION: 492 F.Supp.2d 600
 COURT: E.D. Tex.
 REVIEWER: Erika Meyers/Art Rattison

INJUNCTION REQUESTED:
 PERMANENT PRELIMINARY

PATENTEE

Delay in Bringing Suit
 Practicing Patentee
 Direct Competitor to Defendant
 Patentee's Only/Primary Product
 Lost Mkt. Share/Sales Linked to Infringement
 Limited/Small Customer Base
 Likely Price Erosion
 Nascent/Developing Market
 Critical/Developing Time for Patentee
 "Sticky"/Loyal Customers

Offered License to Defendant
 Refused License to Defendant
 Only Asserting Harm On Behalf of Licensees
 Patentee's Reputation Harmed

ALLEGED INFRINGER	Yes	No	N/A	Weight*	Ebay Factor**
Willful Infringement	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3	1 2 3 4
Voluntarily Offer to Avoid Future Infringement	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3	1 2 3 4
Impact on Defendant's Business/Product Line	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0 1 2 3	1 2 3 4
Inexpensive Noninfringing Alternatives Available	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3	1 2 3 4
Invention a Trivial Component	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0 1 2 3	1 2 3 4
Product at Core of Defendant's Business	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0 1 2 3	1 2 3 4
Minor Impact on Infringer's Sales	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0 1 2 3	1 2 3 4
Compliance w/ Injunction Easy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3	1 2 3 4

EFFECT ON THIRD PARTIES	Yes	No	N/A	Weight*	Ebay Factor**
Harm to Defendant's Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3	1 2 3 4
Harm to Defendant's Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3	1 2 3 4
Product Ubiquitous/Relied on by Public	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3	1 2 3 4
Health Concern Implicated	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0 1 2 3	1 2 3 4
Product for Entertainment Only	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3	1 2 3 4

* 0=Treated as Irrelevant; 1=Mentioned But Not Very Significant; 2=Average; 3=Material to Holding
 ** 1=Irreparable Harm; 2=Adequacy of Damages; 3=Balance of Hardships; 4=Public Interest

PATENTEE	Yes	No	N/A
Delay in Bringing Suit	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Practicing Patentee	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Direct Competitor to Defendant	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Patentee's Only/Primary Product	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lost Mkt. Share/Sales Linked to Infringement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Limited/Small Customer Base	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Likely Price Erosion	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Nascent/Developing Market	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Critical/Developing Time for Patentee	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
"Sticky"/Loyal Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Background

SURVEY OF EBAY INJUNCTION FACTORS

CASE NAME: Commonwealth Scientific & Industrial Research Organ
 CITATION: 492 F.Supp.2d 600
 COURT: E.D. Tex.
 REVIEWER: Erika Meyers/Art Rattison

INJUNCTION REQUESTED:
 PERMANENT PRELIMINARY

PATENTEE

Delay In Bringing Suit
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 Likely Price Erosion
 Nascent/Developing Market
 Critical/Developing Time for Patentee
 "Sticky"/Loyal Customers

Licensing Others
 Offered License to Defendant
 Refused License to Defendant
 Only Asserting Harm On Behalf of Licensees
 Patentee's Reputation Harmed

ALLEGED INFRINGER

	Yes	No	N/A	Weight*	Ebay Factor**
Willful Infringement	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3 4	0 1 2 3 4
Voluntarily Offer to Avoid Future Infringement	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3 4	0 1 2 3 4
Impact on Defendant's Business/Product Line	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3 4	0 1 2 3 4
Inexpensive Noninfringing Alternatives Available	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3 4	0 1 2 3 4
Invention a Trivial Component	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3 4	0 1 2 3 4
Product at Core of Defendant's Business	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0 1 2 3 4	0 1 2 3 4
Minor Impact on Infringer's Sales	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0 1 2 3 4	0 1 2 3 4
Compliance w/ Injunction Easy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3 4	0 1 2 3 4

EFFECT ON THIRD PARTIES

	Yes	No	N/A	Weight*	Ebay Factor**
Harm to Defendant's Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3 4	0 1 2 3 4
Harm to Defendant's Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3 4	0 1 2 3 4
Product Ubiquitous/Relied on by Public	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3 4	0 1 2 3 4
Health Concern Implicated	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0 1 2 3 4	0 1 2 3 4
Product for Entertainment Only	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0 1 2 3 4	0 1 2 3 4

* 0=Treated as Irrelevant; 1=Mentioned But Not Very Significant; 2=Average; 3=Material to Holding
 ** 1=Irreparable Harm; 2=Adequacy of Damages; 3=Balance of Hardships; 4=Public Interest

ALLEGED INFRINGER	Yes	No	N/A
Willful Infringement	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Voluntarily Offer to Avoid Future Infringement	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Impact on Defendant's Business/Product Line	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Inexpensive Noninfringing Alternatives Available	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Invention a Trivial Component	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Product at Core of Defendant's Business	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Minor Impact on Infringer's Sales	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compliance w/ Injunction Easy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Background

SURVEY OF EBAY INJUNCTION FACTORS

CASE NAME: Commonwealth Scientific & Industrial Research Organisation v. Bunn
 CITATION: 492 F.Supp.2d 600 DECISION DATE: 06/15
 COURT: E.D. Tex. JUDGE: Davis
 REVIEWER: Erika Meyers/Art Rattison FIRM NAME: FTC/IS

INJUNCTION REQUESTED: PERMANENT PRELIMINARY GRANTED DENIED

PATENTEE	Yes	No	N/A	Weight*	Ebay Factor**
Delay in Bringing Suit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	1
Practicing Patentee	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	1
Direct Competitor to Defendant	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	1
Patentee's Only/Primary Product	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	1
Lost Mkt. Share/Sales Linked to Infringement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	1
Limited/Small Customer Base	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	1
Likely Price Erosion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	1
Nascent/Developing Market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	1
Critical/Developing Time for Patentee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	1
"Sticky"/Loyal Customers	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	1
Licensing Others	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	1
Offered License to Defendant	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Refused License to Defendant	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Only Asserting Harm On Behalf of Licensees	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	1
Patentee's Reputation Harmed	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	1

ALLEGED INFRINGER	Yes	No	N/A	Weight*	Ebay Factor**
Willful Infringement	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Voluntarily Offer to Avoid Future Infringement	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Impact on Defendant's Business/Product Line	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Inexpensive Noninfringing Alternatives Available	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Invention a Trivial Component	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Product at Core of Defendant's Business	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0	1
Minor Impact on Infringer's Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Compliance w/ Injunction Easy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	1

EFFECT ON THIRD PARTIES	Yes	No	N/A	Weight*	Ebay Factor**
Harm to Defendant's Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Harm to Defendant's Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Product Ubiquitous/Relied on by Public	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1
Health Concern Implicated	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0	1
Product for Entertainment Only	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	1

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 ** 1=Irreparable Harm; 2=Adequacy of Damages; 3=Balance of Hardships; 4=Public Interest

EFFECT ON THIRD PARTIES	Yes	No	N/A
Harm to Defendant's Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Harm to Defendant's Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Product Ubiquitous/Relied on by Public	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Health Concern Implicated	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Product for Entertainment Only	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

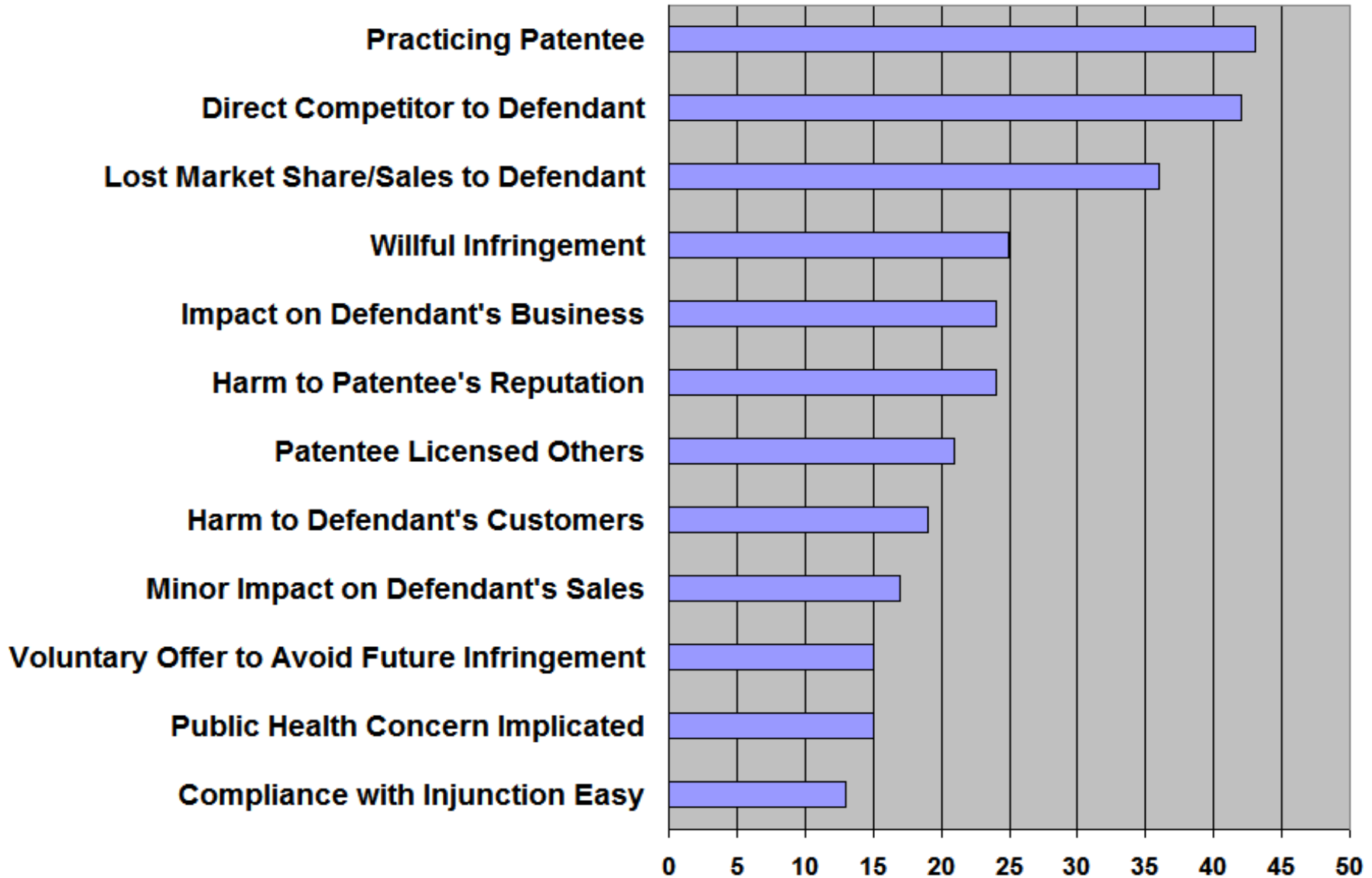
Background

- Basis for inclusion in study
- 49 cases selected from May 15, 2006 to December 31, 2008
- “Second pair of eyes” review

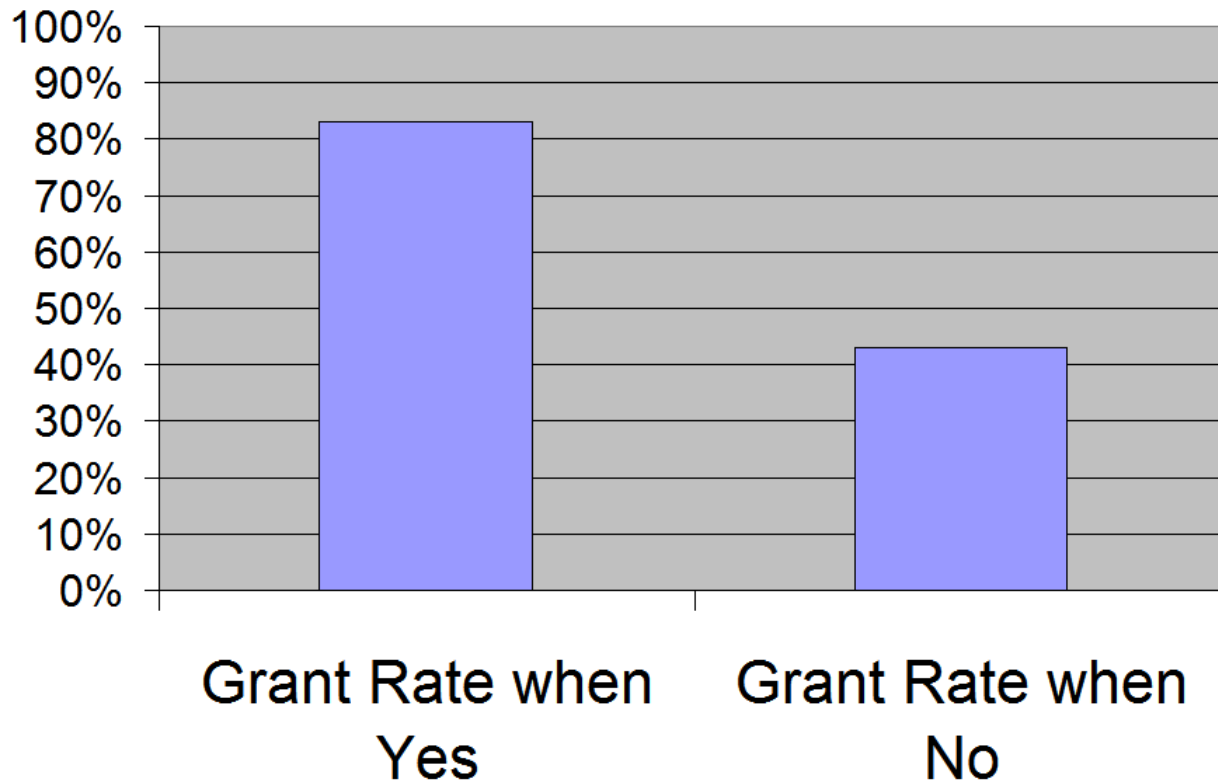
Background

- Relevance of data
 - Frequency of mention in cases
 - Percent difference in Yes vs. No

Frequently Considered Factors



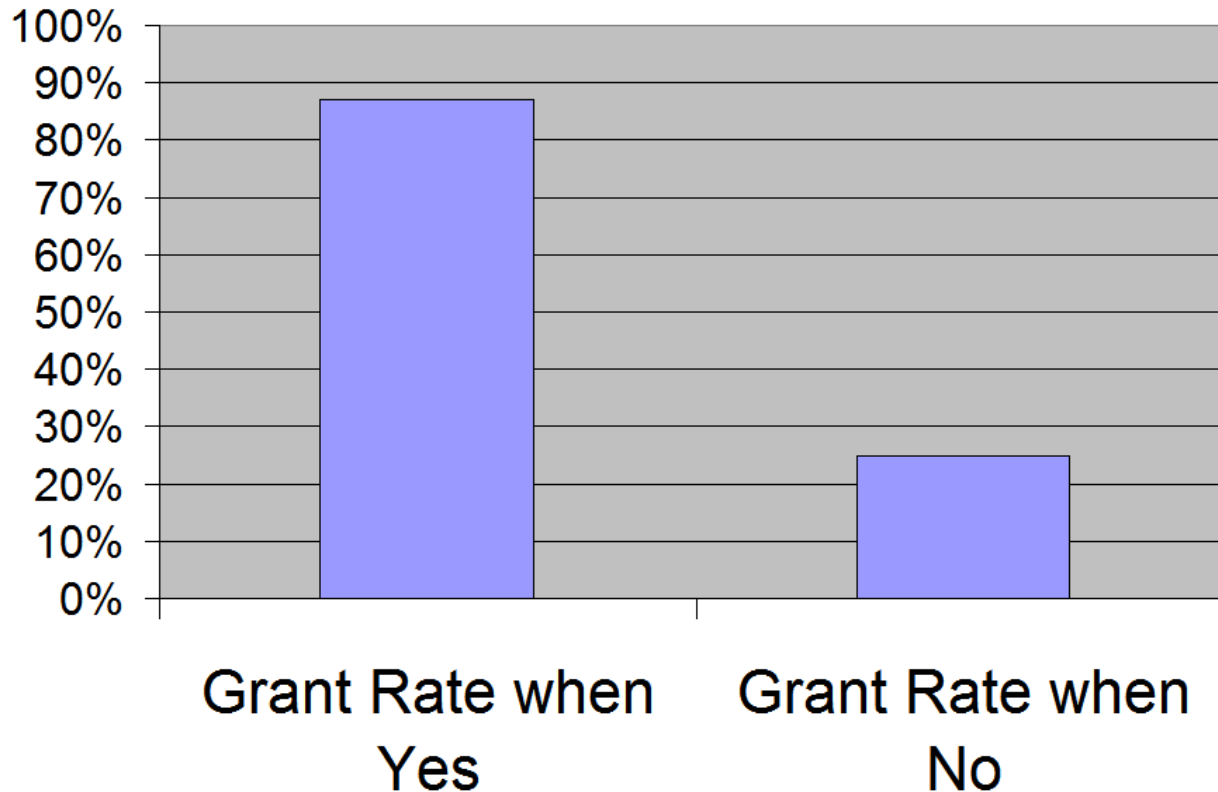
Practicing Patentee



Mentioned
in 43 of 49
cases

Difference in grant rate: 40%

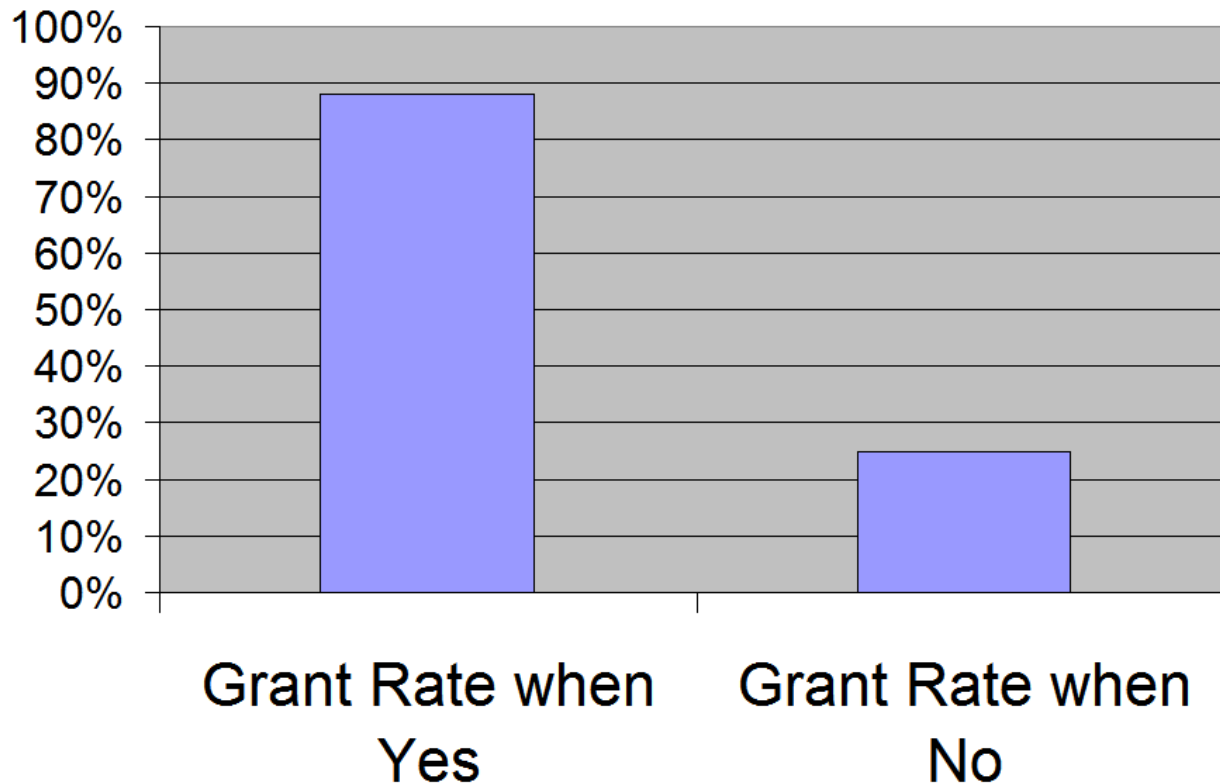
Direct Competitor to Defendant



Mentioned
in 42 of 49
cases

Difference in grant rate: 62%

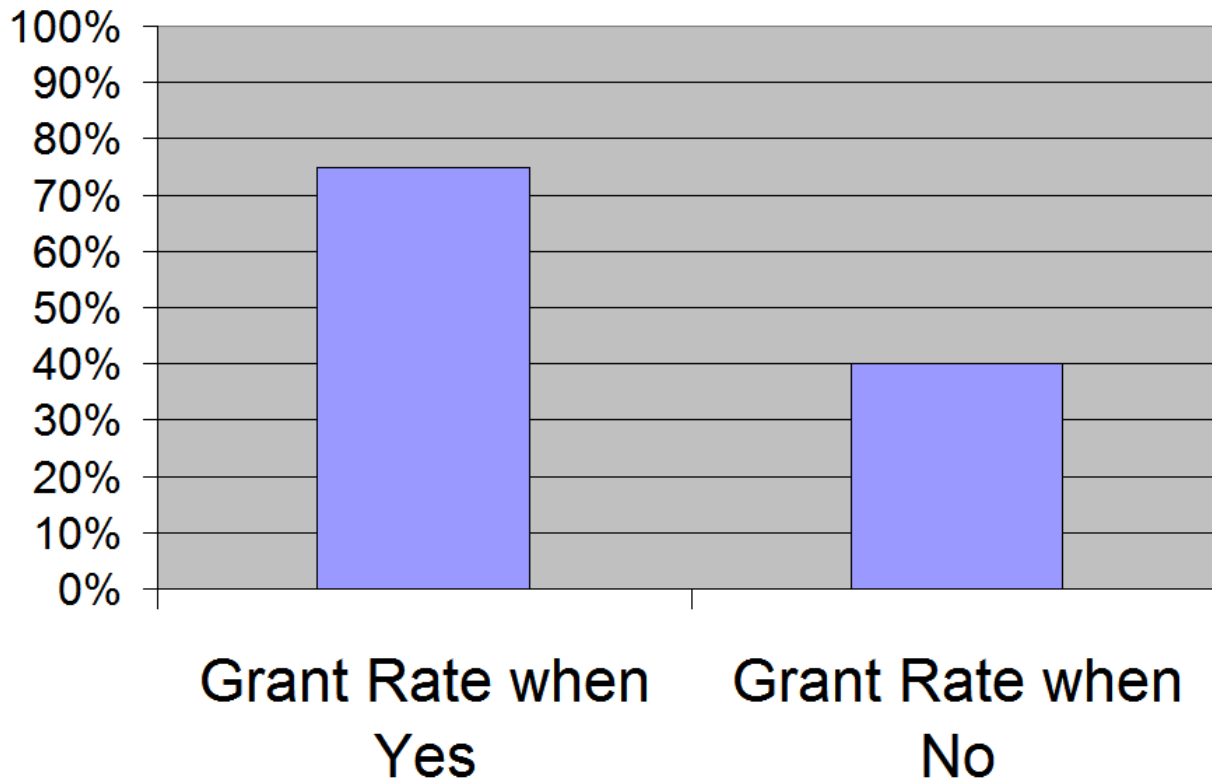
Lost Market Share To Defendant



Mentioned
in 36 of 49
cases

Difference in grant rate: 63%

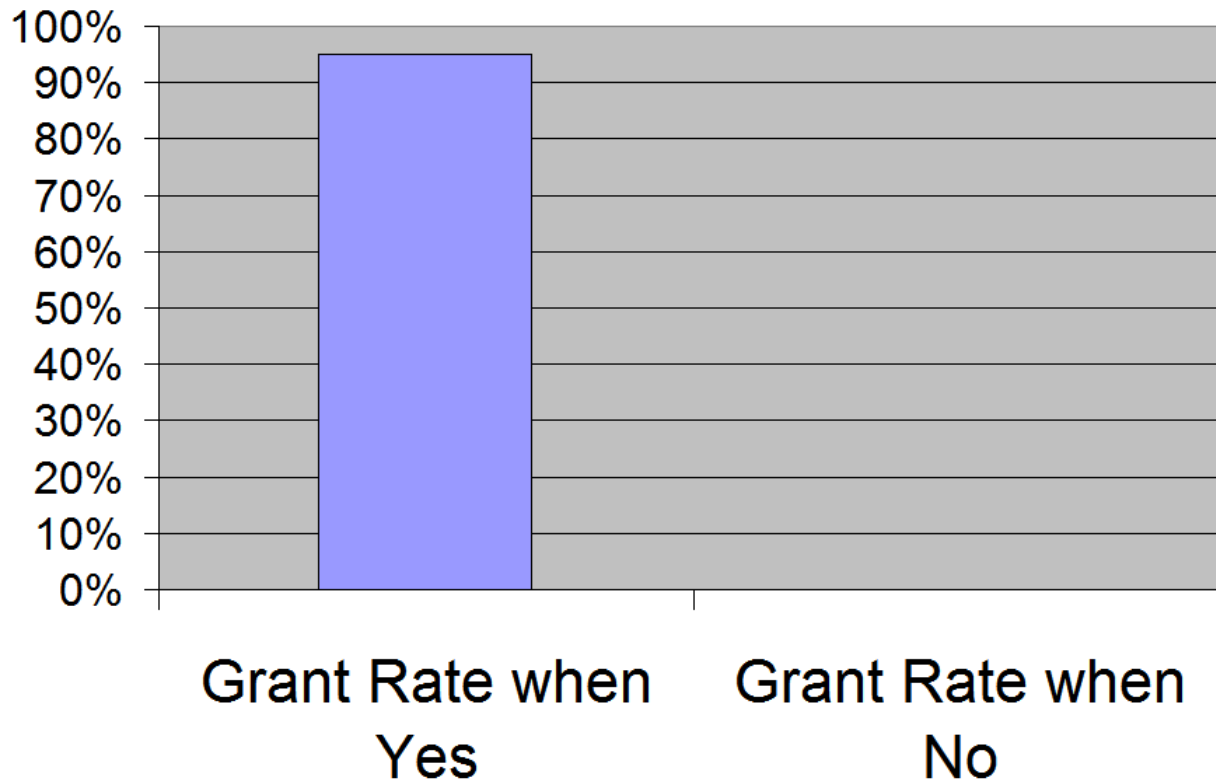
Willful Infringement



Mentioned
in 25 of 49
cases

Difference in grant rate: 35%

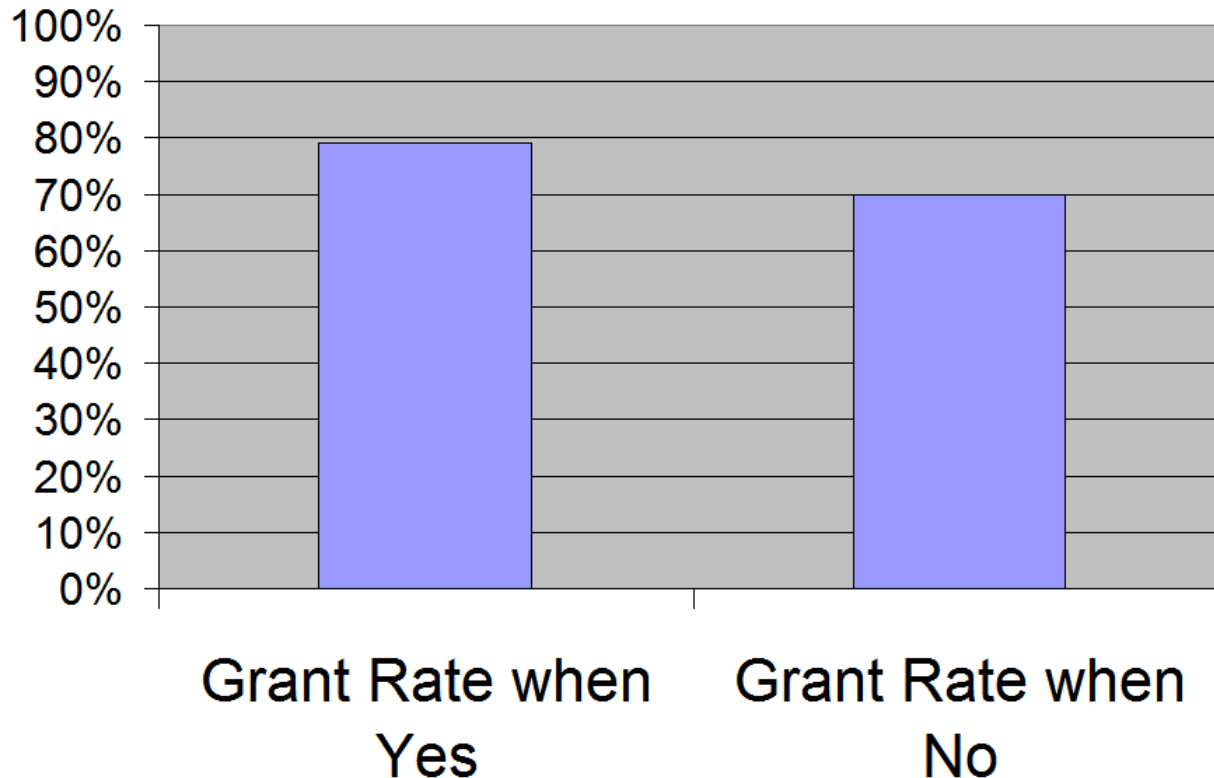
Harm to Patentee's Reputation



Mentioned
in 24 of 49
cases

Difference in grant rate: 95%

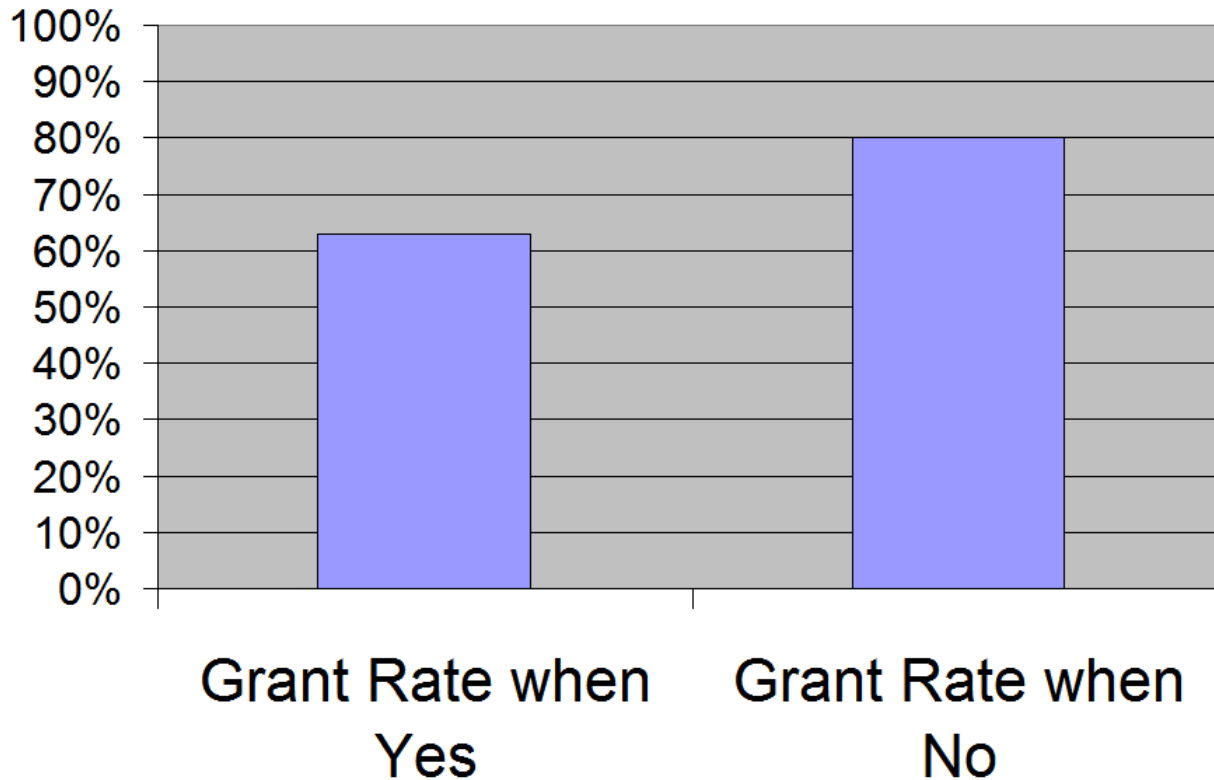
Impact On Defendant's Business



Mentioned
in 24 of 49
cases

Difference in grant rate: 9%

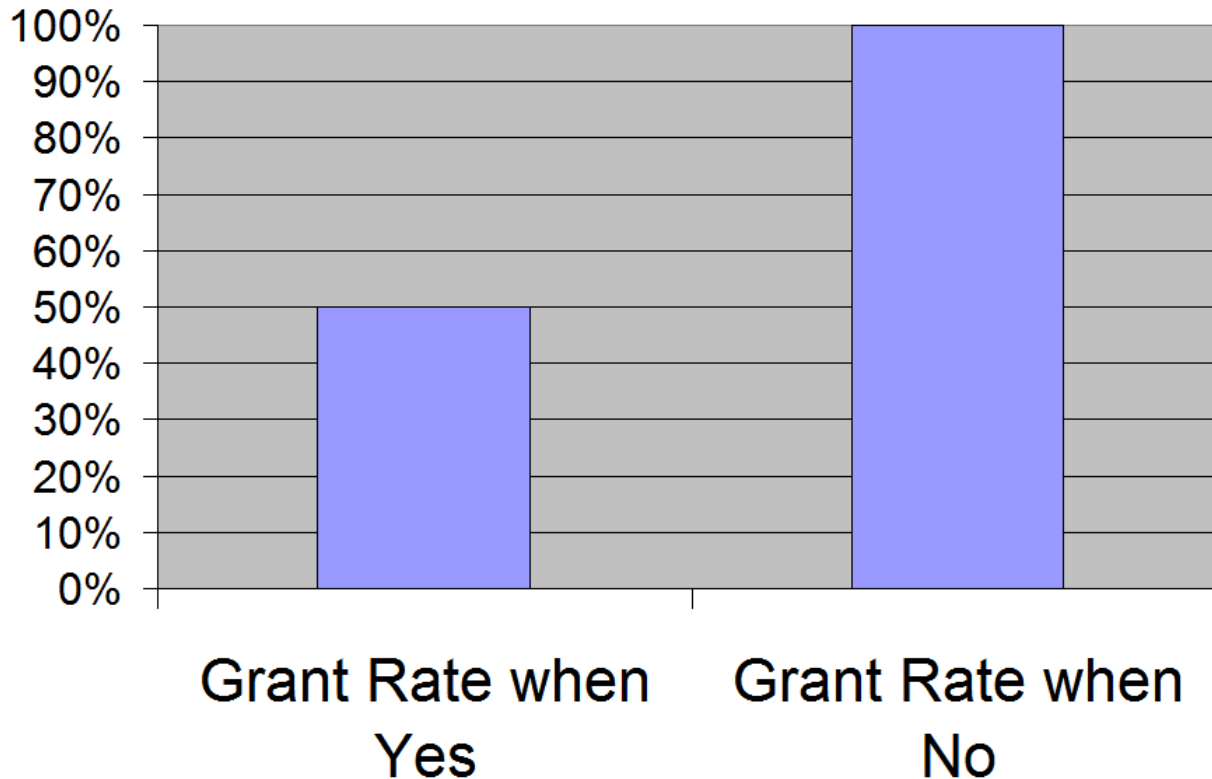
Patentee Licensed Others



Mentioned
in 21 of 49
cases

Difference in grant rate: 17%

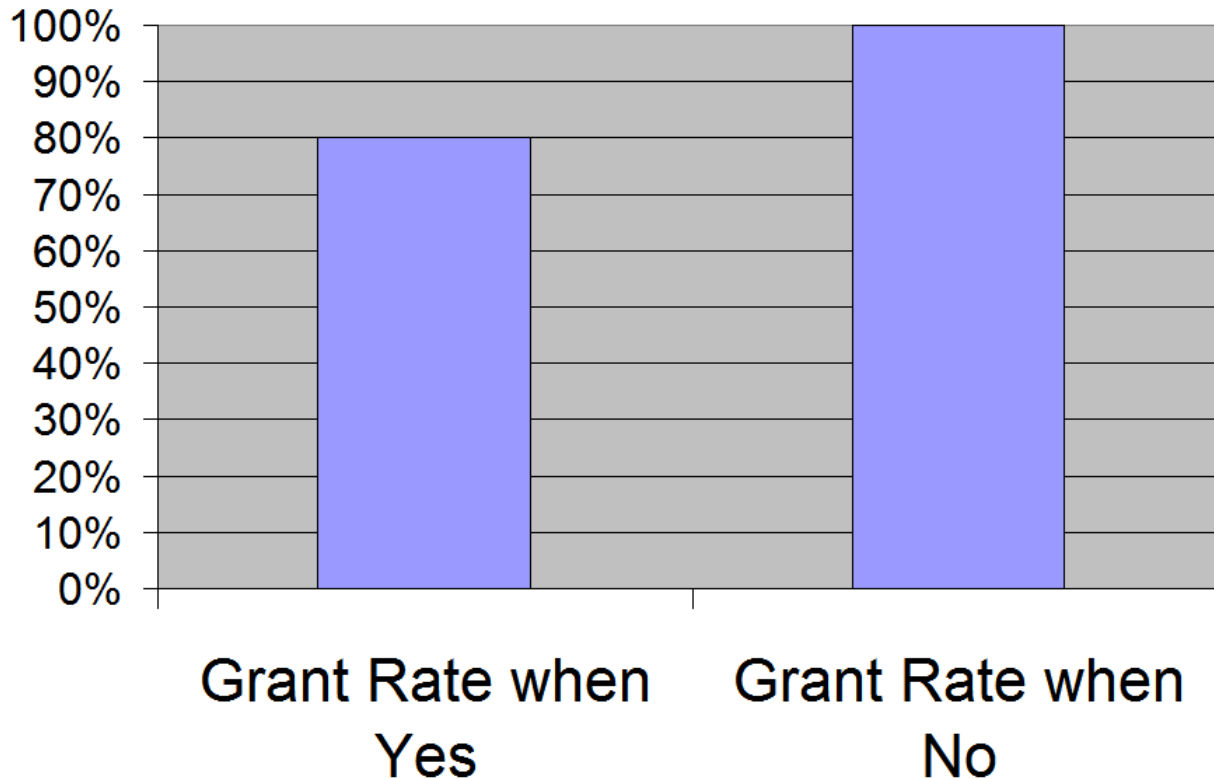
Harm To Defendant's Customers



Mentioned
in 19 of 49
cases

Difference in grant rate: 50%

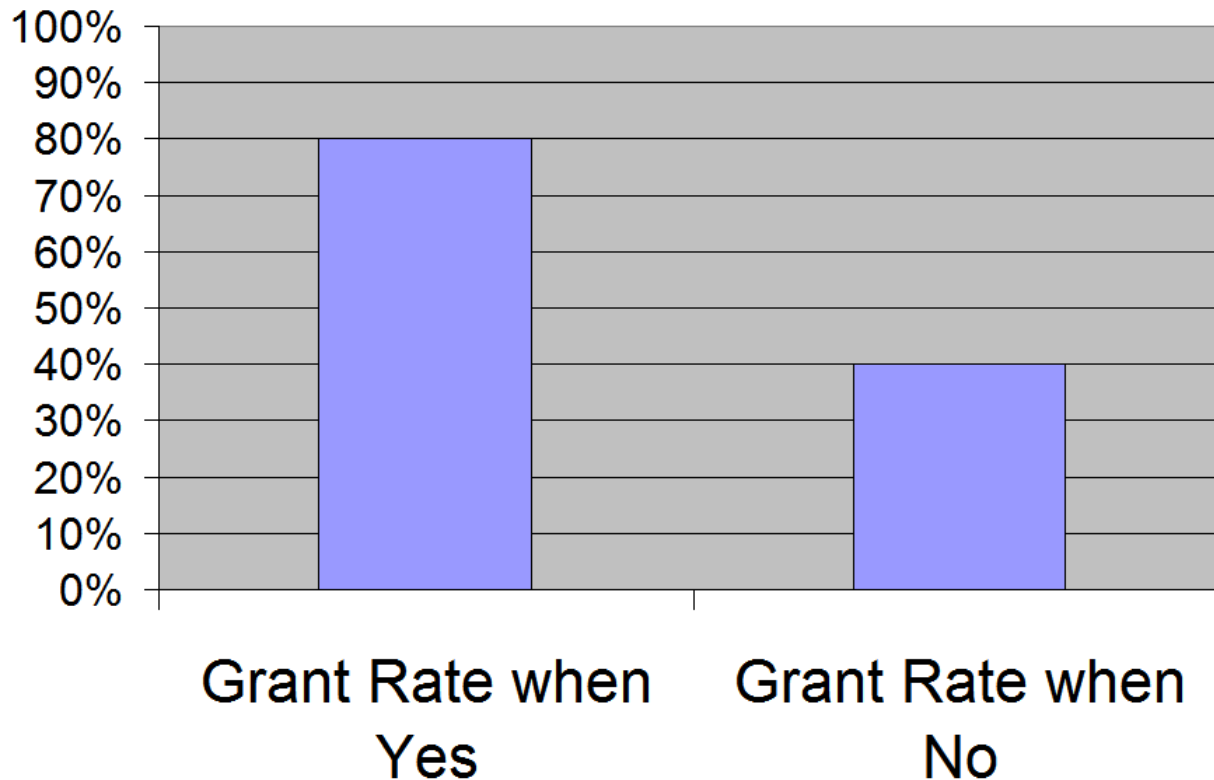
Minor Impact On D's Sales



Mentioned
in 17 of 49
cases

Difference in grant rate: 20%

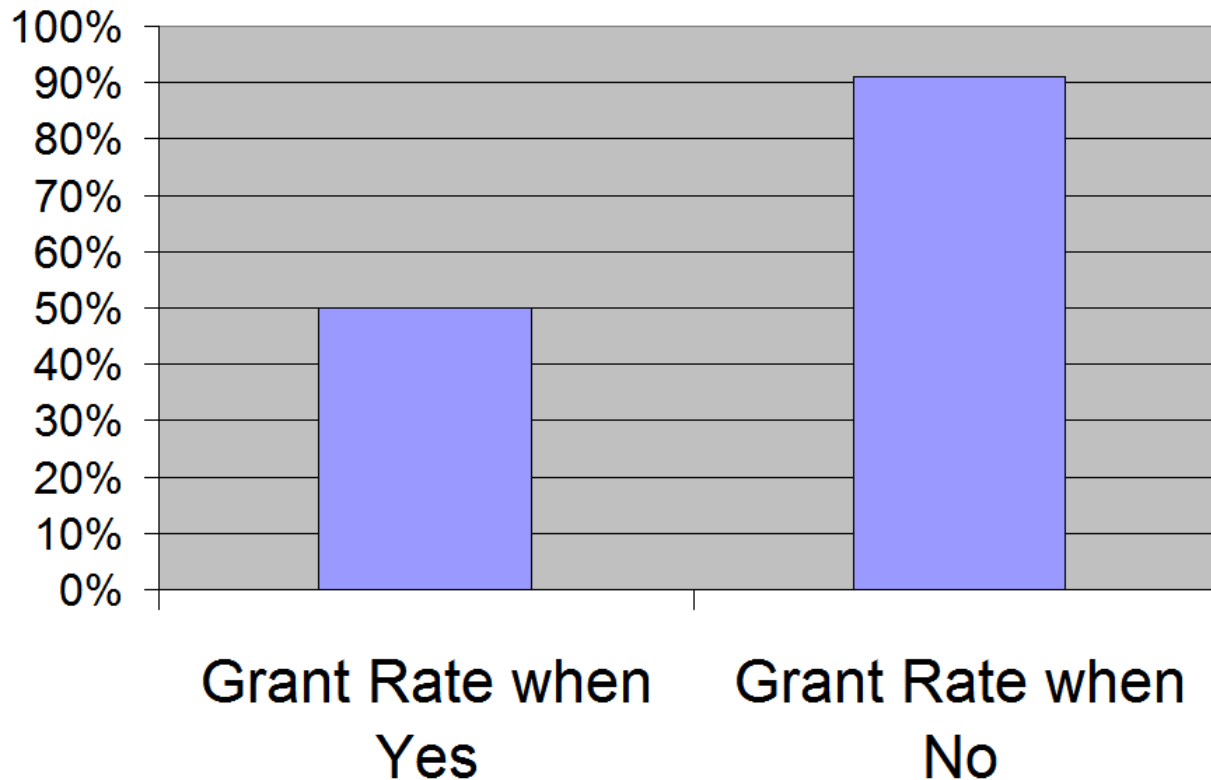
D's Offer To Avoid Infringement



Mentioned
in 15 of 49
cases

Difference in grant rate: 40%

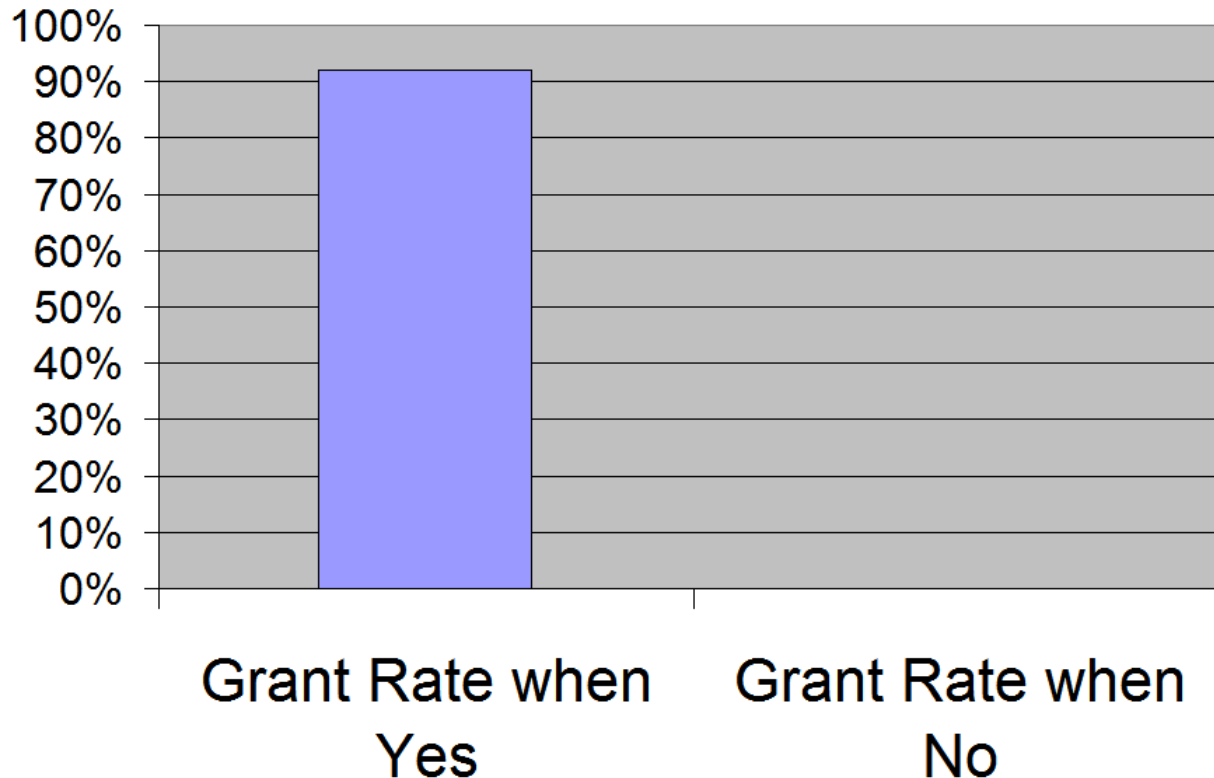
Public Health Concern



Mentioned
in 15 of 49
cases

Difference in grant rate: 41%

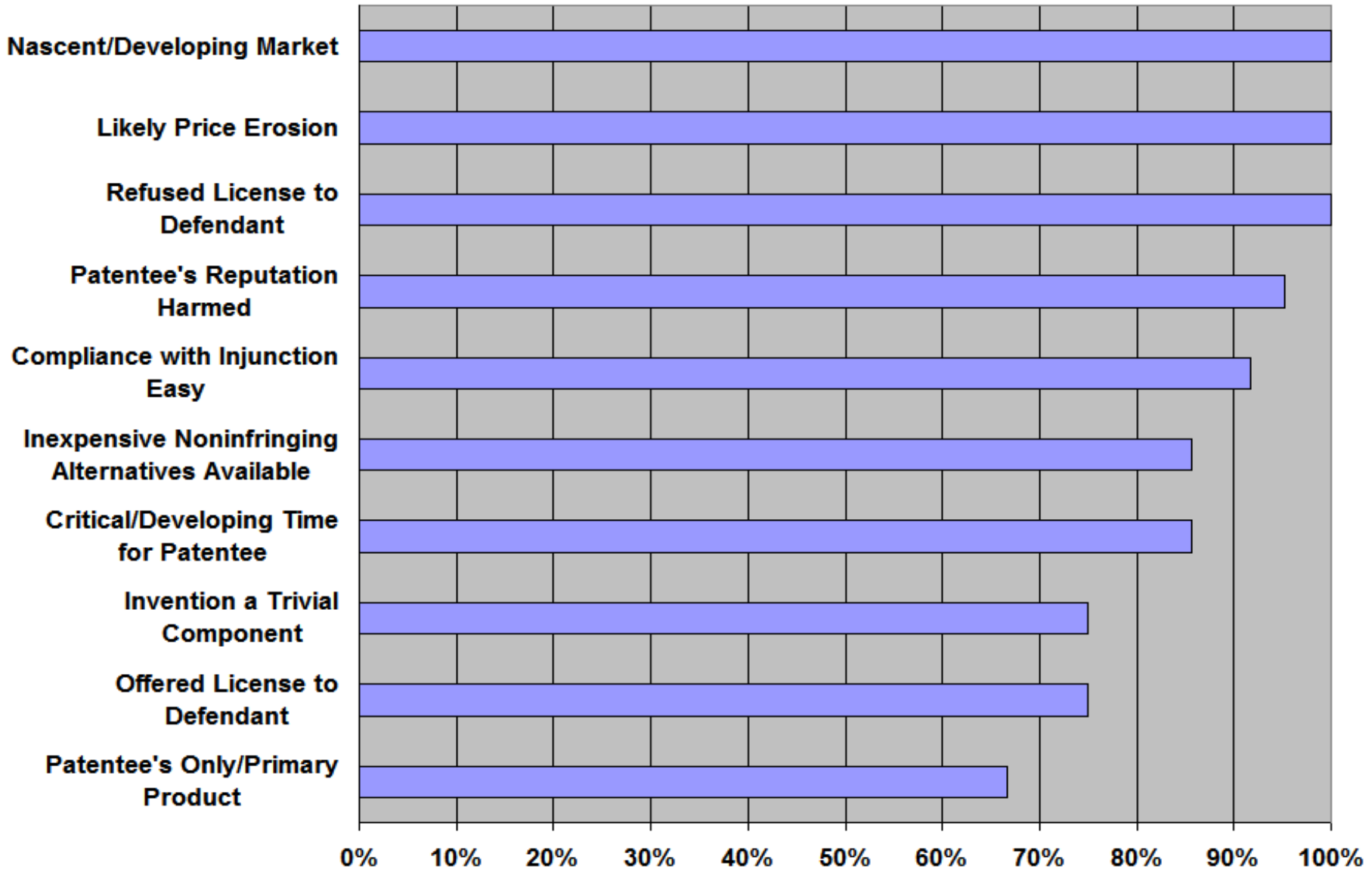
Compliance With Injunction Easy



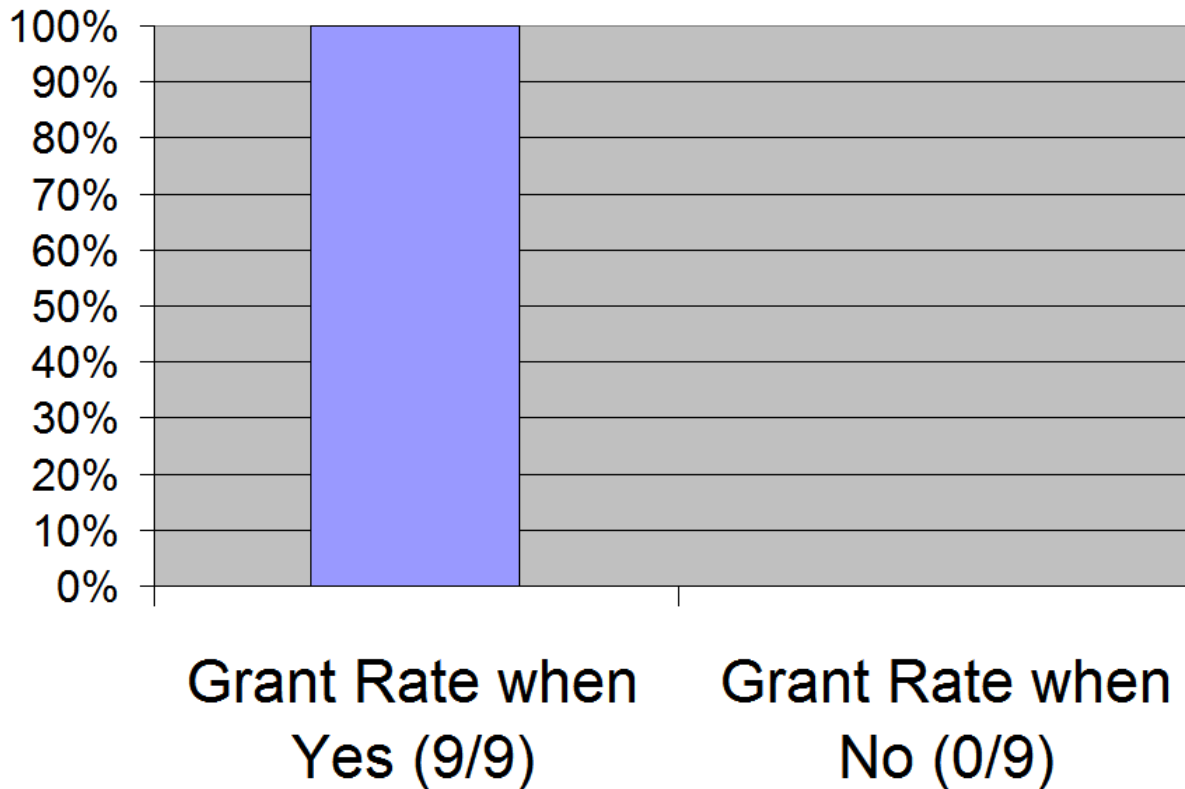
Mentioned
in 13 of 49
cases

Difference in grant rate: 92%

Biggest Differences Between Yes and No



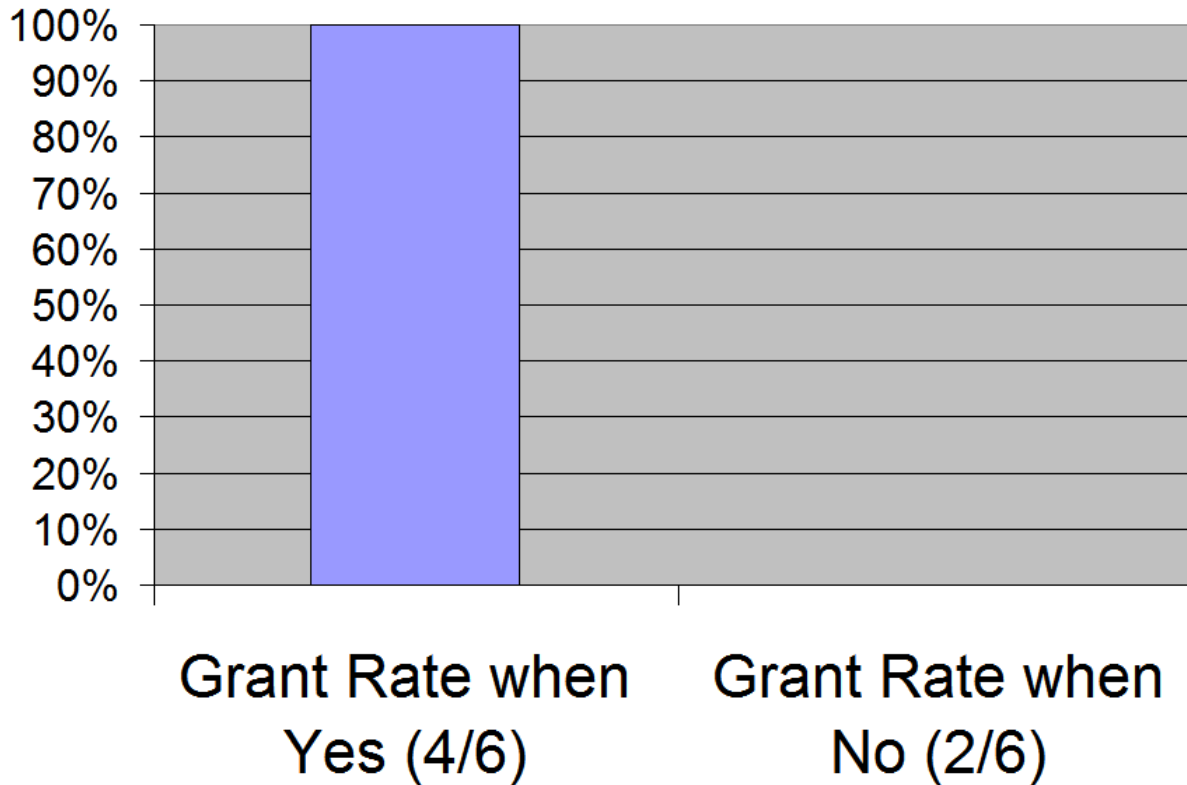
Nascent / Developing Market



Mentioned
in 9 of 49
cases

Difference in grant rate: 100%

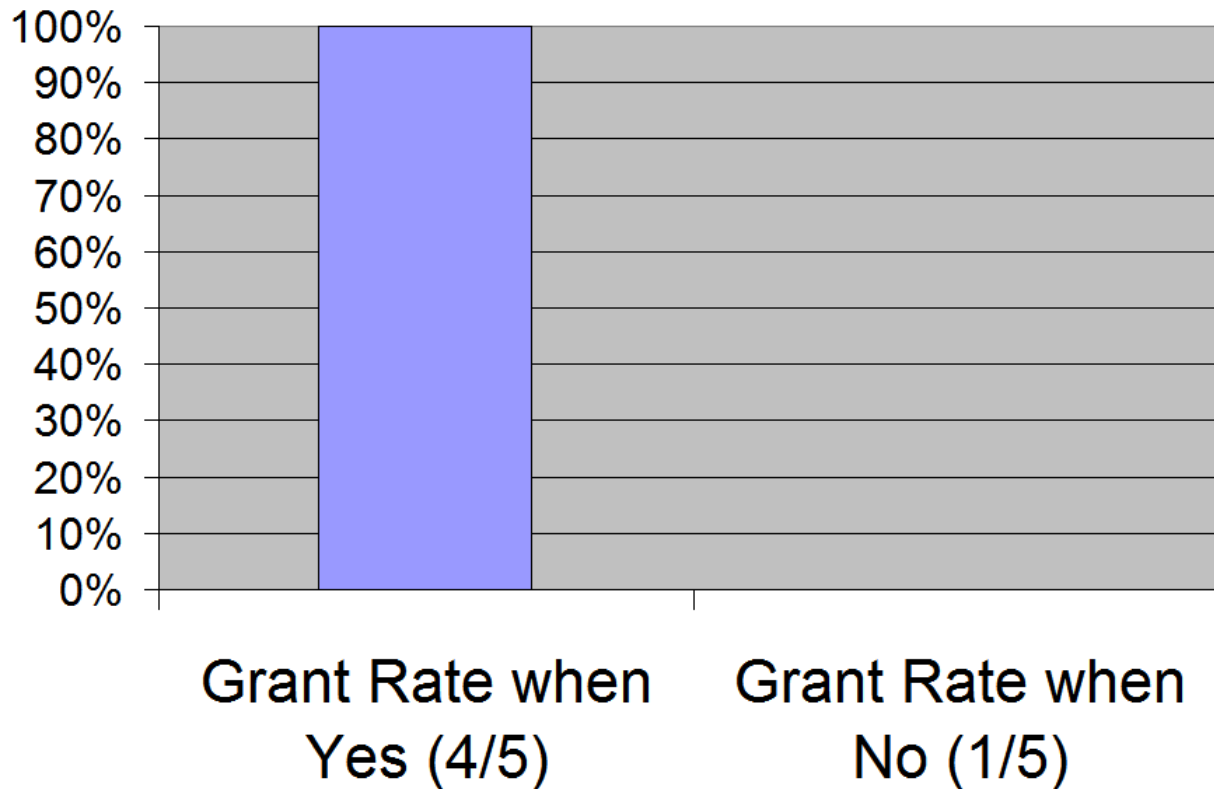
Likely Price Erosion



Mentioned
in 6 of 49
cases

Difference in grant rate: 100%

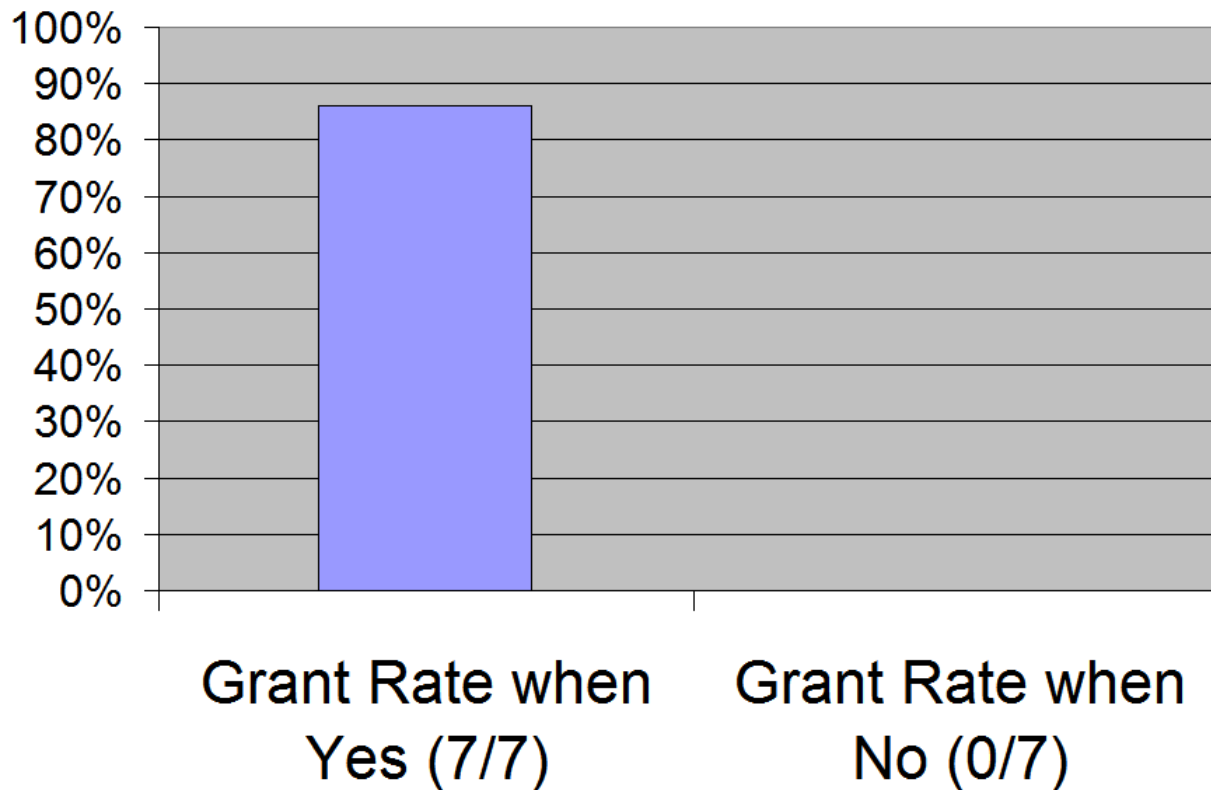
Refused License to Defendant



Mentioned
in 5 of 49
cases

Difference in grant rate: 100%

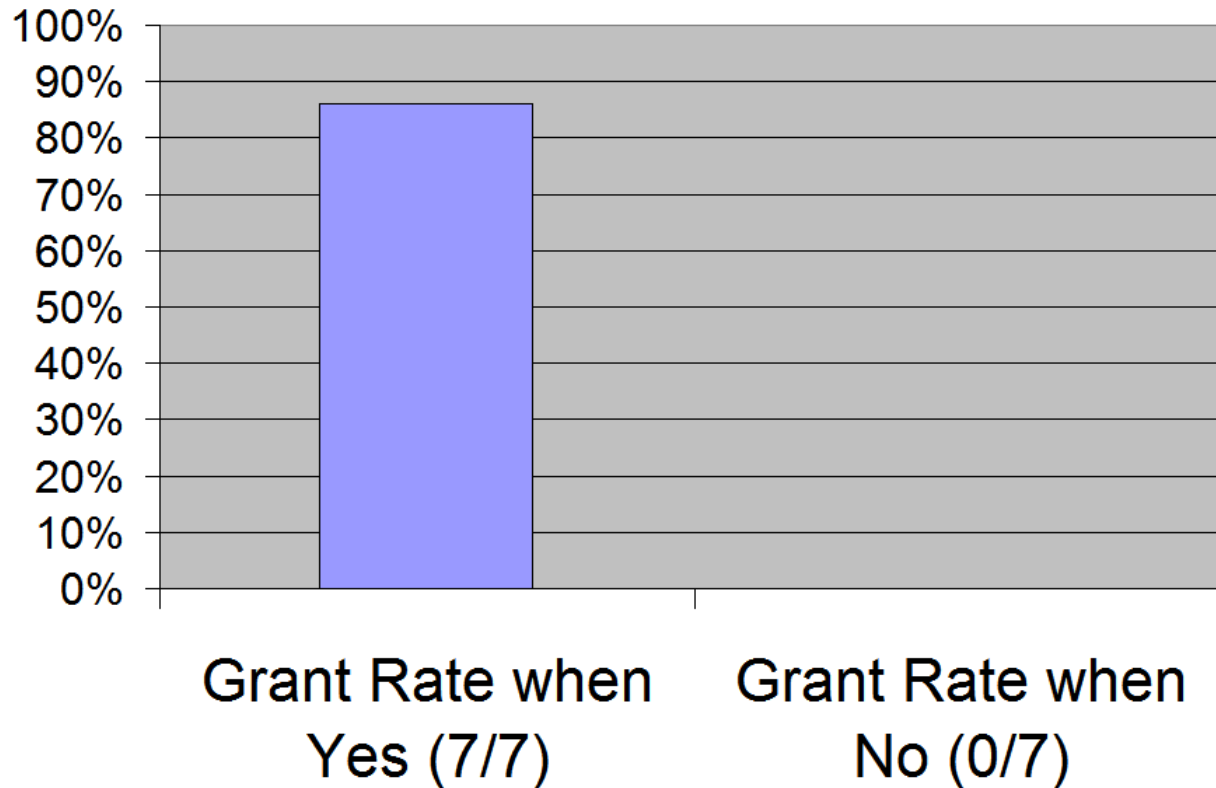
Critical/Developing Time for Patentee



Mentioned
in 7 of 49
cases

Difference in grant rate: 86%

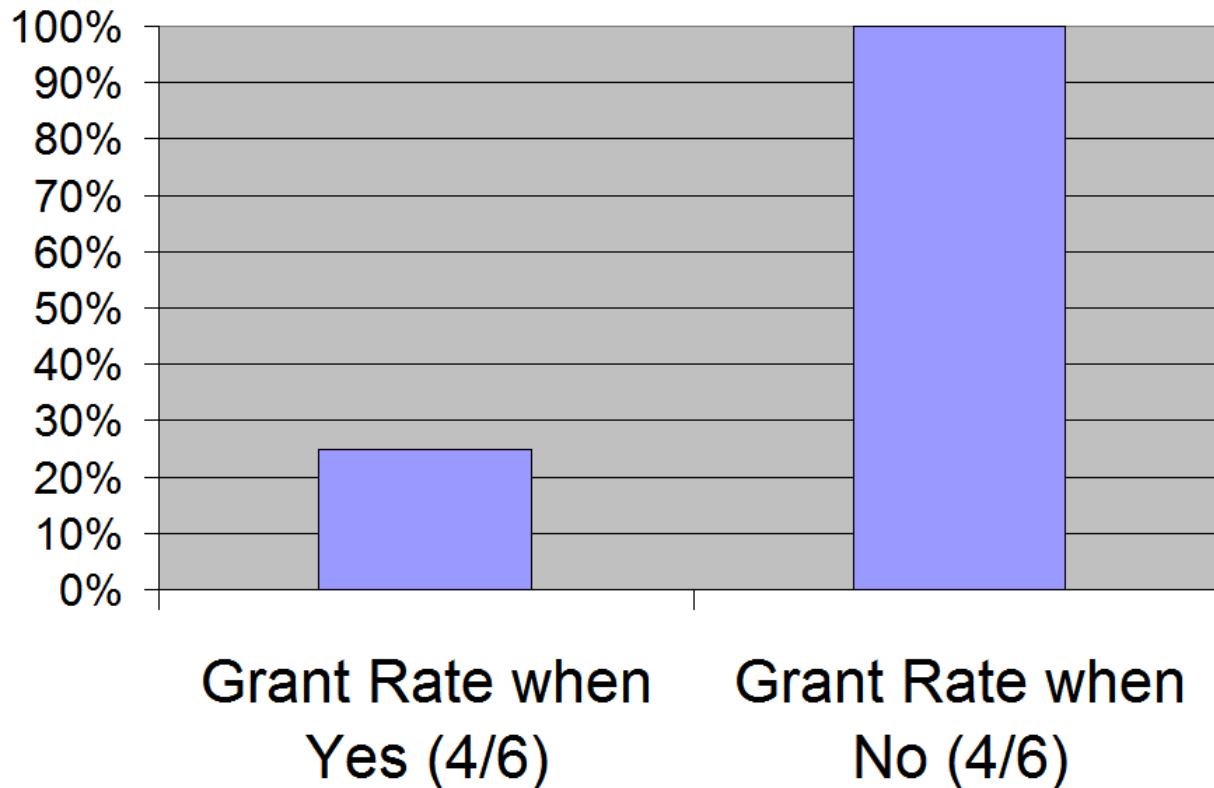
Noninfringing Alternatives



Mentioned in
7 of 49 cases

Difference in grant rate: 86%

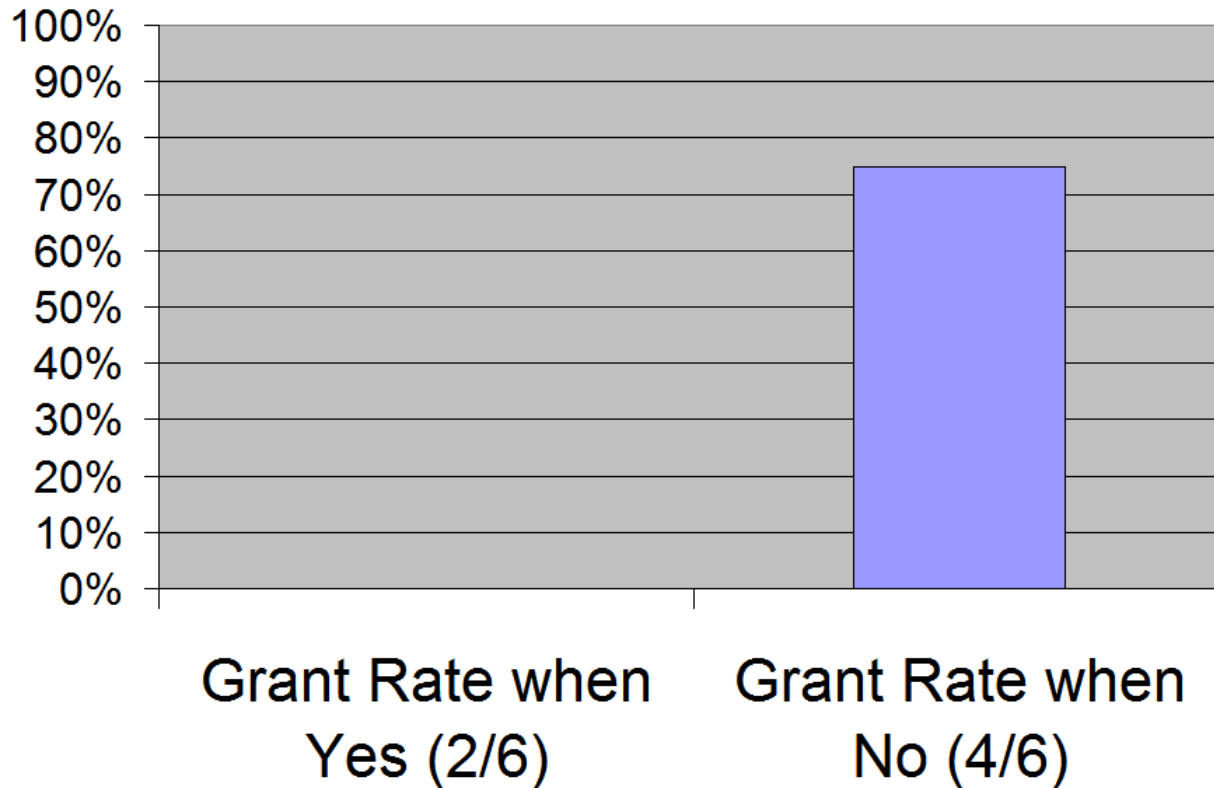
Offered License To Defendant



Mentioned
in 6 of 49
cases

Difference in grant rate: 75%

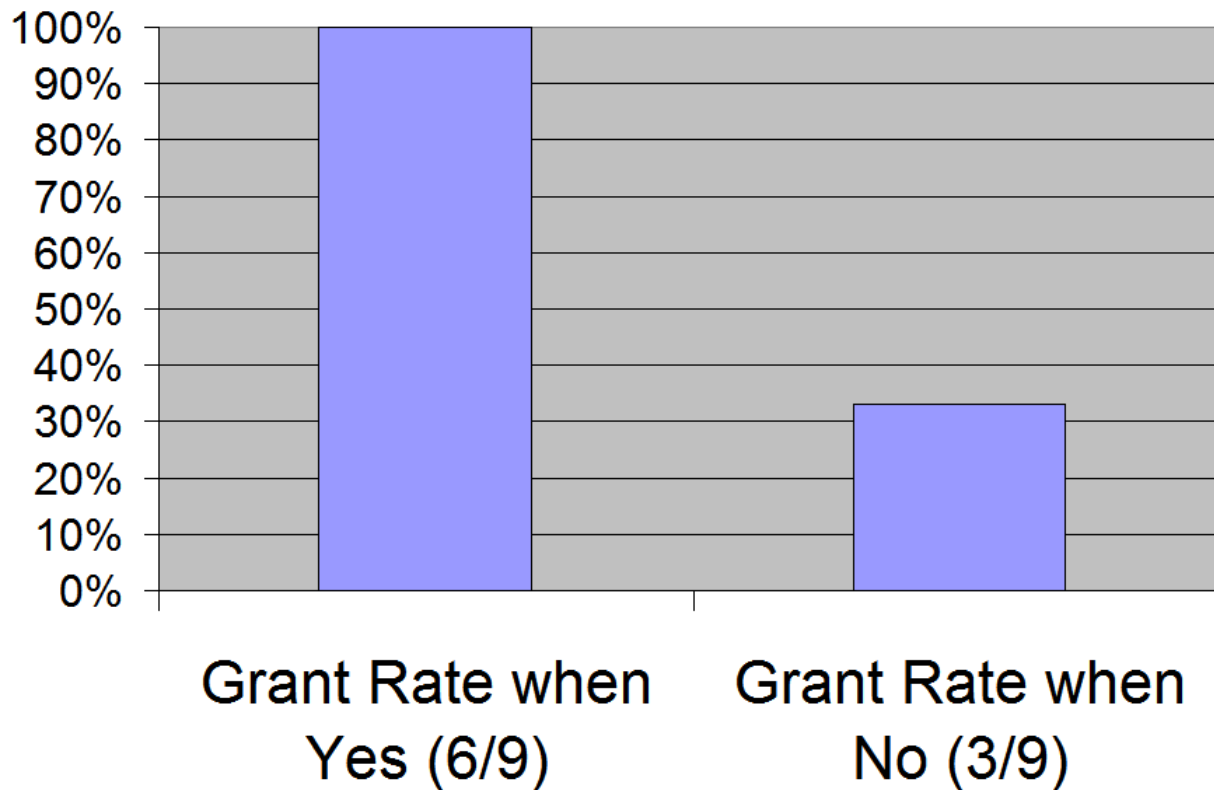
Invention a Trivial Component



Mentioned
in 6 of 49
cases

Difference in grant rate: 75%

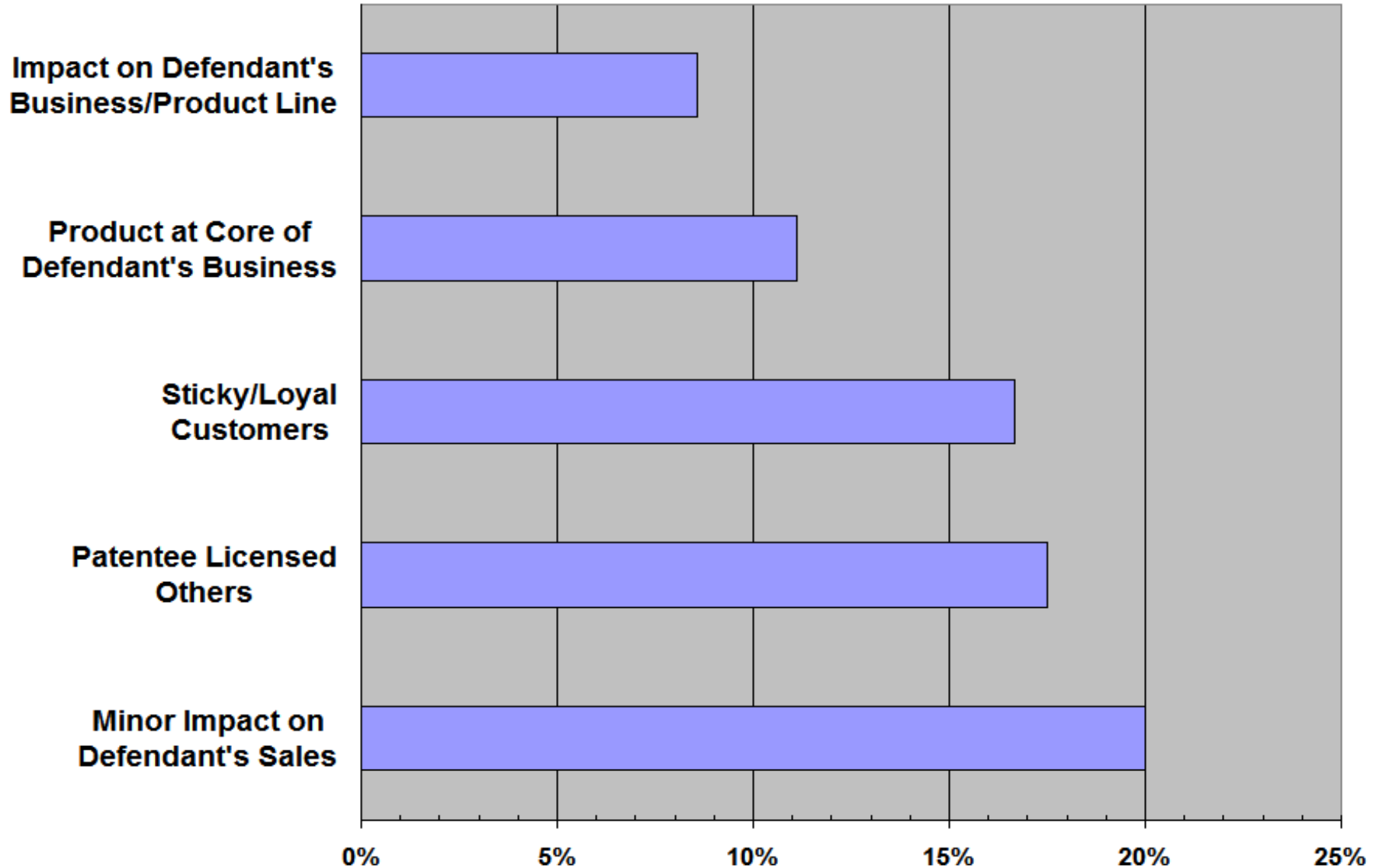
Patentee's Only/Primary Product



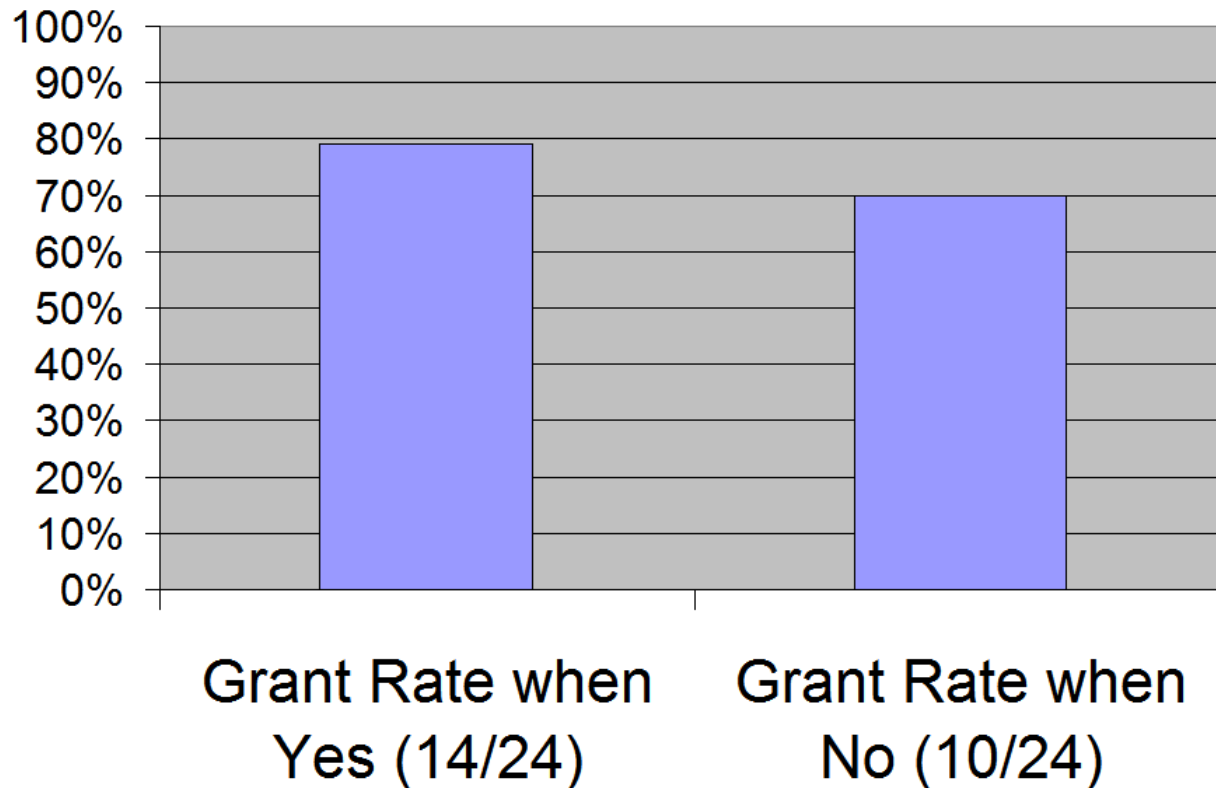
Mentioned
in 9 of 49
cases

Difference in grant rate: 67%

Smallest Differences Between Yes and No



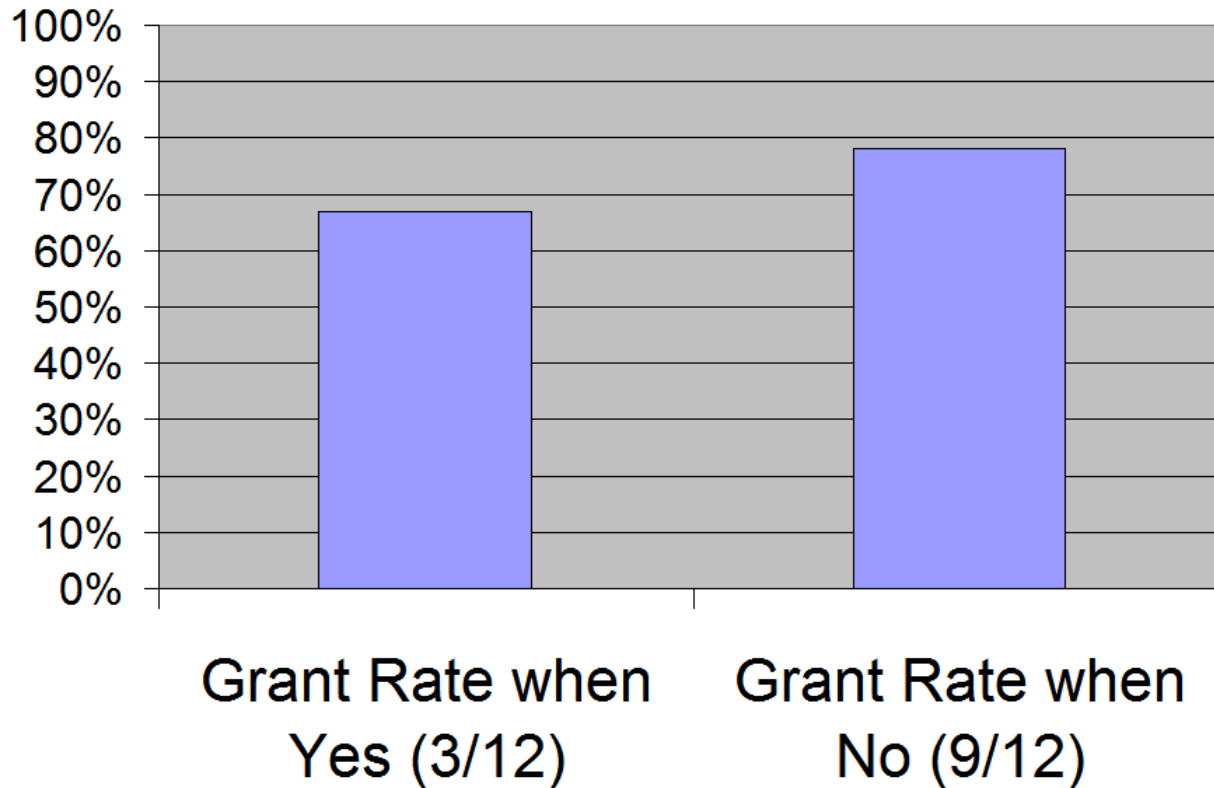
Impact On Defendant's Business



Mentioned
in 24 of 49
cases

Difference in grant rate: 9%

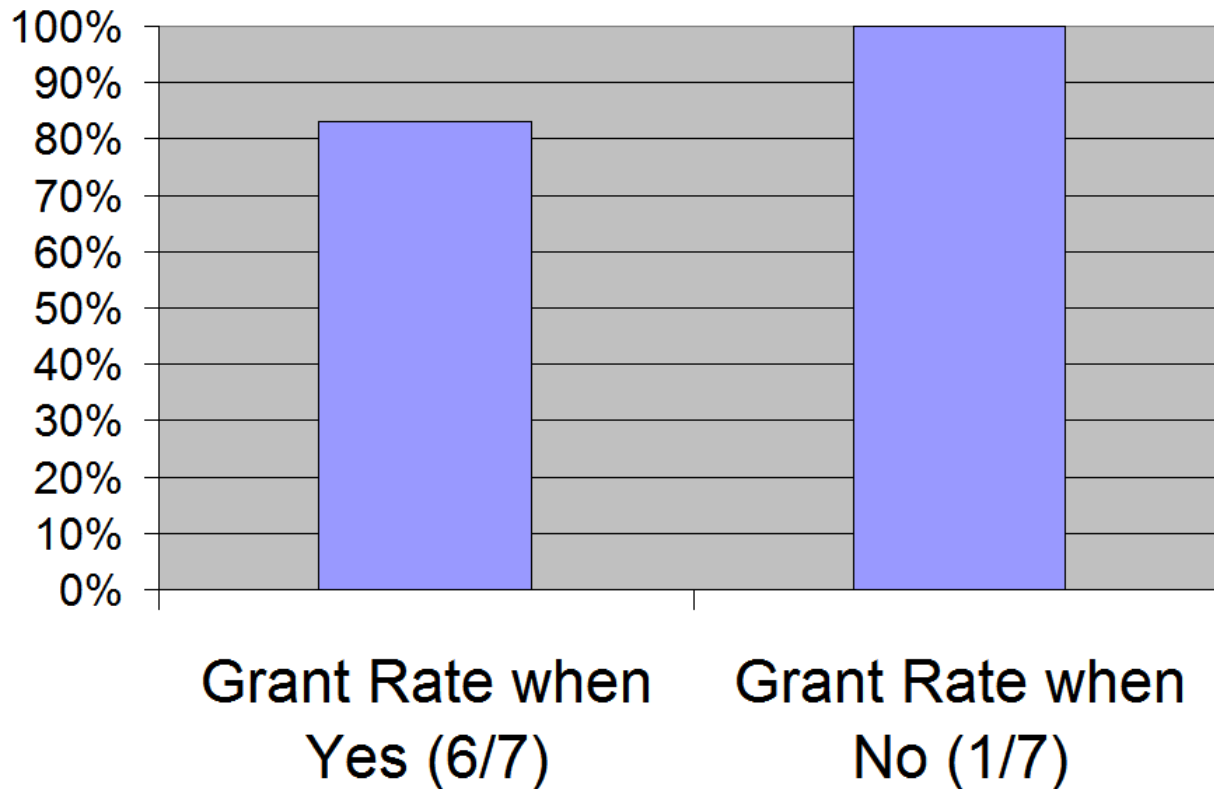
Product At Core Of D's Business



Mentioned
in 12 of 49
cases

Difference in grant rate: 11%

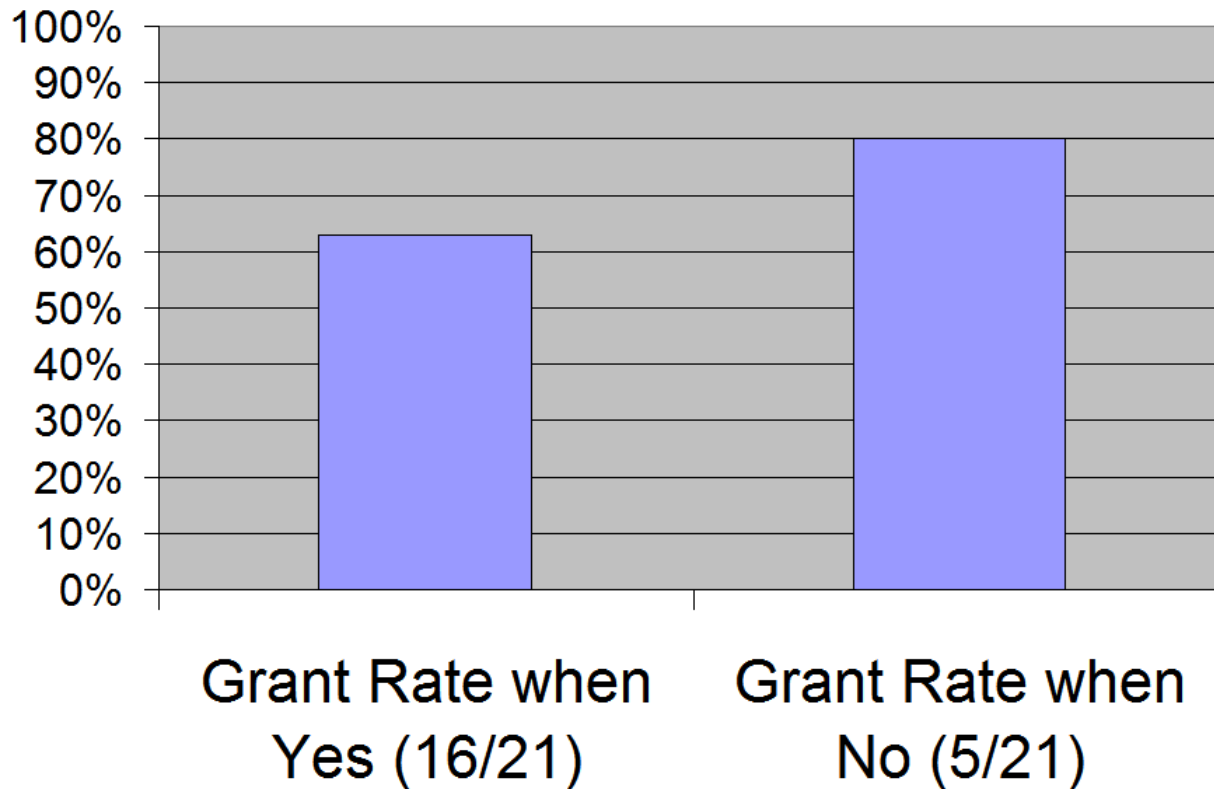
Sticky/Loyal Customers



Mentioned
in 7 of 49
cases

Difference in grant rate: 17%

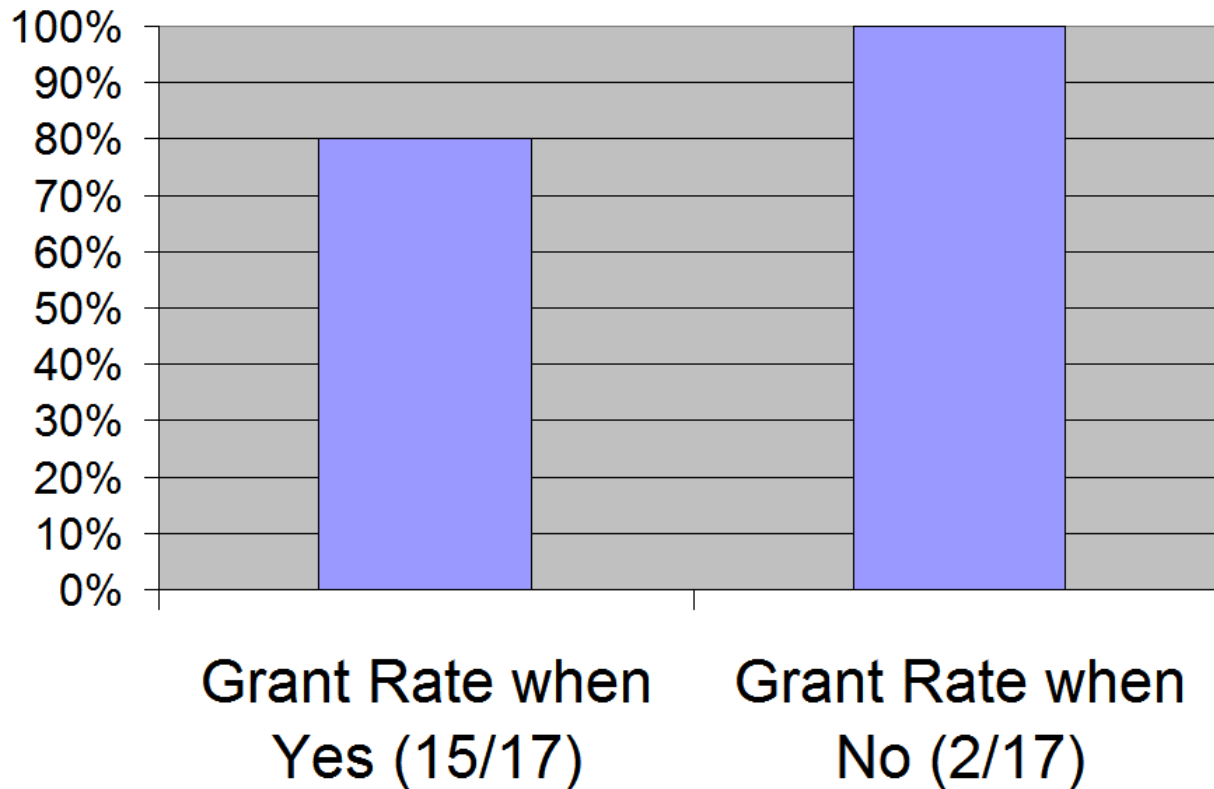
Patentee Licensed Others



Mentioned
in 21 of 49
cases

Difference in grant rate: 17%

Minor Impact On D's Sales



Mentioned
in 17 of 49
cases

Difference in grant rate: 20%

END