

# Five Best Practices in Defending a Company in Patent Litigation

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## 1. Unlearn the case from the Complaint; learn it from the Client.

The Complaint is the first voice you will hear about the case. Many roads begin there, but that is not the case, not your Client's case. Your Client's history begins before the Complaint was filed. Much like a jury must listen to both sides, you must investigate the facts and listen to your Client's perspective. You must view the legal issues and the facts from both perspectives, as opposed to just looking for defenses in a responsive mode. There may be counterclaims, prior invention stories and pre-existing licensing obligations that dramatically alter the landscape as first viewed through the Complaint.

It is true that when serving as defense counsel, we have to be in a responsive mode initially to prepare the Answer, assess counterclaims and defenses; but don't stay in that mode. Reevaluate the alleged dispute from your Client's position. What is our affirmative story? Learn the facts, documents and witnesses. And remember, although the litigation will be fact and document intensive, the trial will be witness-driven. Jurors listen to witnesses. They do not read volumes of documents or do any investigation on their own. They just listen and may -- repeating "may" -- read a few exhibits after they begin deliberations. So our case will be conveyed through our employees; employees that are first a witness (i.e., knows facts) second, able to communicate those facts and third, likeable. There are a lot of fact witnesses, people who know the accused products, the technology at issue and the key documents, but they may not be good communicators and may not appeal to a jury. Our case is not what is contained in the Complaint, but rather what our fact witnesses and expert witnesses can convey to the jury in an understandable and persuasive way.

## 2. Protect the employees that are helping you defend the Client; focus discovery.

CEOs, CFOs, GCs and other executives and in-house counsel who "win" the job of interfacing with defense counsel are under pressure from all sides. They want to get you what you need, but can't spend all of the company's time and resources on the case. So minimize the time needed from the company for discovery. Work first with opposing counsel to narrow the issues. Seek the Court's assistance in limiting electronic discovery. Many courts employ Electronic Discovery Orders that limit the number of record custodians from whom electronic documents must be collected. Use them or move for entry of such an order.

Luckily, most patent litigation attorneys are reasonable. So find out what opposing counsel really needs and what is reasonably available and work from there. Nobody benefits from over collection or over production. Negotiate -- both sides will want to reduce the discovery load.

With respect to preparing witnesses for deposition, lay the groundwork ahead of time. These meetings should occur after the key legal issues have been identified and the key documents collected. Finding documents and producing them the day before a deposition is sometimes unavoidable, but is certainly undesirable.

## 3. Budgets and Settlement.

Patent litigation can be budget based. Even with a budget, however, the amount at issue can be indeterminate until fact discovery and expert discovery is complete. Moreover, the cost of employee time and distraction of the litigation may not have been fully appreciated by some clients at the beginning of the case. A good patent litigation budget is based upon experience, and lays out a reasonable timeline of costs that takes into account the amount of money at issue. A great patent litigation budget should also include an estimate of the amount of time needed from the client to assist in defense of the case. This budget item gets back to the second best practice mentioned above. It helps to protect the employees who need to take time away from their other obligations and work on the case. And it helps their supervisors sign off on the effort.

The settlement analysis, from a pure business perspective, is whether the cost of litigation plus the risk of loss at trial are more than the settlement demand from the plaintiff. Timing is also important. The parties may become more or less inclined to settle as the case continues and as pre-trial issues are resolved, such as claim construction issues or motions for summary judgment. Outside events, like the results of an IPR, may also impact the settlement analysis.

### 4. Experts.

Find them early. Hire them early. Work with them early. Make sure they get paid.

These third parties are expensive and every client hopes to resolve the case before needing to substantively engage them. However, experts, at least for patent cases, are extremely important and their input is needed from the beginning of the case. Technical experts can assist with prior art searching and the invalidity contentions which are usually due early in the case. Both technical and damages experts can help focus discovery. And when they get more involved in the case, they become more interested and more focused themselves.

And making sure they get paid timely is just the right thing to do. They also can be more responsive and more available if they are happy to work on your case.

### 5. Build and maintain your trial strategy and trial team from day one.

Work backwards from trial. What are the triable issues? What witnesses and documents are relevant to those issues? Building the trial strategy throughout the case prevents inefficiencies in the pre-trial phase.

There should be at least one associate and one partner that stay with the case from the beginning to the end. There are certain important aspects of a case, such as the details of discovery and assessments of the quality of witnesses that can be lost when the trial team lacks the historical perspective of the case.

Some clients have raised objections to first year or second year associates being staffed onto a patent case; but fresh-out-of-law school attorneys who have passed the patent bar or who are slated to take it soon, in my experience, are always a valuable asset. These attorneys will have likely worked for two summers on IP matters, taken more IP courses than my law school even offered when I graduated in 1995, possibly worked in the technical field at issue and also probably clerked for a federal judge. They work just as hard and have fewer distractions than mid-level associates. Moreover, most patent cases go on for several years and have a huge amount of case-specific knowledge. Younger attorneys absorb these details like sponges. Some staffing changes are unavoidable, but younger attorneys are less likely to lateral to another firm or to go in-house.

Employee witnesses also benefit from stability. They need to know who to contact and who will be with them through deposition and trial. Defending a witness at deposition and presenting a witness at trial involve a personal relationship. This focus on stability gets back to the second best practice mentioned above.

And it is great to have people at trial that when an issue comes up, recall having already addressed the issue months ago, and send you what you need immediately. A good trial team includes the people who have been in the trenches together for a long time.

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**Charles Phipps** is dedicated to advising his clients on all of their intellectual property matters, including representing his clients in litigation matters in United States District Courts and adversarial proceedings before the United States Patent and Trademark Office. Charles has over 22 years of experience representing clients in patent litigation, both as plaintiff's counsel and as defense counsel.



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