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OUTSIDE PERSPECTIVES

IP Litigation — The Pursuit Of Business Objectives By Other Means[1]

THE HALLMARK OF A SUCCESSFUL CLIENT-COUNSEL relationship is understanding the client's business objectives, and then crafting a strategy that uses the legal means to pursue and advance those objectives. IP litigation must be a means to an end and is not an "end" in itself. Business objectives should therefore define the strategic objectives in any IP litigation. Crafting a successful litigation strategy requires a thorough understanding of the critical elements of a case, its interrelationship to other areas of law and associated regulatory schemes, and a broad view of the client's industry, its place within that industry and the client's goals. What follows is a summary of some of the considerations clients should expect to hear from their counsel.

Latham & Watkins' IP litigation practice operates in collaborative and cohesive teams and is distinguished by having many first chair trial attorneys familiar with the key IP disciplines, venues and technologies. For example, partners Ron Shulman, Larry Gotts and Max Grant (pictured) have collectively tried more than 40 patent cases to verdict as lead counsel and recovered more than $1.3 billion for patentees.

Identify The Business Objectives:

The business objectives will define success in any IP litigation. The first question clients should hear from their counsel is — "what is your business objective?" In cases among competitors, monetary exposure is often secondary to complex strategic considerations. In such cases, understanding the business strategy, the marketplace, the commercial relationship (if any) between the parties, and the role of technology and the asserted IP in that marketplace is paramount to building and executing your business objectives. In cases where the exposure is primarily monetary, such as the defense of significant NPE claims, that calculus is different. In such cases, business objectives in the first instance must account for the balance between the cost of litigation and discouragement of future claims, and the end game business objective may or may not involve going to trial. Only by first understanding business objectives can an appropriate litigation strategy be defined. One-size-fits-all approaches to litigation should be rejected in favor of a business-minded approach to IP litigation solutions.

Maximize Leverage:

The strength of a legal position, and its utility in achieving a business objective, can be determined by the manner in which the lawsuit is set up. IP litigation presents opportunities to take the initiative, whether by asserting an infringement suit in a client's chosen forum or bringing a declaratory judgment action to take "head-on" accusations of infringement. With the initiative comes the opportunity to frame the nature of the dispute for the public and the court, as well as to select the forum in which the lawsuit will be fought. Forum selection provides the opportunity for clients to effectively select or influence (a) how quickly their matter will proceed (whether, for example, reexaminations in patent cases will likely stay a case), (b) the sequencing of important IP litigation milestones (e.g., whether a claim construction ruling will occur before expert discovery or after, and/or whether model local patent rules apply), (c) whether the case will be heard by jurists more or less experienced in complex IP litigation, (d) the pool from which a jury may be selected, and even (e) the available remedies (e.g., ITC litigation). Counsel

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should seize the initiative to select a forum to obtain maximum leverage to advance a client's business objectives.

Recognize Marketplace Impact:

Most IP litigation will be known to the industry, and will influence behavior of customers, suppliers and others in the marketplace. Acknowledging the impact the lawsuit will have on a client's business and marketplace perception, and anticipating that impact is important in any IP case. This is true whether a company is defending or asserting a lawsuit. For example, a lawsuit may present a message to the market of a company's willingness to aggressively protect its IP rights in order to deter "would be" infringers from usurping its IP rights. Such an approach may not always be perceived positively in certain markets. Likewise, a company defending a lawsuit may be perceived negatively, whether because they are perceived as an infringer or as a company that produces poor products. Conversely, in the case of a trademark dispute, imparting a marketplace perception of protecting the brand, rather than obtaining monetary compensation, is often the principal objective. A company must consider how litigation affects its long term branding goals.

Understand The Regulatory Environment:

IP litigation most often occurs in a regulatory framework, whether mandatory or voluntary. Medical devices are regulated by the FDA and FDA approval requires submission of, for example, efficacy data, which is verified by company officers. Telecommunication devices are often subject to disclosures made to voluntary standards bodies. The exportation of dual-use technologies (commercial/military) is controlled by its own regulatory regime. And pharmaceutical patent litigation is, by definition, directed by the Hatch-Waxman regulatory landscape that created the underlying cause of action. Each regulatory scheme provides frameworks and evidentiary opportunities that must be incorporated into the litigation strategy.

See Beyond Borders:

Business today is global and IP rights flow freely between borders as part of any global business strategy. Understanding the ability to successfully and economically enforce IP rights in a particular jurisdiction may have a significant impact on how and whether business is conducted in that jurisdiction. Global firms with offices around the world are uniquely situated to provide this guidance.

Prepare For Trial:

In those instances where a business-oriented strategy fails to resolve a dispute at its early stages, a demonstrated confidence to prepare for trial, and ability and track record for succeeding at trial, are critically important. The most favorable settlements are often achieved by conveying a command and focus from the outset and demonstrating a preparedness to go to trial — and win. Lead trial counsel should commit to the case from day one and remain hands-on in actively developing the case, analyzing the strengths and weaknesses of the case, evaluating potential opportunities for resolution and preparing the case for trial. This targeted and focused approach is required to identify key trial issues early and avoid wasteful litigation tasks such as unnecessary discovery and motions practice. A trial-focused approach also avoids wasteful litigation, promotes efficiency and drives results. Efforts that do not directly support trial preparation are, at best, a costly distraction. You should demand seasoned trial counsel and a trial-tested support team from the outset to ensure a trial-focused approach from the start of litigation.

1. Paraphrasing 19th-century military theoretician Carl von Clauswitz: "War is simply the continuation of political intercourse with the addition of other means."

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