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Six Steps to Consider When Defending Complex Patent Litigation

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Defending against complex patent cases involving multiple asserted patents and accused products can be unpredictable, expensive and difficult to control. Large patent cases can take years to get to trial, can expose billions of dollars in accused revenues, and can cost millions of dollars to litigate. Running complex patent cases is akin to managing a business with multiple stakeholders and an aggressive opponent constantly trying to defeat you.

This article discusses strategies for managing complex patent litigation in a more business-like manner—from both the in-house and outside counsel perspective—in order to simplify the case, narrow discovery and drive toward a win—all the while staying within budget.

1. Develop a Case Theme Early in the Case

Patent cases—particularly large, complex cases—are often won and lost based on the trial narrative presented to the jury. When many patents and products are at issue, it is essential to tell a simple, the-



matic story that the jury will understand. This starts with developing a case theme—an easily understood central message that the jury can use to evaluate the evidence and determine which party is in the “right.” Developing the case theme early in the case is critical: it aligns client and counsel on case strategy, allows counsel to develop evidence to support the overarching story, sets client expectations, identifies fact and expert witnesses early in discovery, and forms the basis for a realistic case budget that is tailored to the overarching strategy and tasks that are actually necessary to win at trial.

For example, in a recent 12-patent case involving a large

automotive company, some of the authors developed a theme early in the case: the case was not really about whether the defendant infringed but was actually about the patentee stealing the defendant’s trade secrets to profit from others’ innovation. The defendant used this theme to shape the entire case, developing fact and expert evidence to support the theme, identifying witnesses to tell the story, and managing the budget by focusing on discovery that would advance the theme. The jury found not only that the defendant did not infringe any of the asserted patents, but also that the patentee stole the defendant’s trade secrets.

To develop an effective theme early in the case: articulate to the client and trial team a simple overarching case theme; meet with relevant witnesses early in the case to identify the face-of-the-company witness who can present the theme during trial; produce discovery that supports the case theme—even if the other side does not ask for it; and draft and regularly update a case theme memorandum as the case develops.

2. Control Discovery

Discovery in large patent cases can become cost-prohibitive quickly. Consider the following strategies to focus and limit discovery:

- *Consider a magistrate judge:* in certain circumstances, such as a case that will require extensive discovery, a magistrate judge may facilitate more efficient discovery.

- *Use discovery requests strategically:* parties in complex cases often serve broad, boilerplate discovery. Using discovery more strategically—e.g., targeted requests that exploit tensions in the patentee's arguments or that develop the specific trial themes the defendant will present—can save costs, focus the case, and lead to early resolution.

- *Draft a deposition plan:* in large cases involving many inventors, prosecuting attorneys and accused products, depositions can add up quickly. Counsel can avoid unnecessary depositions by developing a deposition plan early in the case outlining who

should be deposed, why the deposition is necessary, and when the deposition should occur.

- *Limit electronic discovery:* negotiating limits to email production—including custodians, search terms, and date ranges—can control the cost and scope of electronic discovery.

- *Serve early discovery on the patentee:* serving early discovery requests can increase pressure on the other party, help control the direction of discovery, and begin to reveal the other party's theories.

- Pursue streamlined motion to compel procedures: some courts are receptive to alternative procedures to compel discovery, including initiating the process with two-three-page letters and a teleconference before filing full motions to compel.

- *Consider IPRs and a motion to stay:* by filing early IPRs, the defendant can seek to stay the infringement litigation.

These strategies can drastically reduce the scope and expense of a large patent case. In a recent five-patent case some of the authors handled for a large technology company, the team developed an early plan to focus discovery on a license defense. While the patentee pursued nearly every possible issue through broad discovery, the defendant used targeted discovery requests to develop the licensing defense. The defendant won the case right after claim construction when the court found

on summary judgment that the defendant had a license to each of the asserted patents.

3. Narrow the Case

Parties in large patent cases typically spend months (or years) litigating dozens or even hundreds of patent claims that are not ultimately asserted at trial. Narrowing the scope of the patentee's allegations early in the case can limit wasteful discovery, control costs and focus the case on the issues that will actually be tried. Consider: an early motion to limit the number of asserted claims; motions to dismiss inadequately pleaded intent-based allegations (contributory, induced, and willful infringement claims); a creative case schedule requiring early infringement contentions to expose the patentee's theories, or early claim construction to set up early summary judgment; and early challenges to the patentee's infringement contentions where the allegations are not sufficiently detailed. Of course, whether and when case narrowing is appropriate is a very case-specific inquiry.

The authors have successfully used these strategies. In a recent case filed against Akamai, the plaintiff initially asserted six patents with a total of 110 claims. Akamai significantly narrowed the case by prevailing on a motion to limit the number of asserted claims (narrowing the case to ten asserted claims) and knocking out additional claims through noninfringement and Section 101

summary judgment motions. By the time of trial, only six claims across three patents remained.

4. Change the Leverage

The leverage of large patent cases is often one sided (particularly in the case of NPEs)—the patentee asserts many patents against many products and demands millions in damages. It is important for defendants litigating against NPEs to change this leverage and give the patentee something to lose. The defendant can: consider whether transfer would disrupt the patentee's strategy; consider asserting its own patents against the patentee to the extent it is a product company; consider creative counterclaims, including anti-trust and champerty claims; and aggressively attack the damages case—which patentees often focus on only later in discovery.

In a recent case some of the authors handled for a technology company, the plaintiff sought hundreds of millions of dollars in damages. The defendant changed the leverage by pursuing early damages discovery—before the plaintiff had fully evaluated its damages case. The defendant obtained early admissions regarding the value of the asserted patent and then excluded the plaintiff's damages expert on *Daubert*. The defendant achieved a complete victory when the court granted summary judgment of no damages.

5. Manage the Budget

Budgeting is critical so the client can manage financial resources

and consider the cost of litigation in overall business operations. Outside counsel and the client should meet early in the case to prepare a plan to manage the case to budget—including by discussing what themes to pursue, the correct staffing for the case, and a schedule for obtaining additional information from the client. Counsel should prepare an early case budget with forecasts broken down by quarter and category (fact discovery, experts, document production, trial, etc.). The budget should be monitored closely (the client and outside counsel should track the run-rate on a weekly basis) and updated each month and quarter, if appropriate. It is also important to have regular conversations with the client to discuss whether the budget may need to be adjusted to account for litigation events. Budget and strategy go hand-in-hand—the budget can impact strategic decisions, including how if at all to use IPRs, how aggressively to approach discovery, whether and how claims on cross-complaint should be pursued, and what case schedule to propose.

6. Communicate with the Client

Large patent cases move quickly. To ensure the client is involved in strategic decisions and up-to-speed on case developments (and allow companies with public reporting requirements to be current on the state of the case), outside and in-house counsel should establish a procedure for communicating case events on a regular

basis—who from outside counsel will communicate with the client, who from the client should be contacted, and what types of issues need client input or approval. The client also may have resources that can streamline discovery, including in-house patent attorneys who can help with prior art searching and IPR strategy; collections from prior litigations that can simplify document collection; and in-house engineers who can provide technical guidance. When in-house and outside counsel act as a single team, efficiencies are realized and successful outcomes more readily achieved.

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