

PRACTICE FOCUS

PLANNING AND PREPARATION FOR A PATENT-INFRINGEMENT SUIT

BY TOM MORROW

Learning that one's company has been sued for patent infringement can be an unsettling experience for in-house counsel who have not previously been involved in such a suit. Having a plan in place for the early days of the case can reassure not only in-house lawyers but also those whose products or services may be implicated in the suit. Here are seven tips to consider during the early days of litigation.

1. *Remember to take the time to do things right.* Under Federal Rule of Civil Procedure 12(a)(1), a defendant-company's answer to a complaint is due 21 days after the date the company was served with the summons and complaint. In practice, plaintiffs counsel often agree to extend this deadline. Though the early days of the case will be busy, careful planning at the outset will pay off many times over throughout the litigation.

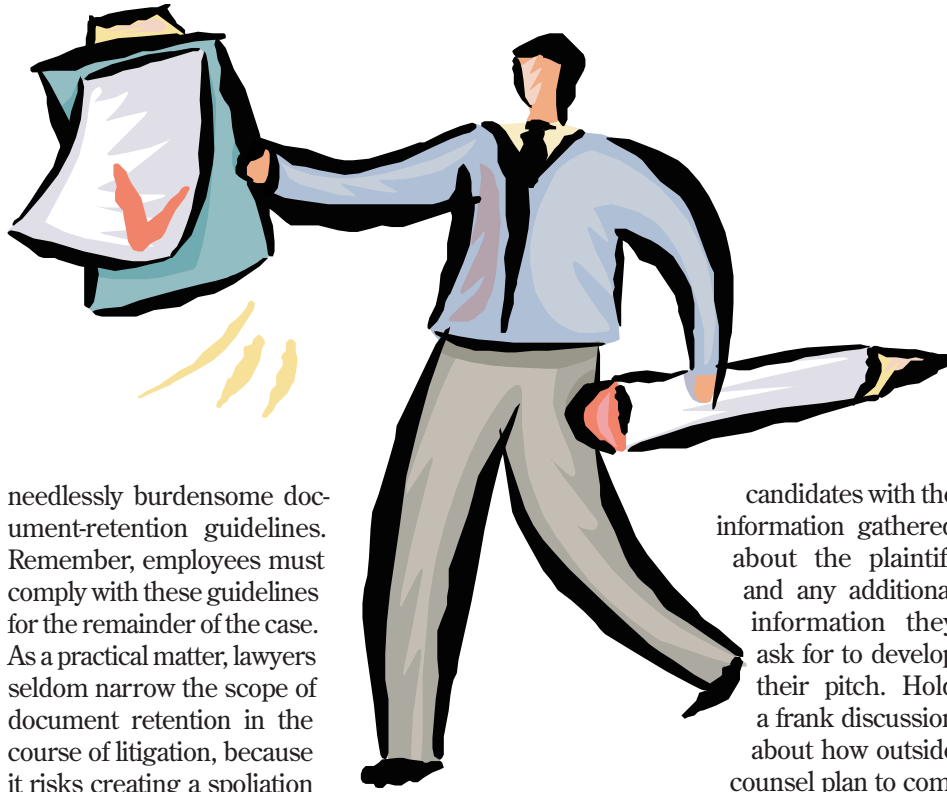
2. *Find the information to help decision-makers in the company get up to speed.* Executives often want to know five things: Is the plaintiff a competitor or a patent-holding company? Which products or services does the suit appear to target? Who else has the plaintiff sued in this case or in prior cases? What was the outcome of any prior suits involving this or other patents? What is the in-house lawyer's gut sense of how much the company is at risk in the suit?

Searches on the federal courts' online PACER system are a must to gather information on a plaintiff's litigation history. In-housers should search for online articles profiling the plaintiff or its principals. They also should check whether the plaintiff has ever changed its name, which can help uncover a history of litigation.

Offering a useful opinion on the products and services implicated by the suit (which may not be identified by trade name in the complaint) and an initial risk assessment may require in-house counsel to learn more about the company's business and product pipeline. In-housers who don't yet have go-to contacts in the company's business, technical, and research and development sections must develop them now.

3. *Right-size the document-hold notice.* Most in-house lawyers are aware of the importance of issuing a document-retention notice in a timely fashion. But it's just as important to ensure that the notice identifies the right recipients and requests retention of the proper array of documents.

Resist the temptation to ask everyone to retain everything. This can seem promising when trying to issue the notice quickly, but it can lead to overly broad,



needlessly burdensome document-retention guidelines. Remember, employees must comply with these guidelines for the remainder of the case. As a practical matter, lawyers seldom narrow the scope of document retention in the course of litigation, because it risks creating a spoliation issue, even if the original scope was over-

broad.

In-house counsel should take the time to consider the issues likely to arise in the case, the documents relevant to those issues and the people who have those documents. It's prudent to gather comments from others in the legal department

and from some of the potential recipients of the document-retention notice. The insight received may highlight areas of needless duplication, as well as potential gaps. These steps enhance the likelihood that the retention notice will be appropriate.

4. *Know what's important before interviewing outside counsel.* What outside-counsel qualities are most needed and valued for a case? Is it experience in a particular venue and court; prior cases against a particular patent holder; background in the technology involved in the suit; a prior working relationship with a certain attorney; a big firm with plenty of depth; or a small firm known to staff cases leanly and efficiently?

Rarely will one firm meet all the criteria, so take time at the outset of the litigation to consider the most important attributes. They should inform selection of firms chosen to interview.

5. *Get the outside-counsel candidates' strategies for winning the case.* This need not be the proverbial beauty contest, but in-house and outside counsel will benefit from substantively discussing and agreeing on the approach to defend the suit, as well as the expected costs.

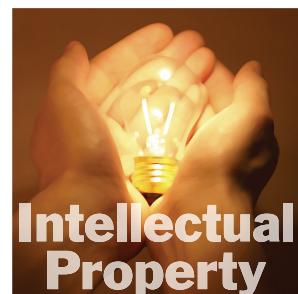
Be sure to provide top outside-counsel

candidates with the information gathered about the plaintiff and any additional information they ask for to develop their pitch. Hold a frank discussion about how outside counsel plan to com-

municate with the in-house counsel during the case. Insist not only on regular updates but also on the opportunity to provide substantive input on significant court filings, before key depositions and the like. Given the significant assistance that good local counsel can add to cases in smaller venues, discuss the lead outside counsel's commitment to incorporating local counsel's advice into case strategy.

6. *Be open to innovative fee arrangements.* In addition to straight hourly and fixed-fee agreements, consider creative, blended-fee arrangements that increase the alignment between the company's and outside counsel's interests. For example, an arrangement could provide for a reduced hourly rate coupled with a success bonus, such as a set amount or percentage of total billing outside counsel can earn by achieving an outcome previously defined as success (for example, a defense verdict at trial or dismissal at summary judgment).

7. *Play an active role in the defense team.* Outside counsel will need help from in-house lawyers with tasks such as gathering documents and making potential witnesses available for interviews and depositions. Apart from that, expect to discuss strategy with lead counsel regularly. Cases with interested and involved in-house counsel produce the strongest teams and the best results.



Intellectual Property

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