

“How to Try an Intellectual Property Case Economically”

**By: Ted D. Lee¹
Brandon J. Karam²**

**Gunn, Lee & Cave, P.C.
700 N. St. Mary's Street, Suite 1500
San Antonio, TX 78205**

**March 5-6, 2009
San Antonio, TX (Hyatt Regency Hill Country Resort & Spa)
22nd Annual Intellectual Property Law Advance Course**

¹ Founding Member, Gunn, Lee & Cave, P.C.

² Summer Intern at Gunn, Lee & Cave, P.C., Student at The George Washington University Law School

“How to Try an Intellectual Property Case Economically”

By: Ted D. Lee
Brandon J. Karam
Gunn, Lee & Cave, P.C.
700 N. St. Mary’s Street, Suite 1500
San Antonio, TX 78205

Table of Contents

I.	INTRODUCTION.....	2
II.	PUBLIC CONCERN OVER SKYROCKETING COSTS OF LITIGATION	3
III.	SELECTION OF TRIAL COUNSEL.....	4
	A. IP FIRM OR IP SECTION OF LARGE FIRM	4
	B. CORPORATE COUNSEL CONTROL	5
IV.	LOCATION OF TRIAL OF THE LAWSUIT.....	6
	A. VENUE	6
	B. SELECTION OF LOCAL COUNSEL	7
	C. ONE-STOP-SHOP	8
V.	THEME OF THE CASE.....	8
VI.	PRE-TRIAL MATTERS	8
	A. FILING THE LAWSUIT	8
	B. TEMPORARY RESTRAINING ORDER AND/OR TEMPORARY INJUNCTION	9
	C. DISCOVERY PLAN	10
	D. YOUR REQUEST FOR DISCOVERY	11
	E. THE INCREASINGLY ELUSIVE SMOKING GUN.....	12
	F. INITIAL INTERROGATORIES	13
	G. INITIAL DEPOSITIONS	14
	H. YOUR PRODUCTION	14
	I. MARGINALLY FRUITFUL DISCOVERY.....	15
	J. MOTION TO COMPEL	16
	K. USE OF FORM PLEADINGS AND BRIEFS	17
	L. EXPERT WITNESSES	17
	M. PRETRIAL ORDER.....	18
VI.	TRIAL.....	18
VII.	SETTLEMENT.....	18
IX.	CONCLUSION.....	19

I. INTRODUCTION

Twenty-three (23) years ago, the author³ gave a presentation on the same topic to The Southwestern Legal Foundation in Dallas, Texas, which The Patent Law Annual later published (the 1986 Article).⁴ After reviewing the 1986 Article, it reminds one of the saying “the more things change, the more they stay the same.”⁵ To highlight the striking similarities and sometimes drastic differences, the section headings of both presentations parallel one another with additional sections inserted where necessary.

Many of the tactics leading up to and including trial have endured despite the passage of over two decades. For example, the location of the trial remains important, especially with the advent of pro-patentee courts. As always, developing a theme for a case carries the same significance as it has for decades. In addition, avoiding marginally fruitful discovery and lining up expert witnesses early still continues to be important. The public concern about the cost of litigation has not only survived but has rightfully grown. Similarly, settlement has continued to play an integral role in the judicial system and is now emphasized even more with fewer and fewer cases being tried.

The most substantial change over the last twenty-three (23) years has occurred in discovery. In 1986, hard-copy communications and production dominated the discovery landscape with very little information maintained in electronic form. Email communications and the internet, as we know it today, was used only in very limited circumstances and primarily by the military. At that time, discussions of electronically stored information (ESI) and special rules governing ESI’s role in discovery did not exist. Today, well over ninety percent (90%) of the information in any litigation likely subsists in electronic form.⁶ In addition, the amount of ESI available for production is mind boggling. So much so that in most complex lawsuits, it is cost prohibitive to review all of the ESI that may relate to the litigation.

Due to the vast amount of ESI and the correspondingly substantial number of attorney hours necessary to review the information, discovering a “smoking gun” in the opposing party’s production is becoming less and less feasible. Electronic search software may have difficulty detecting a relevant document because of the intrinsic limitations on the software’s ability to “understand” the document. Furthermore, locating the smoking gun may no longer be cost effective when viewed in light of the countless hours required to find it.

While courts and attorneys wrestle with the complexities of managing the tremendous volume of ESI, there is simultaneously an increased emphasis on Alternative Dispute Resolution. The Federal Judiciary caseload statistics currently place the cases reaching trial at fewer than two

³ Experiences of the “author” refer to Ted D. Lee.

⁴ Ted D. Lee, How To Try an Intellectual Property Case Economically, 24 Pat. L. Ann. 7-1 (1986) (located in Appendix A-1 for comparison).

⁵ The Online Encyclopedia and Dictionary, http://www.fact-archive.com/quotes/English_proverbs#M (last visited July 14, 2008).

⁶ The Sedona Principles: Best Practices Recommendations & Principles for Addressing Electronic Document Production 2005 Annotated Version 7 (Jonathan M. Redgrave et al. eds. 2005).

percent (2%) of all those filed.⁷ While the true cause of the downward trend in the percentage of cases tried may be unknown, undoubtedly, one contributing factor is the cost of litigation.⁸

II. PUBLIC CONCERN OVER SKYROCKETING COSTS OF LITIGATION

At the time of the previous presentation, there was concern among the intellectual property community of the State Bar of Texas over the cost of litigating intellectual property cases.⁹ Although surveys existed to corroborate the public unease over the rising cost of general litigation, no study provided a thorough breakdown of the cost to litigate an intellectual property case. However, in 2001, the American Intellectual Property Law Association (AIPLA) began a semi-annual survey on the “typical cost of litigation” for intellectual property matters, publishing most recently the AIPLA Report of the Economic Survey 2007.¹⁰ To no ones surprise, the median litigation cost in intellectual property cases from years 2001-2007 has increased.¹¹

The AIPLA survey divides litigation cost into the following three categories: (1) less than \$1 million dollars at risk (2) \$1-\$25 million dollars at risk and (3) more than \$25 million dollars at risk.¹² Shockingly, in a typical patent infringement suit with less than \$1 million dollars at risk, the median litigation cost is \$600,000!¹³ Assuming that (a) sometimes the plaintiff loses and (b) sometimes the amount at risk is substantially less, a conclusion can easily be reached that when less than \$1 million dollars is at risk, the amount spent on litigating the claim often surpasses the potential recovery. Under the same two assumptions, even where \$1-\$25 million dollars is at risk, the median litigation cost of \$2.5 million seems exorbitant.¹⁴

Despite the skyrocketing cost of intellectual property litigation, the number of intellectual property cases filed has followed suit. Comparing statistics published by the Federal Judiciary in March 31, 2001 to March 31, 2007, the number of copyright, patent, and trademark cases filed increased by over 3,100.¹⁵ The 1986 Article warned of the perils of turning a blind eye to the means of the client in an evermore costly legal arena.¹⁶ Yet still today, with the number of intellectual property disputes on the rise, the price of adversarial resolution remains unyielding.

⁷ Federal Judicial Caseload Statistics March 31, 2007, Table C-4,

<http://www.uscourts.gov/caseload2007/tables/C04Mar07.pdf> (reporting that only 1.3% of all cases filed in 2006 in the United States District Courts reached trial) (located in Appendix A-2).

⁸ Ben Katzenellenbogen, *Trends in Patent Litigation*, 899 PLI/PAT 275, 279 (2007) (arguing that the rising cost of patent litigation could be correlated with the decrease in patent litigation trials).

⁹ Lee, *supra* note 4, at § 7.02.

¹⁰ Am. Intellectual Prop. Law Ass'n, *AIPLA Report of the Economic Survey 2007* (2007) (located in Appendix A-3).

¹¹ *Id.* at 26 (median patent infringement suits increased from \$250,000 to \$350,000; trademark infringement suits from \$102,000 to \$150,000; copyright infringement suits from \$101,000 to \$150,000).

¹² *E.g., id.* at I-92 (located in Appendix A-4).

¹³ *Id.* at I-92 (located in Appendix A-4).

¹⁴ *Id.* at I-93 (located in Appendix A-4).

¹⁵ Federal Judicial Caseload Statistics March 31, 2007, Table C-3, *available at* <http://www.uscourts.gov/caseload2007/tables/C03Mar07.pdf> (11,507 copyright, patent, and trademark cases commenced in 2007); Federal Judicial Caseload Statistics March 31, 2004, Table C-3, *available at* <http://www.uscourts.gov/caseload2004/tables/C03Mar04.pdf> (9,294 copyright, patent, and trademark cases commenced in 2004); Federal Judicial Caseload Statistics March 31, 2001, Table C-3, *available at* <http://www.uscourts.gov/caseload2001/tables/c03mar01.pdf> (8,403 copyright, patent, and trademark cases commenced in 2001) (tables located in Appendix A-5).

¹⁶ Lee, *supra* note 4, at § 7.02.

Given the foregoing statistics, the public concern over the continually upward-marching price to litigate an intellectual property claim comes as no surprise. In 2006, Fulbright & Jaworski L.L.P. commissioned its third annual survey targeting trends in modern litigation.¹⁷ When asked the number one message that clients wished to deliver to their legal representatives, cost garnered the lion's share of the vote with 47% of the respondents agreeing it was the primary concern.¹⁸ The enormous cost to litigate patent cases may even be causing parties with meritorious claims to forego litigation, ultimately leading to the preservation of invalid patents.¹⁹ The effect of the cost to pursue a civil trial is far-reaching and does not appear to be slowing.

III. SELECTION OF TRIAL COUNSEL

A. IP Firm or IP Section of Large Firm

In 1986, intellectual property attorneys (commonly known as “patent attorneys”) in Texas generally operated in boutique firms specializing in intellectual property law, one of the largest such firms being Arnold, White & Dirkey located in Houston, Texas.²⁰ Previously, one of the first decisions for an intellectual property litigant was whether to hire (a) a “patent attorney” or (b) a trial counsel with no intellectual property expertise but assisted by a “patent attorney.” This option proved especially useful in patent cases, as general litigation attorneys were thought to better know how to move a case to a speedy and efficient resolution.²¹

In the last couple of decades, general law firms have been acquiring IP boutiques, converting the boutiques into an intellectual property section of the general law firm and adding additional IP attorneys.²² Multi-city or multi-national law firms may have IP sections consisting of forty to fifty attorneys or more, depending upon the overall size of the firm. The larger the number of IP attorneys in each section, the stronger the pressure to generate billing to justify their existence. In the personal opinion of the author, this billing pressure at least partially contributes to the tremendous increase in the cost of intellectual property litigation. As a result of the greater number of IP attorneys in large law firms, there is a trend that no motion goes unfiled and no discovery battle goes unfought.

AIPLA's 2007 Report of the Economic Survey supports this contention. According to the survey, the average cost of patent litigation increased with the number of attorneys in the firm.²³ For example, with less than \$1 million dollars at risk, the cost of patent litigation for a firm with 1-5 attorneys averaged \$437,000, for 6-75 attorneys the average cost was \$726,000, and for 76 or more attorneys the average cost was \$896,000 (almost 90% of the *maximum* amount recoverable!).²⁴ Interestingly, this trend holds true not only within patent litigation where

¹⁷ Fulbright & Jaworski L.L.P., 2006 Litigation Trends Survey Findings (2006).

¹⁸ *Id.* at 37 (percentage up from 35% in the 2005 survey and far ahead of the second place concern of communication which acquired 19% of the vote).

¹⁹ Christopher A. Harkins, *Fending Off Paper Patents and Patent Trolls: A Novel “Cold Fusion” Defense Because Changing Times Demand It*, 17 Alb. L.J. Sci. & Tech. 407, 436 (2007).

²⁰ Lee, *supra* note 4, at § 7.03.

²¹ *Id.*

²² Jesse Greenspan, *Some Boutiques Keep Thriving Despite Tough Climate*, IP Law 360, May 9, 2008, available at http://www.chrisburn.com/meltwaternews/pdf/Law360_boutiquelawfirms_Bashir_51208.pdf (last visited July 16, 2008).

²³ Am. Intellectual Prop. Law Ass'n, *supra* note 10, at I-92 to -93 (located in Appendix A-4).

²⁴ *Id.*

the amount at risk ranges between \$1-\$25 million dollars and greater than \$25 million dollars, but also for trademark infringement and copyright infringement litigation.²⁵ Generally, the more attorneys in the law firm handling a case, the more the IP litigation will cost.

Based upon the author's personal experience of litigating intellectual property cases for more than thirty-five (35) years, large firms tend to file every conceivable motion, fight every discovery battle, and brief every point *ad infinitum*, no matter how remote the possibility of emerging victorious. Smaller firms, on the other hand, tend to conserve resources and argue only the points where the client stands a greater probability of winning.

This particular adversarial tendency can be analogized to instances in military history. For example, in the Texas War for Independence, Santa Ana greatly outnumbered the Texans by approximately four to one.²⁶ In the decisive battle of San Jacinto, Mexican troops outnumbered the Texans not only by troops in the general area, but also by troops present during the battle.²⁷ Notwithstanding the disadvantage, the Texans won by making a critical strike at a critical moment.²⁸ The Texas War for Independence was fought and won with the loss of a few thousand lives and determined the destiny for a major section of our country as a result of crucial decisions made at the right time.

The opposite analogy can be drawn from the Civil War, where the North was vastly superior to the South in number of troops and resources.²⁹ On the whole, the Southern Officers were better tacticians and military strategists than the Northern Officers.³⁰ In the end, the North won the war of attrition, costing millions of dead or maimed soldiers.³¹ Based upon the author's personal experience, many of the larger firms have a tendency to wage siege warfare, where winning comes at a substantial price.

Despite the flux of many IP boutique attorneys into general firms with IP practices, a number of quality IP boutiques remain that can handle even the most complex patent infringement suits.³² At the same time, many fine IP litigators work in IP sections of general law firms.³³ Certainly, the general firms have a large amount of resources to try the most complex IP cases. However, if "siege warfare" is the litigation strategy, it will cost and cost dearly.

B. Corporate Counsel Control

Like a Commander in charge during war, one lead attorney should be in charge of any case. An intellectual property attorney³⁴ or a trial attorney with an intellectual property attorney sitting second chair could function as the lead attorney. Whether prosecuting or defending an

²⁵ *Id.* at I-92 to -93, I-96 to -97, I-102 to -103 (located in Appendix A-4, A-6, A-7).

²⁶ Gregg J. Dimmick, *Sea of Mud: The Retreat of the Mexican Army after San Jacinto, An Archeological Investigation* (2004).

²⁷ *Id.*

²⁸ *Id.*

²⁹ Leon F. Litwack, *Civil War, American*, Funk & Wagnalls New Encyclopedia (2006), available at <http://www.history.com/encyclopedia.do?articleId=205794> (last visited July 17, 2008).

³⁰ *Id.*

³¹ Craig Lambert, *The Deadliest War*, Harvard Magazine, May-June 2001, available at <http://harvardmagazine.com/2001/05/the-deadliest-war.html> (last visited July 17, 2008).

³² Greenspan, *supra* note 22.

³³ *Id.*

³⁴ In patent cases, this normally means a "Registered Patent Attorney," *i.e.*, an attorney registered to practice before the United States Patent and Trademark Office.

intellectual property case, corporate counsel should pay careful attention to the selection of the lead attorney. From the outset, corporate counsel should make the following points emphatically clear:

1. A junior level attorney with a lower billing rate will be assigned to the case.
2. Work that can be done by the junior attorney will be done by the junior attorney.
3. The only battles that will be fought are those with a good probability of winning.
4. Discovery disputes will be avoided in every way possible.
5. What must be done will be done, while minimizing attorneys, fees, and resources.

While an experienced senior attorney should provide guidance to the intermediate or junior attorneys involved, the senior attorney should reserve most of his or her time for critical decisions, thus avoiding high billing expenses on briefing simple motions such as a venue transfer. Attorneys with lower billing rates should perform the majority of the leg work in any action. The lead attorney should have leeway in making decisions; however, corporate counsel continually should be involved in the decision-making process to determine which costs or expenditures are necessary.³⁵

IV. LOCATION OF TRIAL OF THE LAWSUIT

A. Venue

Plaintiffs naturally choose the location of the lawsuit. In 1986, if the plaintiff filed a lawsuit in a remote location which had no relation to the defendant nor the claim, the judge likely would have transferred the case “in the interest of justice” pursuant to 28 U.S.C. § 1404(a). Courts often transferred cases to the defendant’s principal place of business, a seemingly favorable forum for the defendant.

Twenty-three (23) years later, the landscape has changed. Plaintiffs’ counsel now view some district courts as patentee friendly, which has resulted in a large number of cases shifting to those districts.³⁶ Specifically with regard to the Eastern District of Texas, the court considers a number of factors when ruling on motions to transfer venue. However, the Eastern District places so much emphasis on “plaintiff’s choice of forum” that it is nearly impossible to transfer a case.³⁷ This District has become so pro-patent that patentees from around the United States

³⁵ As a word of caution, the author represented a client where more time was spent explaining each action to the corporate counsel than was required to perform the action, itself. Such hovering over a lead counsel will only drive up the cost of litigation.

³⁶ See Katzenellenbogen, *supra* note 8, at 284-85 (from 2001 to 2006, number of patent litigation filings in Eastern District of Texas increased from 33 to 262 and in Northern District of Georgia from 43 to 77 in part due to perception that districts were pro-patentee).

³⁷ *Singleton v. Volkswagen of Am., Inc.*, No. 2-06-CV-222 (TJW), 2006 WL 2634768, at *2 (E.D. Tex. 2006), *mandamus granted sub nom In re Volkswagen of Am., Inc.*, 506 F.3d 376 (5th Cir. 2007), *reh’g en banc granted*, 517 F.3d 785 (5th Cir. Feb. 14, 2008) (ruling on whether the Eastern District of Texas abused its discretion in denying motion to transfer venue); *QR Spex, Inc.*, 507 F. Supp. 2d 650, 665 (E.D. Tex. 2007) (maintaining that “the plaintiff’s choice of forum should not be lightly disturbed”); *Datamize, Inc. v. Fidelity Brokerage Servs., LLC*, No. 2:03-CV-321-DF, 2004 WL 1683171, at *9 (E.D. Tex. 2004) (finding choice of forum factor weighed in favor denying venue transfer); *In re Triton Ltd. Secs. Litig.*, 70 F. Supp. 2d 678, 688 (E.D. Tex. 1999) (stating that the plaintiff’s choice of forum is “paramount” and “highly esteemed”).

flock to the Eastern District of Texas to file patent infringement suits.³⁸ Moreover, juries in the Eastern District of Texas have awarded the patentee some of the largest patent infringement judgments in history.³⁹ The combination of a patentee friendly court, strong precedent against transferring venue, and substantial jury awards has resulted in a massive number of patent infringement suits being filed in the Eastern District of Texas.

This trend to file in the Eastern District of Texas may be reversing itself with the recent mandamus action granted by the Federal Circuit on a motion to change venue, but only time will tell.⁴⁰

To avoid the wrath of the Eastern District of Texas, accused infringers have begun filing Declaratory Judgment actions in perceived defendant-friendly locations upon the first hint of any allegation of infringement.⁴¹ The problem has grown to such proportions that proposed patent legislation introduced in Congress contains special venue provisions that greatly undermine pro-patentee courts.⁴² Although similar legislation has been proposed for a number of years, it is widely believed that the momentum has swung in favor of patent reform in the near future. However, the question remains as to whether the venue provision in the legislation will be adopted. Interestingly, similar patterns of forum selection problems have spread to trademark, copyright and unfair competition cases, only to a somewhat lesser degree.

B. Selection of Local Counsel

The saying quoted in the 1986 Article, “don’t play ball on someone else’s court unless you know the rules of the game,” still applies today.⁴³ In other words, locate an experienced local counsel who knows the ins and outs of the judge and jury system in that particular area. While some clients attempt to hire local counsel rumored to have “influence with the judge,” federal judges cannot be bought and sold. Nevertheless, a local counsel still provides a considerable advantage in knowing the preferences, tendencies and idiosyncrasies of the

³⁸ Maurna Desmond, *It’s War for RIM and Motorola*, Forbes, Feb. 18, 2008 (quoting Carl Tobias, law professor at the University of Richmond: “the Eastern District . . . has a reputation for being very pro-plaintiff in patent litigation”); Todd R. Miller, *Patent litigation on the rise in semi sector*, EE Times, Sept. 12, 2007 (pro-patentee Eastern District of Texas garnered 18% of patent suit filings in the last decade); Thomas Claburn, *Amazon, Google, Yahoo, And Others Sued For Automating Their E-mail*, InformationWeek, August 28, 2007 (quoting Dennis Crouch, law professor at University of Missouri: “[t]he Eastern District of Texas has seen a flood of patent litigation in recent years based on its reputation as a patent-friendly court”).

³⁹ Erika Morphy, *Microsoft Ordered to Cough Up \$1.5B in Patent Case*, E-Commerce Times, Feb. 23, 2007 (Eastern District of Texas jury found Microsoft liable for \$1.5 billion for patent infringement); Bloomberg News, *Microsoft, Autodesk Lose \$133 Million Patent Verdict*, The Seattle Times, April 19, 2006 (Eastern District of Texas jury found Microsoft owed \$115 million and Autodesk \$18 million for patent infringement).

⁴⁰ *In re TS Tech USA Corp.*, ---F.3d---, 2008 WL 5397522 (Fed. Cir. Dec. 29, 2008).

⁴¹ See Roderick R. McKelvie, *Forum Selection in Patent Litigation: A Traffic Report for 2006* (2006) available at <http://www.cov.com/files/Publication/eb4ec296-744c-469f-bd1b-21fff9c4435f/Presentation/PublicationAttachment/566ff812-6a3f-4888-b1cd-4bebebadf16e/801.pdf> (suggesting that recent Supreme Court decision in *MedImmune, Inc. v. Genentech, Inc.*, 127 S. Ct. 764 (2007), doing away with the reasonable apprehension of suit test may increase declaratory judgment actions filed by defendant infringers to avoid the Eastern District of Texas).

⁴² Patent Reform Act of 2007, H.R. 1908, 110th Cong. § 10 (2007) (seeking to restrict proper venues relating to patent claims to only “the judicial district where either party resides” and “the judicial district where the defendant has committed acts of infringement and has a regular and established place of business”).

⁴³ Lee, *supra* note 4, at § 7.04.

particular judges, juries, and procedures. With this insider knowledge, lead trial attorneys can better prepare a case in the most expeditious and cost efficient matter.

For example, if a case is located in the Eastern District of Texas, it is imperative to rigorously follow the special Patent Rules.⁴⁴ Moreover, various judges have created additional rules or guidelines specifically for their courtrooms.⁴⁵ Still further, as human beings, judges have their own internal “rules” which do not tend to be transcribed in an easily readable format. Guidance from a seasoned local counsel on these nuances of each courtroom can greatly benefit the lead attorney and/or litigant throughout a case.

C. One-Stop-Shop

As a result of the pro-patent courts such as the Eastern District of Texas, another trend has developed. Some big law firms have opened offices in the Eastern District of Texas staffed with their own attorneys. Now, the larger law firms can portray themselves as (a) having a presence in the Eastern District of Texas, (b) serving as their own local counsel, and (c) having an abundance of resources. In this manner, one attorney can act as the lead counsel, the trial counsel, and the local counsel. Whether this recent trend will continue in light of recent venue mandamus of Judge Ward remains to be seen.⁴⁶

V. THEME OF THE CASE

Nothing has changed in the intervening twenty-three (23) years concerning the development of a theme for the case.⁴⁷ When selecting the theme, remember the KISS principle: “Keep It Simple, Stupid.” An attorney must tell a logical, compelling story to the trier of fact, whether judge or jury. While it may sound trite, the story must place the white hat on the head of your client and the black hat on the head of the opposing party.

VI. PRE-TRIAL MATTERS

A. Filing the Lawsuit

If representing the plaintiff, after venue selection and pre-trial investigation, the complaint should be prepared and filed. For trademark or unfair competition matters, this can even include a petition filed in state court. A number of books with form complaints may prove useful resources. Filing a lengthy, detailed complaint alleging every conceivable fact is often unnecessary. Only when “fraud” is alleged must a complaint be plead with specificity and contain a more detailed account of the facts pursuant to the heightened pleading standard.⁴⁸ Otherwise, brief and general complaints can greatly reduce cost in the initial filing.

⁴⁴ P. R. 1, *et seq.* (Appendix M of Local Rules for the Eastern District of Texas).

⁴⁵ *E.g.*, Hon. Jeanne E. Scott, District Judge for the Central District of Illinois, *Rules of the Courtroom*, available at http://www.ilcd.uscourts.gov/rules/Judge_Scott_COURTROOM%20RULES.pdf (last visited July 17, 2008).

⁴⁶ *In re TS Tech USA Corp.*, *supra* note 40.

⁴⁷ Lee, *supra* note 4, at § 7.05.

⁴⁸ Fed. R. Civ. P. 9(b).

When representing the defendant, form pleadings may again prove helpful in advancing the standard affirmative defenses and counterclaims that can be filed with the answer. In using the standard form pleadings, remember the necessity of pleading some fact that will support each claim, affirmative defense, or counterclaim. Without supporting facts, the client could be vulnerable to sanctions after proper discovery reveals the lack of evidence to support the claims.⁴⁹

B. Temporary Restraining Order and/or Temporary Injunction

Upon filing a lawsuit, a plaintiff must decide whether to request a temporary restraining order and/or a preliminary injunction. In the author's experience with patent infringement lawsuits, a request for a temporary restraining order and/or preliminary injunction wastes time and money as courts view the remedy as "drastic and extraordinary" due to the exacting standard of proving "substantial likelihood of success on the merits."⁵⁰ Likewise, for a trademark infringement case, unless a plaintiff can clearly demonstrate infringement, a court likely will not grant a motion for preliminary injunction.⁵¹ On the other hand, with regard to copyright infringement cases, if the plaintiff can show a clear case of absolute copying with no question of fact as to whether the copying is "substantial", then requesting a preliminary injunction may be worthwhile.⁵² Even more so in cases involving theft of trade secrets, temporary restraining orders and/or preliminary injunctions are often very useful. A grant of injunctive relief early in the litigation prevents a defendant from further using the trade secrets. However, if a judge denies the motion for injunctive relief, a permanent injunction after succeeding on the merits could be meaningless given the damage already inflicted by the use of trade secrets. Once the preliminary injunction is denied, the case becomes primarily one of damages.

Requesting a temporary restraining order and/or preliminary injunction generally results in a significant amount of expenditures very early in the lawsuit. Facts must be gathered, affidavits prepared, and motions and briefs drafted and filed. In the instance that the court grants injunctive relief, bonds will have to be posted. Typically, after a court grants a temporary restraining order, expedited discovery is also granted. A hearing on the preliminary injunction then usually follows the expedited discovery. The aforementioned procedure occurs in a very short span of time, meaning hefty attorney's fees and expenses. On the brighter side, a preliminary injunction is often outcome determinative.⁵³ Therefore, although requesting temporary relief may substantially increase upfront costs, knowledge by both parties that the court's order likely forecasts the overall outcome may result in money saved in the long run.

⁴⁹ Fed. R. Civ. P. 11.

⁵⁰ *Intel Corp. v. ULSI Sys. Tech., Inc.*, 995 F.2d 1566, 1568 (Fed. Cir. 1993), cert. denied, 510 U.S. 1092 (1994).

⁵¹ See, e.g., *Brennan's Inc. v. Brennan*, 512 F. Supp. 2d 559, 573 (S.D. Miss. 2007) ("there is a possibility of confusion, but having considered and weighed the digits of confusion, as discussed herein, the court concludes that plaintiff has failed to establish a likelihood of proving anything more than a possibility of limited confusion")

⁵² See, e.g., *Live Nation Motor Sports, Inc. v. Davis*, No. 3:06-CV-276-L, 2006 WL 3616983, at *3 (N.D. Tex. 2006) (granting preliminary injunction where copying of work was largely undisputed).

⁵³ 3 Roger M. Milgrim, *Milgrim on Trade Secrets*, § 14.01[9] (2008) ("the preliminary injunction motion may prove evidentiarily free-swinging and wide-ranging and the result obtained is often dispositive"); see also Douglas Lichtman, *Uncertainty and the Standard for Preliminary Relief*, 70 U. Chi. L. Rev. 197, 203 (2003) (suggesting that the preliminary injunction hearing could be outcome determinative by changing the positions of the parties or due to a judge's predisposition to agree with a previous ruling).

C. Discovery Plan

At the time of the prior presentation, the Federal Rules of Civil Procedure did not require any disclosures, not initial disclosures, disclosure of expert testimony, or pretrial disclosures as now required pursuant to Rule 26.⁵⁴ Likewise, no “discovery plan” proposed in a conference of attorneys, now required under Rule 26(f), was necessary.⁵⁵ While a pre-discovery conference has now been required for a number of years, the December 1, 2006 amendments to the Federal Rules of Civil Procedure added the requirement to also discuss “any issues of disclosure or discovery of electronically stored information, including the form or forms in which it shall be produced.”⁵⁶ The courts have become so inundated with discovery disputes regarding electronically stored information (“ESI”), that now even the Federal Rules reflect the ESI revolution. While the new rules allow a party to specify the desired form of ESI production, often parties still cannot agree. To cope with this likely occurrence, the Advisory committee adopted the following rule: “[i]f a request does not specify a form for producing electronically stored information, a party must produce it in a form or forms in which it is ordinarily maintained or in a reasonably useable form or forms.”⁵⁷

The initial conference of attorneys is the critical time to cooperatively discuss the forms in which the ESI exists and the cost/burden of its production. Numerous articles have been written emphasizing the importance of realistically conferring to resolve ESI issues in the initial conference.⁵⁸ Cooperation can greatly reduce the cost of litigation by avoiding countless attorney hours spent drafting motions to compel and arguing over which party should bear the price of production. If a party does not behave sensibly during discovery, far worse can occur than simply an unfavorable production of documents.⁵⁹

⁵⁴ Fed. R. Civ. P. 26.

⁵⁵ Fed. R. Civ. P. 26(f).

⁵⁶ Fed. R. Civ. P. 26(f)(3)(C).

⁵⁷ Fed. R. Civ. P. 34(b)(2)(E)(ii).

⁵⁸ Julie Grantham, Mark L. Greenwald, Xavier Rodriguez, *E-Discovery: New Rules and Challenges* (2007) (presented at the Intellectual Property Law Section State Bar of Texas annual meeting focusing on Intellectual Property in the Digital Age); Mia Mazza, Emmalena K. Quesada, Ashley L. Sternberg, *In Pursuit of FRCP1: Creative Approaches to Cutting and Shifting the Costs of Discovery of Electronically Stored Information*, 13 Rich. J.L. & Tech. 11,*82 (2007) (“producing party should consider engaging the requesting party in discussions regarding specific search and sampling methodologies to be used in the discovery of ESI” because “[r]aising and resolving these issues at the front-end of discovery not only reduces the costs of managing relevant data, but it also may serve to diffuse potential discovery disputes”); Tracey L. Boyd, 7 Vand. J. Ent. L. & Prac. 323, 334 (2005) (“[I]itigants who meet in the early stages of litigation will be better equipped to get their files in order, to determine what procedures they may need to comply with . . . and to estimate the likely costs associated with producing the requested data”).

⁵⁹ *Coleman (Parent) Holdings, Inc. v. Morgan Stanley & Co., Inc.*, No. CA 03-5045 AI, 2005 WL 674885 (Fla. Cir. Ct. 2005) (entering default judgment against producing party for host of discovery abuse, including repeated unjustifiable refusals to agree to discovery search protocols); *Bullard v. Roadway Express*, 3 F.App’x 418, 422 (6th Cir. 2001) (affirming district court’s dismissal of complaint after plaintiff’s failure to comply with discovery rules).

Since electronic discovery is probably the single most expensive item in complex civil lawsuits, especially intellectual property cases, a party should place considerable thought and effort into the Rule 26(f) conference and in planning the production of electronic discovery. ESI can present a tremendous burden even for smaller entities, much less Fortune 500 companies. In 2005, Exxon Mobil testified that the corporation generates 5.2 million emails daily sent from about 65,000 desktop computers and 30,000 laptop computers.⁶⁰ Exxon Mobil estimated the company's total information storage at 800 terabytes, approximately 400 billion typewritten pages!⁶¹ Such massive amounts of information render culling through every single document humanly impossible. As such, it is imperative that a party make reasonable, directed, and often limited requests for ESI. Reasonable behavior by one party will more likely be reciprocated, leading to reduced overall costs.

D. Your Request for Discovery

Discovery requests should IMMEDIATELY be sent following the Rule 26(f) conference. While it depends upon the case, a party may start by deposing the information technology (IT) employee of the opposing party. In this manner, a party can receive valuable information concerning the discoverable ESI and its manner of storage. However, this preemptive measure is normally only necessary when the opposing party has refused to cooperate in the Rule 26(f) conference. Assuming that each party identifies the ESI, drafting of document production requests may begin. In formulating the requests for production, remember the saying "be careful what you ask for because you might get it." The movie "A Civil Action" starring John Travolta as the attorney for the injured plaintiff, and Robert Duval, the opposing counsel, exemplifies this point precisely. Travolta requested all documents that may possibly show pollution. After stalling for as long as possible, Duval produced the documents, truckload upon truckload of documents, making document review by plaintiff's counsel physically impossible.

While likely a hyperbole at the time of the movie, the present state of affairs contemplates an amount of documents unimaginably greater than that depicted on the silver screen. Even with electronic searching, the immense number of documents is overwhelming. The cost of culling through the relevant documents, even electronically, by both the producing party to filter privileged information or by the requesting party in search of the "smoking gun" often may be cost prohibitive. Studies show that some defendants even settle lawsuits on unfavorable terms solely to avoid the cost of electronic discovery.⁶² Many organizations are still struggling to develop cost effective procedures to manage ESI production.⁶³

⁶⁰ Chuck Beach, Exxon Mobil Corp. Coordinator of Corporate Litig., *Public Hearing on Proposed Amendments to the Federal Rules of Civil Procedures*, Dallas, at 37 (January 28, 2005), available at <http://www.uscourts.gov/rules/e-discovery/DallasHearing12805.pdf> (last visited July 15, 2008).

⁶¹ *Id.*

⁶² Ann Kershaw, A. Kershaw, PC, *Public Hearing on Proposed Amendments to the Federal Rules of Civil Procedures*, Dallas, at 59 (January 28, 2005), available at <http://www.uscourts.gov/rules/e-discovery/DallasHearing12805.pdf> (33% of respondents to a survey reported settling due to e-discovery issues) (last visited July 15, 2008); ABA Digital Evidence Project Survey on Electronic Discovery Trends and Proposed Amendments to the Federal Rules of Civil Procedure, Preliminary Report, at 31 (2005) (10% of respondents agreed that their organization settled a case to avoid financial costs of e-discovery).

⁶³ ABA Digital Evidence Project Survey, *supra* note 59, at 30 (65% of respondents reported that their organization had not developed a cost effect procedure for searching ESI for privileged material).

If after conferring with the opposing party, that party fails to produce the requested ESI, a motion to compel should promptly be filed with the court. To ensure a favorable ruling, it may be helpful to take a preliminary deposition highlighting the amount of concealed ESI. In this situation, the previously submitted narrow and directly related ESI document requests supply the court with reason to invoke its considerable discretion in ordering ESI production.⁶⁴ Even if the opposing party objects on the grounds that the ESI is “not reasonably accessible because of undue burden or cost,” the court in its discretion considers if “the burden or expense of the proposed discovery outweighs its likely benefit, considering the needs of the case, the amount in controversy, the party’s resource, the importance of the issues at stake in the action, and the importance of the discovery in resolving the issues.”⁶⁵

Generally, a court will order the production of ESI if the requesting party shows that its need for the discovery outweighs the burden or cost of locating, retrieving, and producing the information.⁶⁶ The court will weigh the willingness of the requesting party to share the cost related to retrieving the ESI in determining whether good cause has been shown.⁶⁷ Once the ESI is produced, the entirely new, and often more costly, task of reviewing the ESI ensues. It can prove extremely helpful to have an IT expert available in order to assist in determining the most cost efficient method of reviewing the ESI.

The primary question to resolve is how to quickly “separate wheat from the chaff.” Although many different options exist to assist in the process, all beyond the scope of this paper, some methods recommended by IT professionals include: keyword searching, concept searching, sampling, indexing, “light” processing, near-duplication detection, e-mail threading, clustering analysis, and taking the long view.⁶⁸ The most cost efficient and accurate manner of culling through ESI still remains undetermined. An IT employee experienced in electronic discovery should be familiar with the relevant methods and likely can make an appropriate decision. Interestingly enough, electronic searching outperformed human searching in a study by a substantial margin.⁶⁹ So although the sheer volume of the ESI renders human review cost prohibitive, the computer search mechanisms may yield more positive results anyway.

E. The Increasingly Elusive Smoking Gun

The quest for the smoking gun that will assure a victory has spawned countless hours of thumbing through page after page of seemingly irrelevant documents. Every attorney involved in litigation for an extended period of time has encountered the case where a smoking gun has nailed one of the parties. The author litigated a patent infringement suit in which General Electric purchased a Friedrich Air Conditioner, traced the electrical circuit, and scribbled in long

⁶⁴ Fed. R. Civ. P. 26(b)(2)(B).

⁶⁵ Fed. R. Civ. P. 26(b)(2)(C)(iii).

⁶⁶ Fed. R. Civ. P. 26, Advisory Committees Notes, 2006 Amendments.

⁶⁷ *Id.*

⁶⁸ Adam I. Cohen, *How New Technology Reduces the True Cost of E-Discovery*, Legal Tech Newsletter (L. J. Newsletters, New York, N.Y.), May 2007; Mazza, *supra* note 56, at *21, *34, *69.

⁶⁹ Anne Kershaw, *Automated Document Review Proves Its Reliability*, Digital Discovery & e-Evidence, Nov. 2005, at 10 (reporting that computerized document review software identified on average more than 95% of relevant documents while human reviewers averaged about 51%).

hand the word “Friedrich” in the upper right hand corner of the paper.⁷⁰ This was undeniable proof that General Electric copied the Friedrich Air Conditioner, the “smoking gun” that sealed General Electric’s fate.

With the advent of electronic discovery, however, many documents previously reviewed by humans are now left to computer review. Searching techniques convert word text to digital form through a process called optical character recognition (OCR), so that a program can interpret the document and “decide” whether to produce the document as relevant.⁷¹ This begs the question: what happens to the relevant documents that aren’t text? With electronic discovery search mechanisms still in their infancy, relevant documents, possibly even smoking guns, can easily slip through the metaphorical fingers of computer software. Modern ESI search software may have confidently deposited the electric circuit tracing in the Friedrich case in the “irrelevant pile,” possibly making the case much harder to resolve. Would the jury have reached the same decision without the smoking gun? Maybe, maybe not.

Due to the now enormous amount of ESI and the possibility that computer searches will not return relevant documents even if reviewed, the question every client has to answer with the advice and direction of their attorney is: how much time, effort and expense should be spent looking for the proverbial “smoking gun?” At some point, a balance must be struck. The *best* evidence that provides a party with the *greatest* probability of winning may come at such a high cost that it begins to severely diminish the recovery. A cost-benefit analysis in some situations may suggest that an attorney try a case even though the evidence in hand is only average, simply because of the physical and financial impossibility of locating the smoking gun. On the other hand, trying a case with only average evidence decreases the likelihood of winning. As a result of the electronic age, this trade-off is becoming evermore present in each action and is a predicament that must be thoroughly addressed by counsel and client alike.

F. Initial Interrogatories

In many cases, the trial counsel will not know the principal players in the lawsuit. Deposing the CEO of a Fortune 500 company (if a deposition could even be obtained) would be fruitless, as he or she likely has no knowledge about the subject matter of the lawsuit. The purpose of the initial interrogatories is to find the responsible parties, which in turn offers clues to the most relevant deponents. Additionally, initial interrogatories are useful in locating key documents. Now that many documents are stored on computers, questions about a document’s location on the computer system and the computer system, itself, are also important. Furthermore, a party should inquire about the form in which and by whom the ESI is maintained. While a party may include interrogatories concerning damages, expert witnesses, attorney’s fees, and knowledge, it is probably premature. However, given the continuing duty to supplement,⁷² requesting information concerning these issues likely would cause no harm. Remember, each side has a limited number of interrogatories unless leave of court is obtained to expand that number;⁷³ therefore, use the interrogatories wisely.

⁷⁰ *Gen. Elec. v. Friedrich Air Conditioning & Refrigeration*, 790 F.2d 94 (Fed. Cir. 1986) (TABLE, NO. 85-2387) (affirming Western District of Texas in unpublished opinion).

⁷¹ Seth Grimes, *Understanding Legal Information and E-Discovery*, Business Intelligence Network, Mar. 18, 2008, available at <http://www.b-eye-network.com/view/7099> (last visited July 17, 2008).

⁷² Fed. R. Civ. P. 26(e).

⁷³ Fed. R. Civ. P. 33.

G. Initial Depositions

Since discovery normally devours the majority of the funds in any IP litigation,⁷⁴ taking an early, accurate, and to the point deposition of key witnesses is critical. Second tier depositions can be left until later, as interim developments may render those depositions useless.

Whether to first depose a corporation pursuant to Rule 30(b)(6) is often a question which arises early in discussing depositions.⁷⁵ On the one hand, deposing the corporation (or more specifically a corporate designee) cuts to the heart of the matter and could uncover crucial information, shortening the lawsuit substantially. However, without a sizable knowledge base derived from deposing individuals, it may be difficult to specify the areas on which the Rule 30(b)(6) witness will be deposed. Additionally, the opposing party may designate multiple individuals to act as the corporate designee among different areas of examination.

On the other hand, first deposing some of the principal actors enhances the knowledge about the occurrences in the matter, allowing for a better deposition of the corporate designee. Though, this could lead to extra expenditures when similar or better information could have been uncovered by deposing the corporation. Either way, during that first round of depositions, a party should depose the corporate designee so that the corporation commits itself to a particular position. Even if the corporate designee attempts to prevent the corporation from committing to a position, *someone* must testify on behalf of the corporation on matters that should be within the corporate knowledge.⁷⁶ The author participated in a case in which the opposing party specified a whole series of corporate designees on a particular subject, none of which could answer on behalf of the corporation. After a motion to compel and order of the court, the opposing party was finally forced to respond on behalf of the corporation, as the answers were within the corporate knowledge. Such gamesmanship simply drives up the cost of litigation.

Remember when taking a deposition, the Federal Rules impose a time limit of “one day of seven hours.”⁷⁷ Concise and to the point depositions of the corporate representative and the key players, not only decrease the cost of the immediate litigation, but avoid spending extra time and money requesting leave from the court to extend the deposition. While other ancillary depositions may be useful, as Joe Friday of TV Fame used to say “just the facts ma’am.” Neither the deposing attorney nor the witness should meander down rabbit trails.

H. Your Production

In responding to a request for production of documents, err on the side of overproduction. Even with regard to privileged documents, the new Federal Rules have a “claw back” provision which provides protection for parties if privileged documents are produced.⁷⁸ For small to

⁷⁴ *E.g.*, Am. Intellectual Prop. Law Ass'n, *supra* note 10, at I-92 to -93 (average cost of patent infringement litigation with less than \$1 million at risk, at end of discovery \$461,000 and average cost of entire litigation \$767,000; with \$1-\$25 million at risk, at end of discovery \$1,589,000 and average cost of entire litigation \$2,645,000; with greater than \$25 million at risk, at end of discovery \$3,340,000 and average cost of entire litigation \$5,499,000) (located in Appendix A-3).

⁷⁵ Fed. R. Civ. P. 30(b)(6).

⁷⁶ *Id.*; *see also Brazos River Auth. v. GE Ionics, Inc.*, 469 F.3d 416, 433 (5th Cir. 2006).

⁷⁷ Fed. R. Civ. P. 30(d)(1).

⁷⁸ Fed. R. Civ. P. 26(b)(5)(B).

medium size companies, this is fairly easy to accomplish. Search the ESI data for the names of the attorneys that represent the client in order to procure work-product documents and those documents protected by attorney-client privilege. After reviewing the documents, essentially everything else can be produced. Culling through countless files can enlarge the cost of discovery substantially. Overproduction can limit the amount of hours spent splitting hairs over the appropriate documents to produce.

The rules provide two ways that documents can be produced, namely (1) as they are kept in the ordinary course of business or (2) organized and labeled to correspond to the categories of the requests.⁷⁹ A party may effectively shift the cost to the requesting party by inviting the requesting party to the document storage location, and having someone knowledgeable standby to identify the documents' precise location. Additionally, an IT employee should be present to gather ESI information. In this manner, the cost spent on reviewing documents rests on the opposing party.

The aforementioned tactic could also lead to the production of less information than had the opposing counsel requested production with greater specificity. As a practical example, the author recently represented an electronic data processing company from which ex-employees misappropriated computer information. The opposing party requested the production of essentially all ESI within the company. Instead of producing the requested ESI, the opposing counsel was invited to the place of business and asked about the desired information. Not surprisingly, the opposing counsel quickly selected only a small subset of the overall ESI requested.

For large companies, this option may not be available. However, it is possible that many production requests may be too broad precisely because of the large nature of the company. By specifically stating that the requests are unduly broad or that the documents are not reasonably accessible because of undue burden or cost, a court, through its power to specify the conditions for discovery,⁸⁰ may elect to shift the cost to the requesting party, a practice now commonly followed as a result of electronic discovery.⁸¹

I. Marginally Fruitful Discovery

One of the hardest decisions for IP attorneys to make is when to stop discovery. A study of civil cases in Hawaiian courts in 2004-2005 revealed that approximately two-thirds of the cases were resolved without any discovery requests.⁸² Distinguishably, most attorneys handling IP litigation have a tendency to depose every conceivable witness and examine every document (though becoming impossible with ESI) before feeling adequately prepared for trial. Because of the tremendous cost of IP litigation, attorneys must learn when to stop discovery. Send

⁷⁹ Fed. R. Civ. P. 34(b)(2)(E)(i).

⁸⁰ Fed. R. Civ. P. 26(b)(2)(B).

⁸¹ *Zubulake v. UBS Warburg LLC*, 217 F.R.D. 309 (S.D.N.Y. 2003) (*Zubulake I*); Mazza, *supra* note 56, at *97; Grantham, *supra* note 56, at 12; Ross Chafin, *The Growth of Cost Shifting in Response to Rising Cost and Importance of Computerized Data in Litigation*, 59 Okla. L. Rev. 115 (2006); *Managing Discovery of Electronic Information: A Pocket Guide for Judges*, Federal Judicial Center, at 10 (2007); Carolyn Southerland, *Electronic Discovery*, E-Discovery Workshop, Texas Bar CLE, at 13 (2007).

⁸² John Barkai et al., *A Profile of Settlement*, 42 J. Am. Judges Ass'n 34, 36 (2006), available at <http://digitalcommons.unl.edu/ajacourtreview/22/> (last visited July 15, 2008).

interrogatories and requests for production, depose the key players and STOP! Do not investigate every rabbit trail imaginable.

An example may illustrate the point. The author had the pleasure of participating in a case as co-counsel with a very learned attorney who had practiced law for more than fifty years. The two defendants, a bickering divorced couple, were each represented by a separate attorney and each was blaming the other. The husband testified one way on a particular matter, and the wife subsequently testified the opposite. However, the wife's testimony was based upon hearsay. The author leaned across the table and whispered to his elderly, slightly hard-of-hearing co-counsel, "That testimony is objectionable. Do you want to object?" He answered in a loud whisper that could be heard by everyone in the courtroom, "Huh? What did you say?" Again, the author responded in a louder whisper that also could be heard throughout the courtroom, "That testimony is objectionable. Do you want to object?" The elderly attorney leaned back in his chair and stated in an even louder whisper, "She says it is a white rabbit. He says it is a black rabbit. I am not going to prove it is a grey rabbit. Let them go down all those rabbit trails they want to." The entire courtroom burst into laughter with the examining attorney's face suddenly developing a wimpish look.

At some point the additional depositions and supplemental requests for documents must come to an end. Granted, continued discovery may *always* uncover facts relevant to the case, but at what cost? Eventually, the client and trial counsel have to conclude that the benefit of discovering additional, marginally helpful information does not outweigh the cost involved. Bring things to a close. If the trial counsel does a good job of extracting relevant information in the initial round of depositions, other than the testimony of experts, discovery may essentially be over. While the opposing party or attorney may engage in gamesmanship, do not follow suit or permit them to perpetuate the process.

J. Motion to Compel

At the time of the 1986 article, the legal arena tended to play games during discovery, and the courts already had begun to make parties regret that decision. That the court "must" award reasonable expenses in drafting the motion to compel if granted had already been added to the Federal Rules.⁸³ Today, courts even more emphatically press to eliminate the games from discovery. The Southern District of New York decided the seminal case of *Zubulake v. UBS Warburg*⁸⁴ concerning electronic discovery gamesmanship for which the party paid dearly. From 1986 to *Zubulake* to the present time, courts have frequently punished unresponsive parties.

Do not hesitate to file motions to compel with the court if the opposing party plays games during discovery. The opposing party may live to regret their decision.⁸⁵ Prior to filing the motion to compel, however, a party must make reasonable attempts to confer with the opposing party. Not only do the Federal Rules mandate this attempt to confer,⁸⁶ but a judge will more

⁸³ Fed. R. Civ. P. 37(a)(5)(A).

⁸⁴ 229 F.R.D. 422 (S.D.N.Y. 2004) (holding that jury would receive an adverse inference instruction against UBS, and that UBS must pay cost of attorney's fees and depositions following its late production of documents) (*Zubulake V*).

⁸⁵ Ameet Sachdev, *Costly Electronic Discovery "Part of Potentially Every Case in the 21st Century"*, Chi. Tribune, April 10, 2005, available at http://www.rpost.com/partners/pdf/ChicagoTribune_April10_1005_Emails_becomes_trial_for_courts.pdf (last visited July 15, 2008).

⁸⁶ Fed. R. Civ. P. 37(a)(1).

willingly grant the motion and award costs if it is evident that a good faith effort was made to resolve the conflict. Also, it is essential that the opposing party in reality acted unreasonably. Make sure that the motion to compel is grounded in law and in fact so as to avoid the unfortunate occurrence of having the motion denied and fees awarded to the opposing party.

K. Use of Form Pleadings and Briefs

Pleading books contain a form for almost every conceivable IP claim, including complaints, answers, affirmative defenses and counterclaims. Do not reinvent the wheel. Use form pleadings modified to the unique facts of every case. Motions and responses thereto can likewise be located in form books. Also, do not hesitate to borrow from previously filed motions and briefs. The author has found that once the facts are articulated in a brief, the remainder of almost all the necessary information is contained in statutes, the rules, or the Advisory Committee notes. Very few additional cases need be cited.

Even in preparing and filing a *Markman* brief⁸⁷ in a patent infringement suit, the law is for the most part boilerplate. Previously filed briefs can be used to modify the boilerplate in minimal time. The attorney must then argue the desirable claim construction consistent with the boilerplate law. Thus, the attorney can greatly reduce the time involved in researching the law while spending more time applying the facts consistently with the law.

Lengthy, detailed filings normally do not impress the courts when all that is required is a short, simple brief. The antiquated, sexist saying concerning a lady's skirt accurately describes the desirable length of a motion: "It should be long enough to cover the subject matter, but short enough to be interesting."

L. Expert Witnesses

The expert witnesses should be acquired very early in the case. Depending upon the IP case and the location of the venue, there may be a great or limited number of available experts. For example, the author litigated a case in San Antonio, Texas in which only one decent survey expert was available in the whole city. The party who first secured this expert had an enormous advantage. Even though the same motive may not apply to larger metropolitan areas, still more reasons exist for early procurement of experts. Many cases cannot resolve or settle until there is some indication as to the experts' opinions, especially damage experts. In particular, defendants have a tendency to be illogical about settlement until faced with an adverse impression by an expert. The sooner the damage experts calculate a figure estimating the amount of damages, the sooner the opposing party will realize the magnitude of their possible exposure. Many times this will prompt parties to seriously consider settlement.

Another reason to obtain an expert early is to have the option of initially using the "retained expert" as a "consulting expert." The consulting expert can indicate the evidence necessary to render a favorable opinion. With this information, the trial attorney knows more clearly what information should be targeted. Thereafter, once the information is discovered, the consulting expert can render his opinion and be designated as a "testifying expert." The one caution to observe in designating the consulting expert as a testifying expert is that any

⁸⁷ *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996).

communications, even while the now testifying expert was a consulting expert, are not considered privileged.

M. Pretrial Order

Attorneys often argue over the pretrial order, an argument which is unnecessary and a waste of time. Every pretrial order has sections on which the parties “agree” or “disagree.” The trial attorney must only determine the witnesses, facts, exhibits and proposed law which he or she wishes the court to consider, and the opposing party lists whether it agrees or disagrees. If the opposing party “agrees,” the issue becomes a stipulated fact or law. If the opposing party “disagrees,” the issue becomes a disputed area of fact or law. Arguing with the opposing party is fruitless, as every contention is either agreed or disputed anyways and listed accordingly. Keep the statement of facts and proposed law in short, simple paragraphs so that the opposing party will look foolish for disagreeing with everything. In the same way, do not dispute everything, as it is nearly impossible for *everything* to be false, and you do not want to be the one looking foolish.

VI. TRIAL

With regard to the evolution of the trial, it has never been more appropriate to exclaim “the more things change, the more they remain the same.” The comments the author made concerning the actual trial in 1986 still remain true today.⁸⁸ The only difference being that the visual aids are now presented by computer instead of charts and posters. Now a party can present not only computer graphics but an exhibit may be projected, enlarged and portions emphasized in front of a judge or jury. Otherwise, the comments are as good today as they were two decades ago.

VII. SETTLEMENT

The undisputed trend is that fewer and fewer cases are being tried.⁸⁹ In 2003, 17 million civil cases were filed in state and federal courts in the United States.⁹⁰ Studies indicated that less than three percent of civil trials reached a final judgment and less than one percent was tried to a jury.⁹¹ Specifically with regard to federal statistics in 1990, 4.3% of the civil cases reached trial, but by 2006 the number dropped to only 1.3%,⁹² demonstrating that a very low percentage of federal cases ever reach trial and that number is on the decline. Similarly, the Fulbright & Jaworski study indicated a clear trend in the Western District of Texas toward fewer trials (jury or non-jury) within the last decade.⁹³

The takeaway message for the IP litigator and their clients is that there is less than a 1 in 50 chance the case will ever go to trial. In all probability, the case will be disposed of long

⁸⁸ Lee, *supra* note 4, at § 7.07.

⁸⁹ Barkai, *supra* note 80, at nn.3 & 6.

⁹⁰ *Id.* at n.6.

⁹¹ *Id.*

⁹² Federal Judicial Caseload Statistics June 30, 2006, Table 4.10, <http://www.uscourts.gov/judicialfactsfigures/2006/Table410.pdf> (located in Appendix A-2).

⁹³ Fulbright & Jaworski L.L.P., 2006 Litigation Trends Survey Findings (2006) (located in Appendix A-8).

before trial. The goal of the IP litigator and the client should be to resolve the case at the earliest possible stage.

According to the author's experience, the two most common times a controversy settles is either (a) after the lawsuit has been filed and each side has conducted an initial investigation but prior to the commencement of discovery or (b) after the first round of discovery. Smaller cases have a tendency to settle immediately prior to discovery while larger cases normally require an initial round of discovery before the parties seriously sit down and talk. Hence, the objective of the IP litigator should be to reach the stage of settlement as quickly and as inexpensively as possible. When realizing that the vast, vast majority of cases settle, this only makes sense. Disputing issues with little probability of success is not utilizing the statistics to the advantage of the client.

IX. CONCLUSION

The tremendous cost of IP litigation cannot continue. There is already a public outcry concerning the cost of litigation, with IP matters leading the parade. The tremendous increase in IP litigation, as well as patent friendly Courts, has caused a backlash.

A result of the backlash is that fewer and fewer cases are being tried. Parties settle cases not based upon liability but on the economics involved. Simultaneously, with the growth in IP litigation and the reduced number of trials, electronic discovery has come of age. Now the critical issue in IP litigation is how to produce, receive, and cull the ESI at a minimal cost.

Litigants should attempt to make concise, direct cuts to get to the heart of the matter as early as possible with the minimum amount of expenditures. If the dispute can be resolved in this manner, great. However, if not, do not hesitate to try the case without exploring every rabbit trail in existence.