

# How to Manage an Intellectual Property Litigation

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## I. Introduction

Intellectual property litigation is one of the last behemoths for trial lawyers. Damages figures in the hundreds of millions of dollars in patent litigation are common. Because of the money at stake, clients often provide litigation counsel with large budgets to prosecute or defend their cases.

Lawyers are not trained to be managers. Large, and in sometimes excessive, budgets often lead trial lawyers to severely mismanage cases. Justified as “thorough preparation,” many firms employ the “no stone unturned” or “scorched earth” management style. In other words, firms direct multiple lawyers to investigate and develop every possible issue that can be identified. Such a management style can lead to staffing a case with dozens of attorneys. As one can imagine, the “no stone unturned” management style is not cost effective. But more importantly, the “no stone unturned” style often places inadequate attention on the key issues that may win a case at summary judgment or at trial. The fact is, this approach often simply illustrates a variant of Parkinson's Law: The work expands to fill the budget available!

Over the course of the last 30 years, Brooks Kushman P.C. has developed a unique method to manage every aspect of its intellectual property litigation. Each phase of litigation (staffing, client management, case development, discovery, etc.) is structured to provide the most effective results while eliminating activities that simply drain resources and money from the litigation team and the client. We have proven “less can be more.”

Brooks Kushman's “management by objectives” style has been successful even when opposing counsel spends 5 to 10 times the legal fees to pursue their “no stone unturned” style. In this manuscript, the Brooks Kushman “management by objectives” style is compared and contrasted with the “no stone unturned” style used by many large firms today.

## II. Management by Objectives

### A. Overview

As with any other type of management, you must always know the objectives or goals of your activity – litigation is no different. In litigation, the objectives come from the events at the end of the process, summary judgment and trial. Simply winning, however, is too broad a goal. For a plaintiff, it is the presentation of the best evidence concerning the *prima facie* elements for the cause of action in the complaint. For a defendant, it is the demonstration of a lack of a *prima facie* element or presentation of an affirmative defense.

These elements define the entire case and management should use these elements to focus all activity from motion practice in discovery to depositions.

## B. Case Management Brief

To best use the *prima facie* elements to focus all activity, it is imperative that a case management brief be developed early. A case management brief provides an outline for the legal standards required for each cause of action and citation to corresponding evidence to support each element. A case management brief is intended to be a living document, so when additional evidence is developed in discovery, the case management brief should be revised. An illustrative case management brief regarding an on-sale invalidity defense is illustrated below.

### \*\*\*Sample Case Management Brief\*\*\*

#### On-Sale Bar Invalidity

- Statutory Basis
  - 35 U.S.C. § 102(b)  
A person shall be entitled to a patent unless –  
  
\* \* \*  
  
(b) the invention was patented or described in a printed publication in this country or in a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.
- Key Cases
  - *Pffaf v. Wells Electronics, Inc.*, 525 U.S. 55 (1998)
  - *Group One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041 (Fed. Cir. 2001)
  - *Linear Technology Corp v. Micrel, Inc.*, 275 F.3d 1040 (Fed. Cir. 2001)
  - *TEC Air, Inc. v. Denso Mfg.*, 192 F.2d 1353 (Fed. Cir. 1999)
  - *Weatherchem Corp. v. J.L. Clark, Inc.*, 163 F.3d 1326 (Fed. Cir. 1998)
  - *Netscape Comm. Corp. v. Konrad*, 295 F.3d 1315 (Fed. Cir. 2002)
- *Prima Facie* Elements

“We conclude, therefore, that the on-sale bar applies when two conditions are satisfied before the critical date. First, the product must be the subject of a commercial offer for sale. . . . Second, the invention must be ready for patenting.”  
*Pffaf v. Wells Electronics, Inc.*, 525 U.S. 55, \_\_\_ (1998).

  - A Commercial Offer For Sale
    - Law
      - *Pffaf v. Wells Electronics, Inc.*, 525 U.S. 55 (1998).  
“First, the product must be the subject of a commercial offer for sale. An inventor can both understand and control the timing of the first commercial marketing of his invention. The experimental use doctrine, for example, has not generated concerns about indefiniteness, and we perceive no reason why unmanageable uncertainty should

attend a rule that measures the application of the on-sale bar of § 102(b) against the date when an invention that is ready for patenting is first marketed commercially. In this case the acceptance of the purchase order prior to April 8, 1981, makes it clear that such an offer had been made, and there is no question that the sale was commercial rather than experimental in character.”

- *Group One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041 (Fed. Cir. 2001).  
“Only an offer that rises to the level of a commercial offer for sale, which the other party could make into a binding contract by simple acceptance (assuming consideration), constitutes an ‘offer for sale’ under the on-sale bar.”
- Supporting Evidence
  - Invoice For Patented Item, BATES 1234: “ITEM XYZ delivered on 1/1/2001”
  - Testimony Of Sales Manager, Deposition pp. 75-78: “Our invoice system identifies when certain items are shipped to our customer.”
  - Expert Testimony, Deposition pp. 43-44
- Contrary Evidence
  - No Contrary Evidence Identified
- Ready For Patenting
  - Law - *Pffaf v. Wells Electronics, Inc.*, 525 U.S. 55 (1998)  
“Second, the invention must be ready for patenting. That condition may be satisfied in at least two ways: by proof of reduction to practice before the critical date; or by proof that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention. In this case the second condition of the on-sale bar is satisfied because the drawings Pfaff sent to the manufacturer before the critical date fully disclosed the invention.”
  - Supporting Evidence
    - Drawing by Inventor: BATES 01234.
    - Letter from inventor to potential customer regarding drawings: BATES 04567.
  - Non-Supporting Evidence
    - Testimony of Invention, pp. 45-47: “Invention was not added to the drawings until 2/3/03.”

**\*\*\*End Sample Case Management Brief\*\*\***

### **C. Focusing Discovery on Summary Judgment and Trial Issues**

Over time, Brooks Kushman has evolved case management to ensure that all activities are focused on summary judgement and trial. Using these points as the guiding principle for management results in cost effective and focused legal activity. If not managed, discovery

costs escalate substantially. Each discovery activity can be managed by the objectives of the case. The case management brief provides the structure to manage all activities by the ultimate objective.

**Depositions.** Depositions can be extremely costly. With the court reporters, travel, preparation, and fees, the cost of conducting a single deposition can exceed \$20,000. Deposition costs can get out of control but are just the cost of doing business when employing a “no stone unturned” management style. In fact, many firms move to exceed the 10 depositions per case limit set by the Federal Rules (which is freely given) to make sure every stone is analyzed. Numerous depositions are often a waste of resources. Rarely will 10+ witnesses from either side be called at trial and rarely do 10+ individuals have information related to the claims or defenses.

“Management by objectives” allows for substantial cost reduction. First, only those deponents whose testimony impacts the key *prima facie* elements of the causes of action or defenses are deposed. This drastically reduces the number of depositions. Second, only information and positions on the *prima facie* elements is sought. Much of the information taken during typical depositions is never used for any purpose. In fact, many firms use scripted outlines that are excessive and used to turn every stone. Focusing on the *prima facie* elements reduces wasting deposition time and resources, and the “more is less” consequence of tedious inquiry about every document produced.

Further, the case management brief is used to focus the depositions. It is beneficial for the questioning attorney to review the case management brief prior to the deposition to ensure that each of the critical elements are covered. Using the “management by objectives” style, the number and the duration of depositions is drastically reduced. It is not uncommon for Brooks Kushman to manage a high-stakes patent litigation by taking less than 10 depositions with not one lasting more than a ½ day.

**Written Discovery And Motion Practice.** Written discovery and motion practice can be time consuming for counsel – leading to higher legal fees. Written discovery may take months and reviewing documents can be a never ending proposition for many litigation teams. Often times firms will review documents when received, prior to depositions, before discovery cut off, at summary judgment, and trial. Document review can be a full time job for a number of attorneys.

If, however, before any documents are reviewed, a case management brief is created there will be little need to continually revisit the production. As shown above, the case management brief will also act as a key document collector and organizer. Placing each key document with its associated *prima facie* element will make depositions, summary judgment, and trial preparation much easier and less costly to the client.

With regards to written discovery, focusing on the summary judgment and trial objectives is critical. Many firms, however, choose to use standard or form written discovery leading to wasted resources. Written discovery should be individualized. No two cases warrant the same interrogatories and document requests. Although this method may create more

work on the front end, numerous iterations of written discovery will be avoided and motion practice will be more effective.

**Experts.** Other than discovery, expert fees are generally the largest pre-trial expense. Technical, financial and patent experts can be very expensive. There is no way to erase the costs of experts, so proper management seeks to limit the expense. This is accomplished by focusing the experts on the *prima facie* elements of the causes of action. The case management brief (although it should not be shared with an expert for discovery reasons) can structure the initial meetings with the expert and focus the expert on key documents and evidence that has been developed through discovery. In short, Brooks Kushman manages the experts, rather than abdicating to their expertise, even in the case of damages.

In contrast, too often, in the “no stone unturned” style, experts are unleashed to review the record and develop as many theories or suggestions as possible. This is not only expensive, but if the case is properly prepared by the attorneys, the experts' work is largely repetitive. Just as lawyers have difficulty managing other attorneys working on the same case, lawyers have difficulty managing experts. The more active role the attorneys play in guiding and focusing the expert on the critical issue, the more money is saved and the more compelling the expert's ultimate product will be.

#### **D. Staffing Based on Objectives**

The “no stone unturned” management style requires that dozens of attorneys work the file. Many attorneys are used only for certain aspects of the case. For example, young associates may be used for document production. Other junior attorneys may only perform legal research. Lead trial counsel may not review the matter until after summary judgment. Each of these situations is typical, but unacceptable.

Focused “objectives” management requires more continuity and more involvement by lead trial counsel. With regards to trial counsel, it is critical that he or she be involved in the development of the elements on which the litigation team will focus. Attorneys with little trial experience often have difficulty choosing the winning items to pursue. Lead trial counsel, hopefully with significant trial and jury experience, is essential to help craft winning issues. As with the “management by objectives” style, the fringe (or non-winning) issues will only drain little resources as the case progresses. The remainder of the staff should handle all other activities, from document review to motion practice to summary judgment preparation. The staff can vary depending on the case, but most cases can be adequately staffed with two experienced attorneys.

#### **E. Trial**

As discussed throughout this manuscript, the “management by objectives” style leads to a complete and focused package of evidence and theories to be used at trial. The case management brief is the basis for the trial brief, again leading to synergies. More importantly, however, the case management brief provides for a compact and concise organization of the trial issues. In the modern practice, trial schedules are getting shorter and shorter. Unlike trials in the O.J. Simpson era, trials today (even complex patent infringement trials) rarely last longer than two weeks. With this limited presentation time,

it is increasingly critical to try the best issues and forget the rest. In fact, that is just what the “management by objectives” style allows litigation teams to do not only at trial, but throughout the litigation.

#### **F. Client Management**

In addition to managing a lawsuit, the client’s expectations must also be managed throughout the litigation. As with any other business, the more the client (customer) is informed, the better the experience and the results. Unfortunately, lawyers have difficulty communicating the activities of a litigation with their client. This is primarily due to the client’s peripheral involvement with the case. However, if the litigation is managed by objectives, and the client is consulted in developing the objectives, the attorney-client relationship can lead to even greater benefits. Clients can more effectively assist in the litigation, particularly in consulting witnesses and experts concerning the objectives.

### **III. Conclusion**

Lawyers are not trained as managers, so many simply do not manage any aspect of the litigation. This invariably leads to wasted resources and chasing facts which are of no consequence.

To effectively manage the litigation, the objectives must be defined and pursued early. Using the objectives of the case, every aspect of litigation can be managed through early development of a case management brief and focus of all activities, intellectual property litigation can be run cost effectively.