



IP Enforcement / Defense / Publicity: Common Strategies and Best Practices

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**TOPIC I: ENFORCEMENT STRATEGIES
and PRACTICES**

Corporate Intellectual Property Roundtable

GSU College of Law and Robinson College of Business

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- Prefiling Analysis
- Demand Letters and Attempts to License
- Litigation
 - Costs and benefits
 - Procedural strategies

Prefiling Analysis

- Determine Primary Goal
 - Block or reduce competition
 - litigation
 - Generate revenue
 - licensing
 - litigation
 - Create fairer cost structure for competitor
- Prefiling Investigation
 - Useful for license negotiations
 - Required before litigation

Demand Letters and Attempts to License

- Open dialogue with target through letter or presentation
- Declaratory Judgment risks
 - Unfriendly or less desirable forum
 - Better to be plaintiff
 - Not in control of timing or priority of targets
 - Old Standard: reasonable apprehension of suit

Demand Letters and Attempts to License, cont'd.

- New Standard: Greater risk of declaratory judgment actions
 - *MedImmune v. Genetech* (licensor/licensee)
 - *Sandisk v. STMicroelectronics*
 - *Teva v. Novartis* (ANDA)
- Future Trends?
 - File first, negotiate later
 - Decrease in "Mass Mailings"

Litigation

- Costs and Benefits
 - Cost statistics
 - Strategies for cost containment
 - Budgets
 - RFP's
 - Alternative fee arrangements
 - Setting precedents and getting Patentee's message out
 - "We mean business"
 - Outcome affects overall enforcement program

Litigation, cont'd.

- Procedural Strategies
 - Choice of venue
 - E.D. Texas (Marshall)
 - E.D. Virginia
 - N.D. Georgia
 - Bench or Jury Trial

Thank you.

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Topic 2: Defense Strategies and Practices



- Minimize effort, expenses, political fallout dealing with claim
- Minimize uncertainty
- Quick timing if possible
- Minimize royalty burden
- Accommodate the company's interests and also interests of your clients



→ Merits

→ *Learn from others, don't reinvent wheel*

→ Noninfringement

→ Invalidity

→ Counterclaims / Counterleverage (Great Equalizer)

→ Venue and timeline

→ Is there enough information to suggest a broad track?

→ Monetary Stakes

→ Effect on product or service line

→ Cloud on brand

→ Potential Injunction

→ Statement Against Interest: If appropriate, *Do RFP*

→ Example



- Resolve
 - Contentious route
 - Licensing route
- Fight
 - To vindicate
 - To get information and ultimately resolve
- Defer
- Examples



→ DJ Action

- File and serve to show resolve
- File, not serve
- Couple with letter suggesting ADR
- Couple with letter suggesting meeting

→ Letter

- To dissuade claimant from pursuit
 - Persuade them their claim is meritless or they have Rule 11 / Sanction Problem
 - Example
 - Persuade them why you should be lower on their list
 - Merits, stakes, mistaken identity, your counterleverage
- Leading toward resolution
- Letter has higher S/N ratio than before SanDisk

→ Silence



- Pros / Cons
- Gross Up with Multiple Defendants
- Scope of Joint Efforts
 - Litigation
 - Sharing representation
 - Sharing information
 - Example
 - Opinion letter



→ Check Indemnification

- Agreement

- UCC 2-312

- What you want them to do:

 - Defend

 - Cover

 - Opinion Letter

 - Information

→ Check Insurance

- GCL

- Other policies



- Duty to Exercise Care / Opinion Letters
- Potential Waiver Problems
 - Echostar
- Document hold
- Disclosure / materiality
 - Audit
 - Investors



Topic 3: Publicity Interplay with IP Litigation

Presented by Bill Dyer

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What is Publicity?

- Press Release into press channels?
- Statement in a SEC Form 10-K?
- Comment of an Executive at Shareholder Meeting?
- Statement posted on your company website?
- Assertions by lawyers or parties to litigation?
- Planned statement by an employee to customers?
- "Unauthorized" statement by an employee to a customer?
- Blogs?

Why Does Publicity Matter?

- Reassure your customers and investors
- Put others on notice of your rights or willingness to fight

But some things to consider...

- Ethical issues for lawyers
- Waiver of attorney-client privilege
- Trigger a Declaratory Judgment (“DJ”) action
- Possible antitrust implications
- Open your company to libel, tortious interference, and other claims

So what's wrong with **“No comment”**?



- Litigation Immunity (subject to ethical rules)
- Antitrust issues are generally triggered by overt attempts to affect competition
- Incorrect statements believed to be true *can* sometimes be trouble
- Incorrect statements known to be untrue *are always* trouble (includes extreme recklessness)

Press Release into Press Channels

- Lawyers / Media Professionals can help craft and direct your message
- Focus on your target audience is key
- Obvious forethought and planning invites a higher level of scrutiny...a press release “becomes” the public position of the company.

Statement in a SEC Forms 10-Q & 10-K

- Risk Mitigation slant
- Follow the lead of your CFO and accountants

Executive Comment at Shareholder Meeting

→ Beware of the dreaded Q & A coupled with the “three highs” – adrenaline, expectations, and drama.

Question: “In the past year, a large number of domestic companies have entered the [widget] space. How do you plan to address this?”

CEO’s Answer: “I know what you’re talking about and we have studied the situation extensively. Let’s just say that by the time we get done with them, we’ll be the only ones standing. Our position will be secure.”

Develop a simple, pithy theme that your executives can use as a first line of defense.

Instead of: “I know what you’re talking about and we have studied the situation extensively. Let’s just say that by the time we get done with them, we’ll be the only ones standing. Our position will be secure.”

How about: “We are aware of our competitive environment and remain committed to protecting the value of our investments through whatever means necessary.”

Develop a simple, pithy theme that your executives can use as a first line of defense.

Should include one or more of the following:

- Indicate a desire to protect your investments
- Indicate respect for the lawful rights of others
- Show faith in the judicial system

Develop a simple, pithy theme that your executives can use as a first line of defense.

Another example:

“I am aware of the allegations against us. It is our intent to always respect the lawful rights of others. That said, we believe these allegations are false and we have great faith that we will be exonerated through the judicial process.”

Statement Posted on Company Website

→ OK:

- Copy of filed pleadings
- Copy of Annual Report and Form 10-K

→ Maybe OK:

- Copies of Press Releases
- Copies of published articles, etc. relating to case

→ Better be careful:

- Unreviewed content touching on litigation or products and services that could be implicated in litigation

Statement Posted on Company Website

- Consider international audience and implications – in the UK, in particular.

Assertions by Lawyers or Parties

→ Litigation Immunity prevents derivative tort actions if statements relate to litigation issues

OK: *BadCo's allegations against us are fraudulent and malicious.*

Probably Not OK: *BadCo's allegations against us are fraudulent and malicious, and they have a long history of lying about their competition to try to gain market share.*

Planned Statement by an Employee

- To customers and prospective customers
- Can be a letter, web posting, e-mail, etc.

Dear Customer,

You may know that XYZ Corp. recently filed a lawsuit against us alleging that our Widgets infringe their patent. As a regular purchaser of our Widgets, we wanted to keep you informed as to the status of the case.

We have retained legal counsel and intend to fully contest these allegations, which we believe are completely without merit. But because patent litigation is a complex and lengthy process, it may be many months or as much as several years before this issue is resolved.

In the meantime, we intend to continue to provide

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you with the same quality products and same efficient service you have come to know.

We will keep our customers informed as to the status of the case through periodic postings on the Customer Information page of our website. If you have questions relating to the case that cannot be answered through material posted there, please give me a call.

Thank you,

John Jones
Customer Service Manager

“Unauthorized” Statement by an Employee

- E-mail is dangerous and permanent.
- Educate against the practice of discrediting competitor’s products, *particularly to current or prospective customers of your competitors’ products.*

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Patent Blog



- RSS “Push” technology frequently used to monitor the blogsphere.
- Blogs less formal (and therefore less attributable to the company) than even unauthorized employee statements, but can be held up as an indicator of corporate mindset.
- Consider a strict prohibition against employee discussion of company business in blogs.

Questions?



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