



HOW TO WORK WITH OUTSIDE COUNSEL TO KEEP IP LITIGATION BUDGETS IN CHECK

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Communication Is Key

- Clearly communicate what your litigation objective is to outside counsel at the beginning
- Schedule regular meetings to discuss case
 - At least every other week, if not weekly, if possible
 - Can be as short as 15 minutes
 - This helps to eliminate surprises
 - You can justify the spend if you can explain exactly what's going on in the case

Considerations for working with an Initial Budget

What does a case cost?

- **Patent case**
 - Claim construction, discovery, motions
 - <\$1M at stake: \$250K
 - \$1M-10M at stake: \$600K
 - >\$25M at stake: \$2.375M
 - Trial
 - <\$1M at stake: \$700K
 - \$1M-10M at stake: \$1.5M
 - >\$25M at stake: \$4M

Considerations for working with an Initial Budget

What Does a Case Cost?

- **Trademark**
 - <\$1M at stake, Litigation costs: \$250K
 - \$1M - \$10M at stake, Litigation costs: \$900K
 - \$10M - \$25M at stake, Litigation costs: \$1.45M
- **Copyright**
 - <\$1M at stake, Litigation costs: \$550K
 - \$1M - \$10M at stake, Litigation costs: \$17.5M
 - \$10M - \$25M at stake, Litigation costs: \$3.5M

Alternative Fee Arrangements (Get Creative!)

Fixed Fees

- You want predictability in your budgeting
- Preset monthly amount depending upon the stage of the litigation
 - Pleadings stage
 - Document discovery
 - Witness discovery
 - Summary adjudication
 - Pretrial
 - Trial

Blended rate

- Hourly rate averaged between partners and associates

Holdback with success bonus

- Lower hourly rate paid
- Difference paid upon predetermined success targets
 - Timely completion of discovery
 - Getting past MTD or Summary Judgment
- Success bonus could be a percentage of recovery or reduction of exposure

Alternative Fee Arrangements (Get Creative!)

Reduced excess fees

- If fees exceed a predetermined hourly amount, hourly rate reduces

Hybrid Fee Arrangement

- Use combination of above arrangements, for example:
 - Fixed fee for certain periods, i.e. pleading stage, discovery and then an hourly rate for trial
 - Blended rate with contingent fee
 - Fixed fee with a success bonus



E-Discovery-How to Keep it in Control

- **2006 F.R.C.P. Amended Rules— 16, 26, 33, 34, 37 and 45**
 - Address the discovery of electronically stored information, or “ESI”: e-mails, spreadsheets, word files, PowerPoints, databases, accounting and cost records and countless other data compilations
- **Issue a Litigation Hold Letter**
 - Discuss with the client and/or in-house early
- **Rule 26(f) requires that the parties discuss ESI**
 - the format in which **electronic** documents will be produced
 - the manner in which **electronic** documents will be preserved by the parties
 - Agree on search terms with the other side early on
 - Identify Custodians

E-Discovery-How to Keep it in Control

- **Outside Vendors**

- Third Party
- Outside Counsel Inside vendor

- **Using Predictive Coding**

- Artificial Intelligence (AI) used during the review phase
 - Rules-based approaches
 - Machine Learning models

Efficient Motion Practice

- Think Strategically and Be Selective
 - Look to the successful resolution of the case as you define it
 - Will a “win” in the short term help or hurt ultimate success
- Be Concise
 - A means to an end for successful resolution
- Be Careful
- Act Professional
 - Be zealous and impassioned advocates however, don't disrespect the other side
- Be Focused
 - On the most important bases of relief
 - Limit to two or three themes

Reducing Costs by Cooperating with Opposing Counsel

- **Decide what hill do you want to die on early in the case**
- **Keep in mind various Rules of Professional Conduct and Court Rules Requiring Cooperation**
 - I.e., Northern District of California Local Rules require cooperation in continuances, discovery and motion practice
- **Rely upon Local Patent Rules**
 - These rules will often dictate and structure the pace of discovery through very specific deadlines:
 - Infringement contentions
 - Invalidity contentions
 - Expert disclosures

Reducing Costs by Cooperating with Opposing Counsel

- If there are no Local Patent Rules, draft a scheduling order that looks like you're operating under one
 - Set concrete deadlines for exchanges of ESI
 - Set concrete timelines for disclosures
 - Set limits on custodians

Reining in Expert Costs

- Expert costs can easily be in the \$300k-\$500k range just for testifying.
 - If the expert is also doing forensic testing, it can add another \$200k-\$300k
- This is high margin work for experts
 - Consider negotiating down the hourly rate from the outset
 - Find a cap for expert fees
 - Structure fees similar to AFAs above, i.e. blended rate, monthly flat fees

Planning for Mediation/Settlement Conferences

- Understand the Rules of Your Particular Forum
- Submit a substantive pre-mediation or settlement conference statements
 - This will assist counsel presenting the case, the client(s) to be prepared, the mediator or judge to understanding the case
 - Might want to share with the other side or at least a non-confidential version.
- Create a Case Road Map
 - A means to an end for successful resolution
- Be Informed and Objective
- Obtain Authority to Settle
 - Meet in advance with whoever might need to be consulted about the prospect of an immediate settlement

Keeping Trial Manageable

Start at the time of the Initial Pleading Stage

- Develop your Theme & Planning Your Case
 - Prepare a believable story and Theme
 - List the Objectives of the Case
- Know your Judge and Courtroom
 - Study the behavioral patterns and habits of your Judge
 - Use technology in your trial preparation
 - Identify Practical or Technical Issues in your Courtroom

Keeping Trial Manageable

Within Three Months of Trial or Before

- Prepare a Trial “to do” List
- Ensure proper communication between all members connected to the case
- Prepare your Jury Instructions
- Prepare Witness Outlines
- Preparing Witnesses for Trial Questioning
- Prepare Witness Questions
- Conduct a Mock Trial

Keeping Costs Reasonable in the Inevitable Appeal

If you are the appellant:

- Narrow your issues on appeal to as few issues as absolutely necessary; more than 2-3 is probably too many
- In patent cases, the best appealable issues are in claim construction and damages

If you are the appellee:

- You may be at the mercy of the issues raised by appellant
- Now is not the time to drastically cut costs; you want to preserve your judgment
- This is an ideal time to negotiate a flat fee with your outside counsel

THANK YOU!



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