

LITIGATORS CORNER: Being Cheaper: Keeping Litigation Costs Down



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Make no mistake about it: Litigation has not gotten any cheaper. Quite the contrary. It has only gotten more expensive. Law firms are one reason; the bigger they are, the more they charge. As I wrote last month in *Mega-Firms: The Mega-Headache*, I don't know how anyone can afford to have his or her litigation handled by the typical large firm, especially when patent litigation is as chancy as it is now. The tendency to over-discover has increased. The prominence of email in discovery is just one example. Emails can run into the thousands, or even tens of thousands. They require searching, production, and usually, many more entries on the withheld list. In addition, the availability of software allowing the searching and categorizing of millions of documents in electronic form leads, inevitably, to the production of more documents, simply because it is possible to do so. In my August, 2003 column, *Be Cheap: A Crucial Secret to Successful Contingent Fee Litigation*, I examined ways of keeping litigation costs down. In this column, I am revisiting the question.

In a suit where the lawyers have been retained on contingency, their fees, the

biggest part of the expense of litigation, are reduced to zero. It is a win-win situation for the client, since there is no payment unless there is a recovery, and the lawyers have no motivation to churn.

But even in contingent fee cases, not all expense is eliminated. Certain out-of-pocket costs remain. They arise in many ways. Some of these disbursements are small, such as a fee for filing a complaint, or postage for letters. Other disbursements, however, can be very large. For instance, testifying experts cannot be compensated on a contingent basis; doing so would result in the exclusion of their testimony and their reports. The theory is that their testimony would be influenced by their hope of a recovery and that that hope would influence their testimony. But I have seen enough experts testifying on a billable basis whose testimony is grossly slanted, because they want the side they testified for to win, so they can keep earning those big hourly fees.

Experts are not the only cause of large disbursements. Depositions, particularly when they are videotaped, can be quite expensive. Travel for depositions and status hearings is another significant expense. So is something as simple as photocopying: it mounts up. Disbursements can be as much as twenty to twenty-five percent of the total expense of a lawsuit. Assuming that a patent lawsuit might well cost three million dollars if done on a billable basis, disbursements could be several hundred thousand dollars.

When we began doing contingent fee litigation, we advanced the disbursements, which would be repaid from any recovery. But, as the number of our cases increased, that became more and more difficult. So now, the litigant must pay them. But often the owner of an infringed patent does not have the means to pay several hundred thousand dollars.

For potential litigants who cannot pay disbursements, one answer is a patent investor. In exchange for a share of the recovery, the investor will advance the disbursements required to support the suit. This reduces the amount of recovery for the patent owner, but a reduced recovery is bet-

ter than none at all.

But an investor is not always available. With no investor, the costs will have to be cut to the bone, or the case cannot be pursued. There are many ways to deal with these expenses. Some of them may reduce the chances of winning the case, but a reduced chance of winning is a lot better than no chance at all.

Do an early claim construction. We usually prefer that the claims not be construed until later in the case, so that the plaintiff will know more about the infringing products or processes. Additional infringing products will be revealed during discovery. Witnesses will be deposed, which gives the plaintiff a chance to pin down witnesses and gather evidence that establishes the presence of elements of the claims, nails down useful interpretations of claim terms, and the like. As *Markman* says, the claims can be construed when dispositive motions are dealt with, or when jury instructions are written.

But one way to limit expense in a case is to do an early claim construction. Briefing on claim construction, and the usual hearing, will occur before many witnesses have been deposed, and before experts have submitted their reports. You may be working with less knowledge than you might like, but you will know your chances of success at an early stage. If you prevail on claim construction, at least for some of the patent's claims, you are in business. And, if you prevail, there is an increased chance of settlement if your opponent is represented by good lawyers, as opposed to those I've seen who love to run up the bill.

Cut down on the number of depositions. You needn't depose everyone who appears in a produced document. To reduce expense, try to forego any more than a few depositions. You may be able to make do with nothing but a Rule 30(b)(6) deposition. Keep your notice short and simple. Your topics should be infringement and damages. Too many lawyers load a deposition notice with so many topics that it becomes incoherent, and impossible to enforce. That, in turn, makes it difficult to deal with designees who do not prepare. As the topics increase in number or complexity, and become more marginal, any judge confronted with enforcing the notice is going to be more sympathetic to the designee. A simple notice is more easily enforced. If designees do not prepare in response to a short notice, you have a bet-

ter chance of excluding any later testimony on that subject, or of compelling a re-deposition at your opponent's expense. Don't video a deposition unless the knowledge and demeanor of the witness are going to be critical, and the witness is a third party, who won't appear at the trial.

Inspect documents as they are kept in the course of business. A common strategy these days is for a well-funded defendant to bury you in photocopies of documents, and then send you the bill. On top of that, the documents will rarely be categorized according to the requests, as is required by Rule 34. Don't put up with this. Tell the opposing party that you want to inspect documents as they are kept in the ordinary course of business. Tell your opponent that you won't pay for unreasonable copying. Instead, use a copying service so you get the best rate for what you do copy. Keep your document requests simple, for the same reasons you keep your 30(b)(6) notice simple.

Use subpoenas to get records without taking testimony. You don't need to take testimony to get documents from a third party. You can seek documents first, and then decide whether any testimony is warranted. Rule 45(a)(1)(c) allows a subpoena to seek either testimony or documents, or even an inspection of some premises. Keep such subpoenas reasonable; Rule 45(c)(1) requires "reasonable steps to avoid imposing undue burden or expense on a person" subject to the subpoena.

Use your client as an expert. Plaintiff-inventors are testifying more than ever

these days. What the inventor says will be used or misused by the adversary anyway, so why not make the best of it? First, you avoid the very high cost of a technical expert. Second, you don't have a phony as a witness, which is what too many hired experts are. Instead, your expert witness is a real inventor, not a hired gun. Given the idiotic testimony provided by some experts, who appear never to have seen a courtroom or a jury even on TV, much less live, you may be better off with your client as an expert. Juries resolve disputes between witnesses, including experts, based upon which person they find more credible. And your inventor, who believes in his case, will be very credible, if well prepared.

Using your client as an expert may meet with resistance. Many defendants will oppose access by a patent owner to their confidential information. They usually argue that the plaintiff is a competitor, and that the defendant's secret technical information will wind up in the plaintiff's patent application. These arguments, even when articulated in the most superficial way, often persuade federal judges.

There are a couple of counter-arguments you might use in situations like these. First, as the technical subject matter of the patent becomes more specialized, there are fewer outside experts available, and therefore, a greater chance that the proposed expert will have a relationship to some company in the industry, possibly a competitor of the defendant. Second, the inventor often isn't a competitor. Thus, an "outside" expert may present a greater risk to the defendant as an expert than the plaintiff would. There are other possible counter-arguments, which I

will discuss in a separate column.

Another tactic you may encounter is the argument that you have waived the attorney-client privilege by making your client an expert. The best preparation for this is to write everything about your case as if everyone, not just your client, will read it someday. Another response is to cite cases like *In re Pioneer Hi-Bred Int'l Inc.*, 238 F.3d 1370 (Fed. Cir. 2001), which held that documents and information provided to a testifying expert "in connection with his testimony" are discoverable.

Minimize the number of lawyers in the case. I have participated in depositions where the other side was represented by three lawyers. I conducted one telephone conference where seven lawyers were representing the other side. I did a claim construction where the other side sent eighteen lawyers. Not only does this cause fees to balloon. It has people tripping over each other in confusion. Fewer lawyers are better. The best results in the cases I have been involved in occur when the lawyers have command of the facts. The fewer lawyers, the better. Reducing the number of lawyers on a case cuts disbursements, too. You can send only one lawyer to take a deposition or attend a hearing.

Simplicity is the key to reducing costs. Video cameras, electronic document production and express delivery services are wonderful toys, and have their place. But, like a task that expands to fill the time available, these toys add complexity and, therefore, expense. Keep them, and the number of lawyers, under control, and you will keep your costs down. **IPT**

Duane-David Hough Joins Fish & Richardson

Fish & Richardson P.C. announced that Duane-David Hough has joined the New York office as a principal. He comes to Fish & Richardson from the Fish & Neave IP Group of Ropes & Gray where he was a partner.

Mr. Hough has extensive patent and trade secret litigation and trial experience across a wide range of industries. He has successfully represented many of the nations' leading companies in high tech and high stakes litigations and trials, including Allied-Signal, AT&T, Bombardier, Compaq Computer Company, Corning, Du Pont, Exxon Chemical, Hewlett-Packard Company, Lucent Technologies, Polaroid Corporation, and Procter & Gamble Company. He was a member of the Polaroid trial team that recovered almost one billion dollars from Kodak, which is to this day the largest amount ever awarded for patent infringement. Mr. Hough has particular expertise and interest in litigating and trying complex pharmaceutical patent cases. He has successfully represented leading pharmaceutical companies such as Purdue Pharma L.P., The Purdue Frederick Company, The P.F. Laboratories, Inc., Schering Corporation, Schering-Plough Corporation and Key Pharmaceuticals.

Mr. Hough started his legal career at the Intellectual Property firm Fish & Neave, which was acquired by the general practice firm Ropes & Gray.

Mr. Hough received his law degree from the University of Notre Dame Law School in 1985, and his B.S from the University of Connecticut in 1980.