

LITIGATORS CORNER: Be Cheap: A Crucial Secret to Successful Contingent Fee Litigation



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You have a problem: your client has retained you on a contingent fee basis because he lacks the resources to waste one or two million dollars achieving the “just, speedy and inexpensive determination” called for by Rule 1 of the Federal Rules of Civil Procedure, but seen about as often as the dodo bird in modern patent litigation. How do you make the best use of the limited resources at your disposal? There are a many things you can do, or avoid doing. All of them are directed to squeezing every nickel for all it is worth. I have written about some, but not all, of these options in previous articles. In this article, I'd like to take a fresh look at the topic, adding several points I have not covered before. I must warn you, though, some of these ideas are against the grain of conventional thinking.

Minimize the Number of Depositions. Heresy, right? Only if you are on the billable meter. Otherwise, use some sense; you needn't depose everyone whose name surfaces in a document produced by the other litigants. Be selective. To that end, you want to make the most of a Rule 30(b)(6) deposition of the other party or parties; any 30(b)(6) deponent must do a reasonable job of preparing, and lack of preparation is a no-no. If that should occur, the law requires that the party be re-deposed, often at its expense. Use a reasonable number of clear topics that are pertinent to your case. The topics should be limited in number, and coherent. You may have to move to compel, and an excessive number of obscure topics will reduce your chance of winning your motion. Once you have done a 30(b)(6) deposition, you can decide what else, if anything, is necessary. Don't do what one of our adversaries did: take so much testimony that reading it to a jury would require weeks.

Don't Depose Experts. Consider whether you even need to depose the other party's experts. If you don't depose them, you eliminate the need to reimburse the opposing party for the reasonable preparation and deposition time of its experts, as is normally required by Rule 26(b)(4)(B). When can you drop the idea of deposing an expert? If their reports don't measure up, then move to exclude them. Even if they are permitted to testify, the absence of a deposition will leave the expert in the dark about how he will be cross-examined at trial.

Reduce the Length of Depositions. Lots of lawyers think that, since a day is allotted for the typical deposition, a day must be used. The billable-hour mentality encourages this waste. But it often isn't necessary. If less than a day will suffice, that's fine. This will give you a chance to do more than one deposition, or more than one 30(b)(6) designee, in a day. Don't do what a lot of lawyers do: waste half the morning asking the witness where he went to school,

starting with kindergarten. Be brief. Keep your questions concise. Long, convoluted questions waste time. I've quoted this example once before (*How to Simplify a Trial*, March, 2000); it is no good, either as a means of getting information or as a basis for cross-examination and impeachment at trial:

Now, does your recollection run that, in addition to preparing a declaration involving, you said, commercial success by Mr. Smith in regard to the '123 application, do you recall whether there were other similar declarations dealing with commercial success that were prepared and filed in other of the pending applications that you were handling?

After the deposition is done, jot down a short note about what the witness had to say, and whether the goal of the deposition was met. Don't wait until you have to read a transcript, and don't bother expediting the transcript.

By the way, do you really need regular transcripts, Minuscripts, and ascii disks, too? Economize!

Don't Videotape Depositions. This technique not only increases the expense and drags out the deposition. The deposition gets interrupted, perhaps at a critical moment, because the videotape operator has to change tapes. At least be selective.

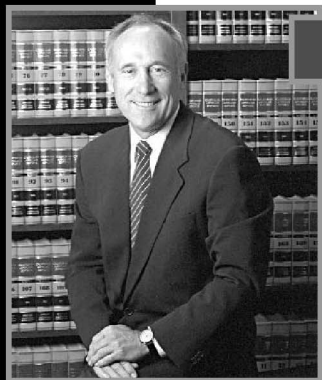
Don't Hire Big-name, Expensive Experts. They aren't worth it. We dealt with a patent law expert, a former PTO employee, whom I won't name; getting to speak with him, at his rate of \$400 per hour, was like getting an audience with Queen Elizabeth. To make matters worse, he would not prepare. Find a cheaper expert who is willing to dig in.

Don't use big-name accounting firms as damage experts unless you know the expert involved. In our experience, they aren't worth it, either for cost or quality.

Of course, use your own client as an expert as much as you can. This depends to a degree on the level of your client's expertise and knowledge, but any inventor can certainly help out. If you are representing a business on a contingent fee basis, its employees can help.

Assist your own experts. Give them the materials they need to look at. Make sure they understand the appropriate legal test for the theory they are supporting or attacking. In one of our recent fights, a big-name law firm left its damage expert hung out to

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dry. He was supporting a lost-profits damage theory for a counterclaim of patent infringement, but did not know how to show an essential element: capacity. He never visited his client's plant, had no capacity documents, and relied on an anonymous person to "assure" him that capacity was more than adequate. The opposing party's lawyers didn't advise him properly.

Use Document Requests. There are no limits on the number. Be specific, as well as general.

Use Requests for Admissions to Authenticate Documents. I have seen lawyers waste hours of deposition time to authenticate documents. Often, it will be impossible for the opposing party to deny authenticity; where it might be contested by the genuinely obsessed, use requests for admissions. Keep them simple and factual.

Do Use Interrogatories. But keep them simple. This makes it harder for the other side to abuse them. And, if your opponent decides to blow smoke as an answer, there is a good body of law that limits the responding party to what it said in the interrogatory.

Send One Lawyer. 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. That is preposterous. Send only one lawyer to a deposition or to court. If you must have someone else along, use a paralegal, rather than another attorney.

Don't Use Federal Express. Fed Ex is great, but the cost adds up, especially for those who use it as a substitute for a 37¢

stamp. Use the mail. And, if you want speedier service, use the facsimile machine. Our district court, and many others, allow official service by fax. Use it; it's cheap.

Do Use Subpoenas to Obtain Records From Third Parties. 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.

Attend Third-Party Depositions by Telephone. Don't waste your client's money traveling if it isn't necessary. Participation by telephone will often suffice. It has a bonus, too; you can insist on the deposition exhibits being provided to you in advance of the telephone deposition, since you won't be there.

Attend Hearings by Telephone. We participated in a number of hearings in a case in California by telephone. The hearings were not trivial; some involved routine case management status conferences, but others involved oral arguments on issues that had been briefed. Our telephone participation worked well. We did the same thing with a case in Wisconsin. Check out the possibility when your suit begins. See what the local rules allow, and what the particular judge's practices may be. You can save a lot of travel expense and time this way.

Make Good Use of Your Local Counsel. If you cannot bring the suit in your home court to avoid the expense of hiring a local counsel, make the best of it. Put your local counsel to good use. Have him attend a deposition or a court hearing for you. Of course, that requires some preparation, but it can be done, and you will save travel and hotel bills. Your local counsel can work on a contingent fee basis, too. If so, you eliminate disbursements for local counsel fees. Of course, the client has to know of and approve the arrangement.

Hit the Books, Not Lexis or Westlaw. These services are great, but you have the books right in your library, including digests and treatises. By doing so, you avoid the disbursements associated with using an on-line service.

Advise Your Client. A word of caution here. If you cut back on discovery, or if you decide not to use a particular technique because of cost, keep your client in the loop. Make sure your client understands that limiting discovery limits expense, but that it may also increase the risk of loss in some instances. Explain this, preferably at the outset. It is a reasonable trade-off, if the alternative is not going to court at all.

Contingent fee litigation is wonderful. It provides another option for solo inventors and small companies who don't have the money for expensive litigation – as well as for large corporations that want to save money on litigation. But in order for a litigation attorney to be able to provide this option, he or she must count pennies. In other words: BE CHEAP! 