# GLOBAL PATENT LITIGATION 2023

**Key questions for defendants to ask law firms before choosing who to hire**

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In the classic movie Field of Dreams, Shoeless Joe Jackson says to farmer Ray Kinsella, "if you build it, he will come"; so too, if you build a successful company, litigation is sure to visit upon it. Whether long expected or entirely out of the blue, the company is often forced to make quick decisions about how to defend in the face of a lawsuit. A key part of that initial reaction obviously involves picking the right outside lawyers.

Many considerations influence counsel selection: cost of representation, litigation exposure, pre-existing relationships, past performance and experience pertinent to a given lawsuit. We will not belabour those common considerations here. Instead, we focus on the more subtle, yet arguably even more important questions, that defendants should be asking their prospective lawyers.

Law firms put their best foot forward during any client pitch. They trot in their most polished representative to present, who will say all the right things and recount compelling war stories. Promises and prognostications abound. Ultimately, though, litigation is won in the trenches through leadership of a strong team, executing a clear path to victory from the outset, and always with the needs, concerns and goals of the company in mind.

To identify this team, in-house counsel should ensure that several key questions are addressed during the counsel selection process.

### How will outside counsel litigate the case to meet the company's business goals?

The answer to the question posed is not 'just win'. Of course, outside counsel will want to win – but how would they define a win? And, does that definition coincide with the company's?

Defendants are not in the business of litigation, so at the core of every case must be a common understanding of the company's ultimate business goals. Some cases pit industry competitors against each other with market share on the line, while others may simply be a nuisance calling for quick resolution. At bottom, however, defence-side litigation is a cost centre in the company, and every case detracts from the bottom line.

The contours of a 'win' will, to a certain degree, be worked out after hiring counsel, as client and lawyer are able to communicate and collaborate more freely. Yet, even at the selection stage, outside counsel should have at least an initial view on this critical question. Litigation success can range from prompting a plaintiff to abandon its case to creating leverage to reach a favourable settlement. It may also call for a jury verdict and beyond. It may call for a principled stand against troll-like plaintiffs. It may require demonstrating to one's customers that the company stands behind its products. Regardless of what flavour is chosen, outside counsel must be able to articulate at least some coherent vision of what a win looks like from the outset; if they cannot, rest assured they have put little effort into understanding the company's business, the threat posed by the litigation, and the market in which the company operates –no matter how good the glossy pitch materials may look.

Does this sound elementary? It is most assuredly not. The unfortunate reality remains that law firm partners are rewarded at their firms for generating fee revenue. Even though ethics and professionalism demand that attorneys act first in the best interest of the client, outside counsel can easily lose sight of the fact that litigation defence

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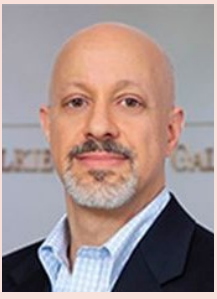

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is expensive and unsettling to the company, especially when that nearsightedness is lucrative to the law firm. Selected counsel must work hard not to unnecessarily disrupt executive and engineer time or waste resources on pointless discovery disputes and tenuous legal theories. A scorched-earth campaign is typically not the best approach for every case; rather, the ideal team picks their battles and can separate relevant from irrelevant issues. Ivory tower legal issues, which may sound fabulous for an appeal of first impression, are not usually of great interest to the client's business.

The parade of horribles is prevented by outside counsel understanding and embracing the company's business goals for a particular litigation. If a candidate firm has not considered these goals even at the selection stage, inefficiency and disruption are likely to follow.

**Who will run the defence team day to day?**

All too often, after the pitches and 'beauty pageant' are over, and the engagement letter signed, in-house counsel receives a call not from the senior partner who delivered the pitch, but from another partner on the defence team. This is unsurprising; complex litigation takes a village. Though it is often said that a client hires a lawyer rather than a firm, cases are generally handled by multiple partners overseeing a team of attorneys and support staff. Yet, too many times, defence counsel is selected by the marquee lead counsel on the pitch and not the team who will actually do the work. This is a mistake.

For both practical and strategic reasons, a division of labour in case management between lead counsel and their vice (case managing partner) is not necessarily undesirable. Expecting the first chair trial attorney to take on day-to-day discov-

ery tasks, for example, is usually not cost-efficient, and may serve to distract the lead counsel from the broader mission of the team. Thus, the case managing partner is not unlike a naval executive officer responsible for all day-to-day activities, freeing the captain to concentrate on strategy and planning the ship's next move. The case managing partner is typically the first and most available point of contact for the in-house team and oversees the defence team in executing the case strategy. They may also act to insulate the credibility of lead counsel by handling non-dispositive motion practice, including discovery disputes. They must be a leader in their own right, and not a mere subordinate.

Beyond the fit of the case managing partner to the case and the in-house team, the relationship between lead counsel and the case managing partner is another important consideration during counsel selection. Have they worked well together in the past? Can they hand off responsibilities seamlessly between them? Do they trust each other's judgement and share a common view of the case strategy? Are their skills complementary? This is where vision and execution must meet. When the first chair trial attorney appears for hearings and trial, they will be presenting a case they may or may not have been closely involved in developing – from the nuances of the technology in patent litigation, to the details of the factual record, to the overall tenor of dealings with opposing counsel. A unified case management team is essential to achieving a defendant's goals, which is why understanding who will direct the defence team day to day is a key consideration in hiring counsel.

**Who else is on the proposed team, and why have they been proposed?**

Complex litigation is undoubtedly a team sport, and one that reaches well beyond the senior attorneys. Rarely, if ever, does a championship team succeed with a single superstar and a full bench of minor league talent. In an appropriately leveraged defence team, the bulk of hours logged on the case will necessarily come from the associate corps rather than the one or two partners at the pitch. Some staffing models focus on availability of associate time without regard for case fit; team staffing may be glossed over at the pitch stage, but these are the attorneys producing the company's documents, watching out for the company's interests in discovery disputes, and working each day to meet case deadlines. Accordingly, during counsel selection, it is critical to determine the capabilities of the team and how they match the needs of the particular litigation.

The life cycle of a case requires many talents. On a successful team, the associates will offer a mix of subject matter, writing and organisational skills (and experience). Taking a patent litigation case as an example, a defence team must comprise attorneys with an appropriate technical background to understand the nuances of the patented invention, analyse and assess technical defences and speak the language of the company's engineers. But patent litigation is not just about patents; it is also a contentious dispute with many moving parts. Persuasive writing, often to an audience not versed in the technical subject matter remains a critical requirement. The subject matter must be conveyed simply yet accurately. Organisational skills also cannot be overlooked in any complex litigation. A carefully selected associate team should cover all these skills, as well other factors important to the company.

While the law firm must make an investment in training junior associates, the client too benefits from introducing junior attorneys to the company, its operations and its litigation philosophy. This will yield efficiency in the long run, as today's defendant is often tomorrow's defendant as well. Experience gained by associates in one case will help them better approach the mechanics and particularities of a company in future litigation, as well as leverage lessons and information learned, and better appreciate the priorities and concerns of the company. Investing in junior attorneys also helps to deepen the relationship between the law firm and the company so that the two can truly partner in the future. Finally, recognising the generational nature of defence teams, appropriately pairing proposed associates with the needs of the lawsuit and client helps today's junior attorneys feel invested in the company and the case.

The litigation team as a whole should also represent the values and culture of the company. Again, beyond just the defence team leadership, outside counsel acts as an extension of the company, both in the courts and the marketplace. The team should not only be built to win but to project the core values and mission of the company; the proposed associate team carries this mantle just as the senior attorneys do.

**The proposal includes a diverse team, but will they all have meaningful roles?**

Law firm clients expect diverse defence teams in proposals, and firms are happy to oblige, but a critical question is whether all team members will have meaningful roles in the litigation. A law firm aiming to staff a truly diverse team needs to go beyond targets and laws, and put into practice what is proposed in a case pitch.

Beyond social considerations, defence team diversity ensures that problems are approached with a variety of perspectives and experiences. Research shows that inclusive teams perform up to 30% better in high-diversity environments. Diverse teams boost innovation, meaning diverse teams do better work. This requires the meaningful contribution of all team members, and that the law firm proposes appropriately qualified and trained attorneys. As a corollary to the notion that outside counsel should project the values and culture of the company, counsel selection should look beyond a law firm proposal to ensure that a law firm delivers on its representations.

**How, specifically, did you arrive at the proposed budget for the case?**

Cost of representation is unquestionably, and appropriately, an important factor in selection of defence counsel. With procurement practices for representation in some types of litigation becoming more commoditised, law firms increasingly face pressure to be the lowest bidder (though the fallacy that lowest cost equates to greatest value is a fallacy that will be the subject of a future article).

More than that, litigation pricing has long been a mystical art drawing on experience, prediction and case factors such as venue and opposing counsel. While some law firms today leverage historical data to assist in pricing, there remains a tension between the law firm's desire to land work and the client's desire for it to be done well and at a fair price. For this reason, some firms resort to 'gambling', by offering cut rate budgets based on an expected outcome (eg, settlement or favourable court ruling) rather than pricing the matter with a comprehensive budget for the entirety of the case. When it works, the firm looks brilliant; when it doesn't, it's an awfully nasty surprise for the client.

In-house counsel should press candidate law firms not simply for a defence budget, but also for how it was calculated. In addition to the size of a case and the exposure faced by the company, the budget should account for local rules and typical schedules. It should also factor in an anticipated division of labour between attorneys at different band levels at different phases of the case. Outside counsel's proposal should expressly set forth which services or issues are included or excluded from the budget.

Pricing is not just a spreadsheet exercise. The company should also ask if the law firm is pricing the case with any externalities embedded. For example, is the law firm taking the case as a loss leader to create a relationship with the company? Or, is the firm simply looking to price with a discounted opportunity cost, such as when there are too many associates and not enough work? In short, litigation budgeting should not be a thumb-in-the-wind exercise – no matter how seasoned the attorney – but should be based on clear assumptions that can be stated with particularity and clear communication of each side's interests.

Outside counsel's explanation of a budget should demonstrate more than just experience and eagerness to be hired. It will reveal how much thought has been put to the proposed case strategy, outside counsel's commitment to efficiently yet effectively staff the proposed defence team and the firm's sensitivity to meeting the company's business goals for the litigation, all of which warrant inquiry during the selection process.


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