



# What's Your Next Move: IP in the New Business Reality

**FOLEY**  
FOLEY & LARDNER LLP

**NAVIGANT**  
CONSULTING



**What's Your Next Move: IP in the New Business Reality**

# What IP Issues Keep General Counsel Up At Night?

**FOLEY**  
FOLEY & LARDNER LLP

**NAVIGANT**  
CONSULTING

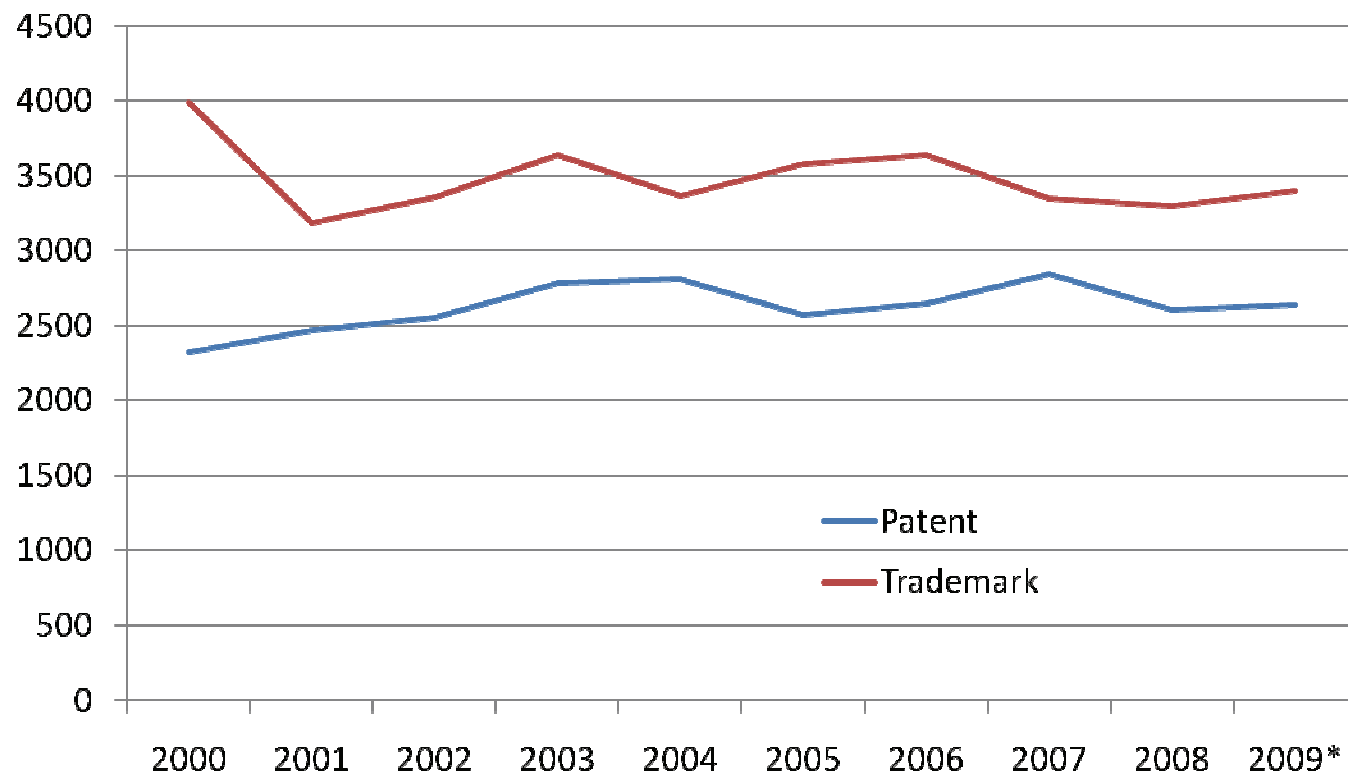
## Panelists

- Christine M. Castellano, Associate General International Counsel, Corn Products International, Inc.
- Kevin Cranman, General Counsel, TANDBERG Television
- Barbara Kolsun, General Counsel, Stuart Weitzman, LLC
- Gail Lione, Executive Vice President, General Counsel and Secretary, Harley-Davidson, Inc.
- J. Michael Prairie, Jr., General Counsel, Nitto Americas, Inc.
- Marya Rose, Vice President, General Counsel and Corporate Secretary, Cummins Inc.
- Gary Schmidt, Senior Vice President and General Counsel, Alberto-Culver Company

## Moderators

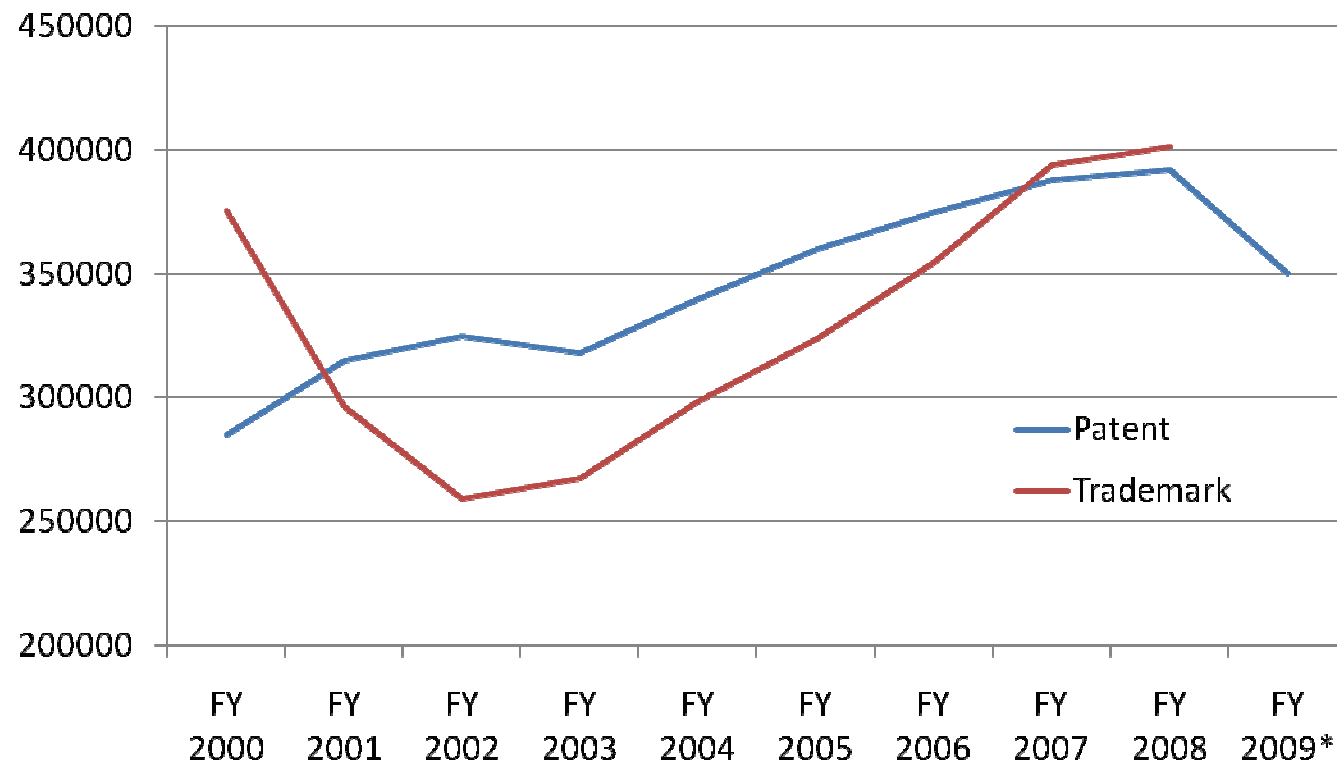
- Jeanne Gills, Partner and Vice Chair of IP Litigation Practice, Foley & Lardner
- Jeff Simmons, Partner, IP Litigation Practice, Foley & Lardner

# Patent & Trademark Litigations Filed



\*projected

# Patent & Trademark Filings in the PTO



- As of March 2009
- Original Patent Apps. and Continuations
- Trademark Applications including Additional Classes

# How to Maximize and Prioritize IP Rights in the Face of a Shrinking Economy?

- What are you going to protect and where?
- Can you minimize cost without compromising position?
- How can internal review committees help?
- What is the effect of outsourcing product development?
- How do General Counsel interests diverge/converge with those of internal IP Counsel?
  - What if General Counsel is IP Counsel?

## POLL QUESTION #1

- When considering alternative fee arrangements, which model(s) is preferred?
  - 1) Capped or fixed fees
  - 2) Contingency fees
  - 3) Blended rates
  - 4) Volume or stepped discounts

## POLL QUESTION #2

- My General Counsel or Chief Legal Officer understands the importance of protecting the company's IP assets and approves of an IP budget compatible with this understanding.
  - 1) Strongly agree
  - 2) Agree
  - 3) Neutral
  - 4) Disagree
  - 5) Strongly disagree



## Best Practices

- Budgeting is key.
  - Alternative fee arrangements
- Protect money-maker products & services.
- Focus on developing the “next big thing.”
- Balance international expansion & need for broader IP protection with managing costs of foreign filing and maintenance fees.

# How to Prepare For the Unexpected IP Lawsuit?

- How do you manage risk?
- Do you have insurance coverage?
- Are you indemnified?
- How do you budget or allocate reserves?
  - Comparison to non-IP case
- How do you avoid or deal with patent “trolls” or other non-practicing entities?
  - Lemelson, Orion, Katz, & business method / e-commerce NPEs or “trolls”

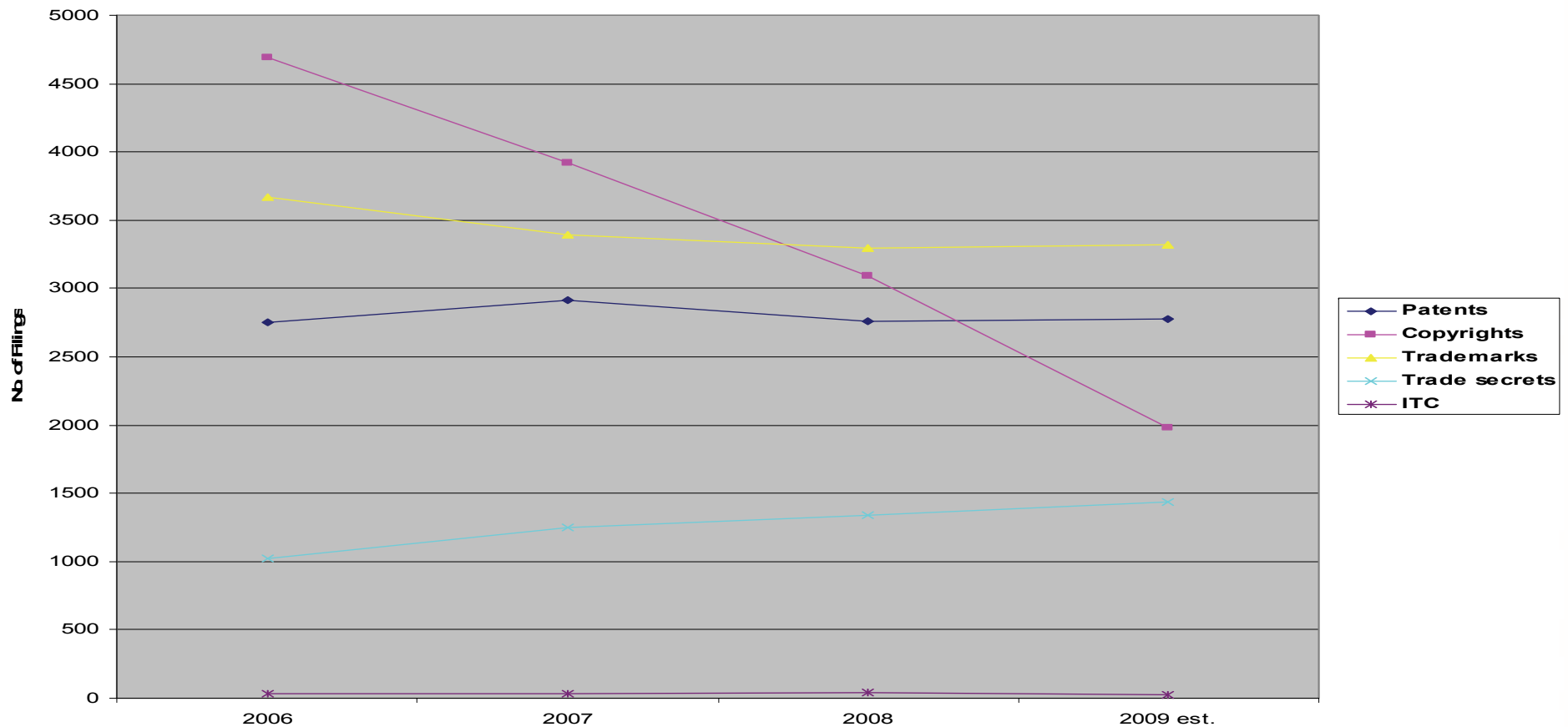
## POLL QUESTION #3

- Have you been threatened or sued by an NPE or "troll" in the last year?
  - 1) Threatened and sued
  - 2) Threatened only (no lawsuits filed to date)
  - 3) Sued without prior notice
  - 4) No contact with NPEs

## POLL QUESTION #4

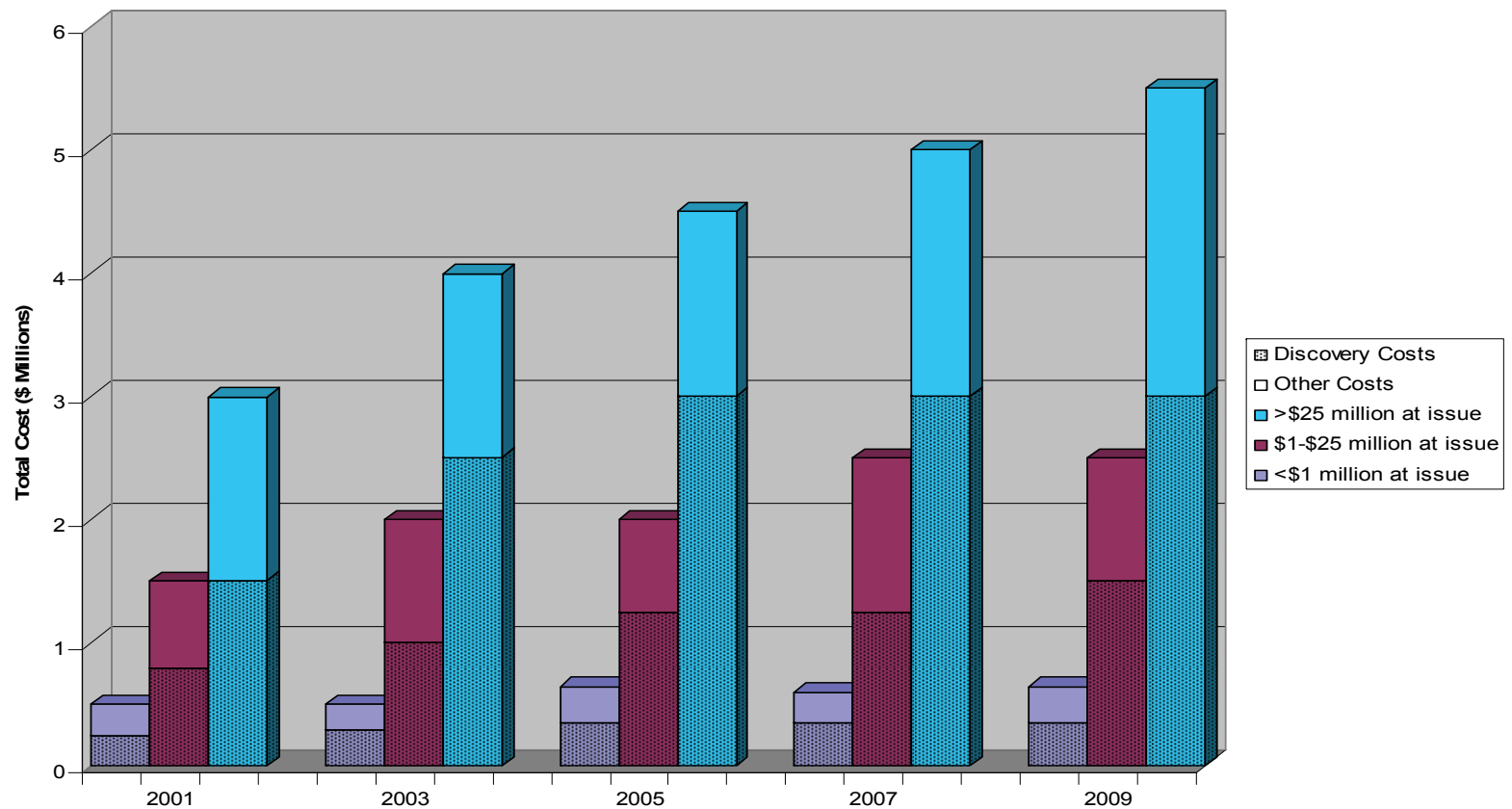
- When threatened by an NPE, which strategy have you found to be the most effective?
  - 1) Initiating reexamination proceedings against the asserted patent(s) in the USPTO
  - 2) Seeking a declaratory judgment of invalidity in a favorable forum
  - 3) Entering into joint defense agreement with other possible defendant(s)
  - 4) Seeking a cross-license
  - 5) Attempting to settle quickly by offering monetary amount far less than cost to litigate
  - 6) Using some other strategy or a combination of the above

# IP Litigation Filings 2006 - 2009



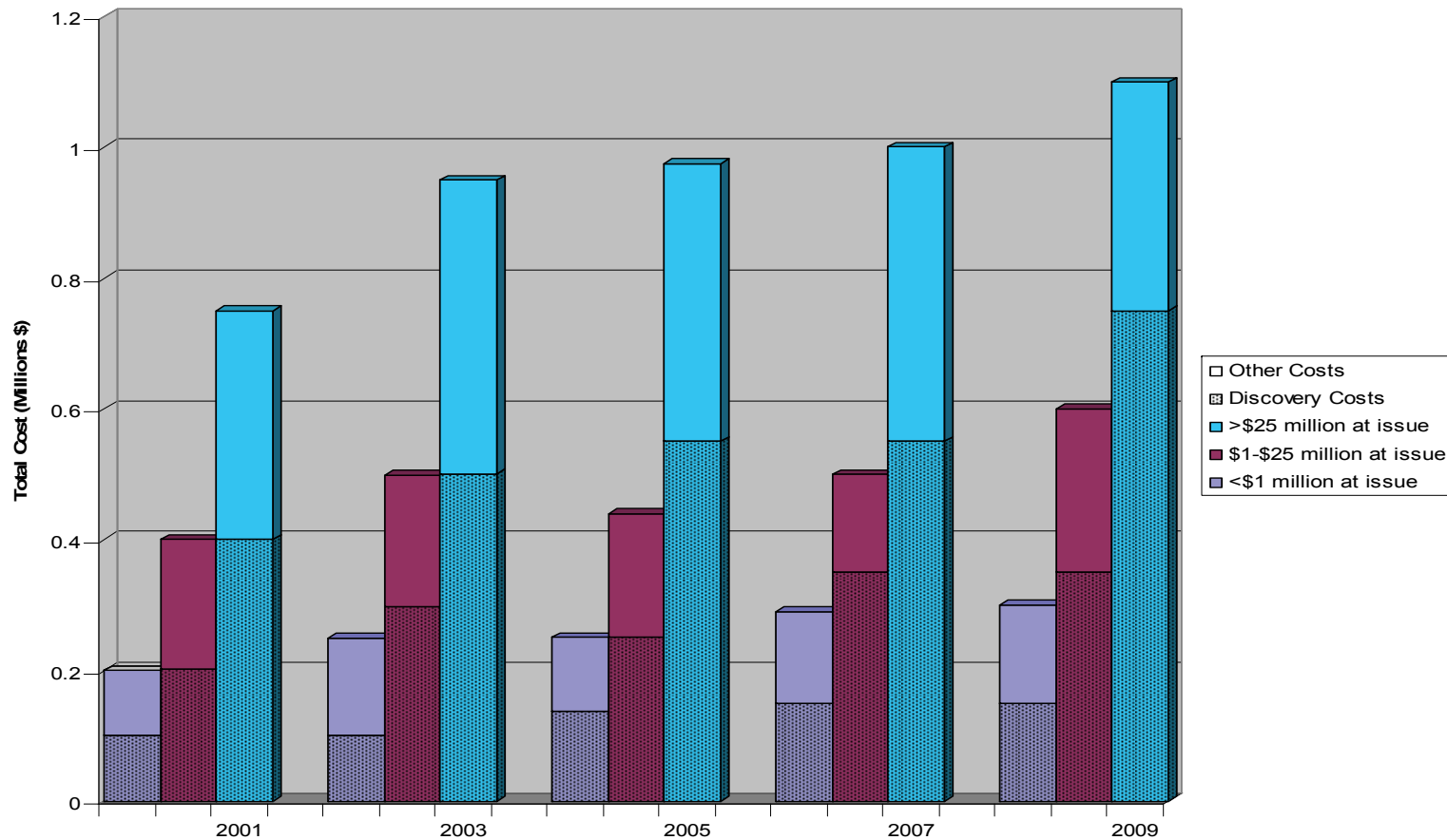
\*LexisNexis® CourtLink® statistics for Patent, Copyright, and Trademark data from U.S. District Courts; Trade Secret data extrapolated from WestLaw® searching; ITC data from U.S. International Trade Commission web site

# Median Patent Litigation Costs



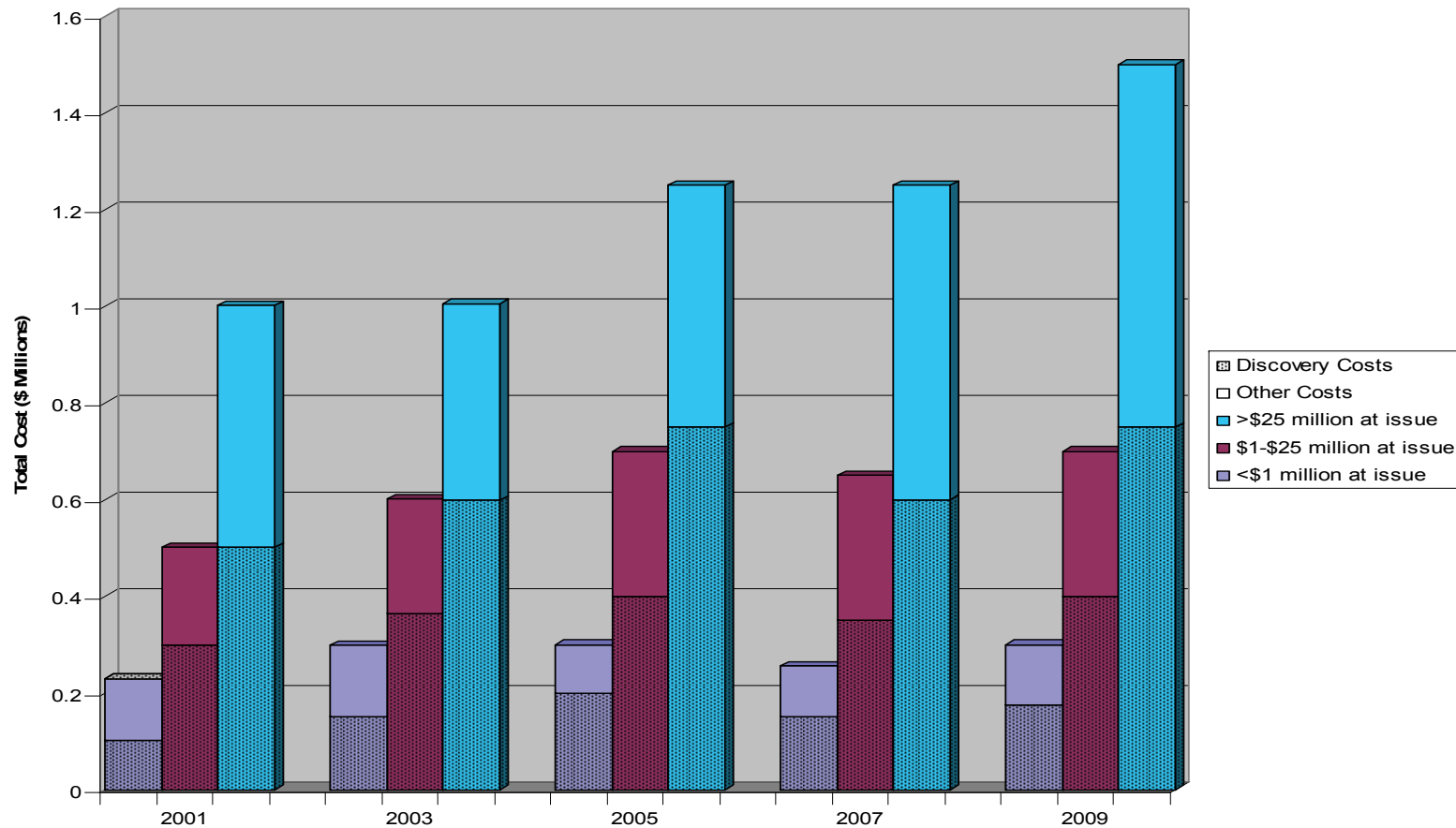
\*AIPLA Report of the Economic Survey: 2007, 2009

# Median Copyright Litigation Costs



\*AIPLA Report of the Economic Survey: 2007, 2009

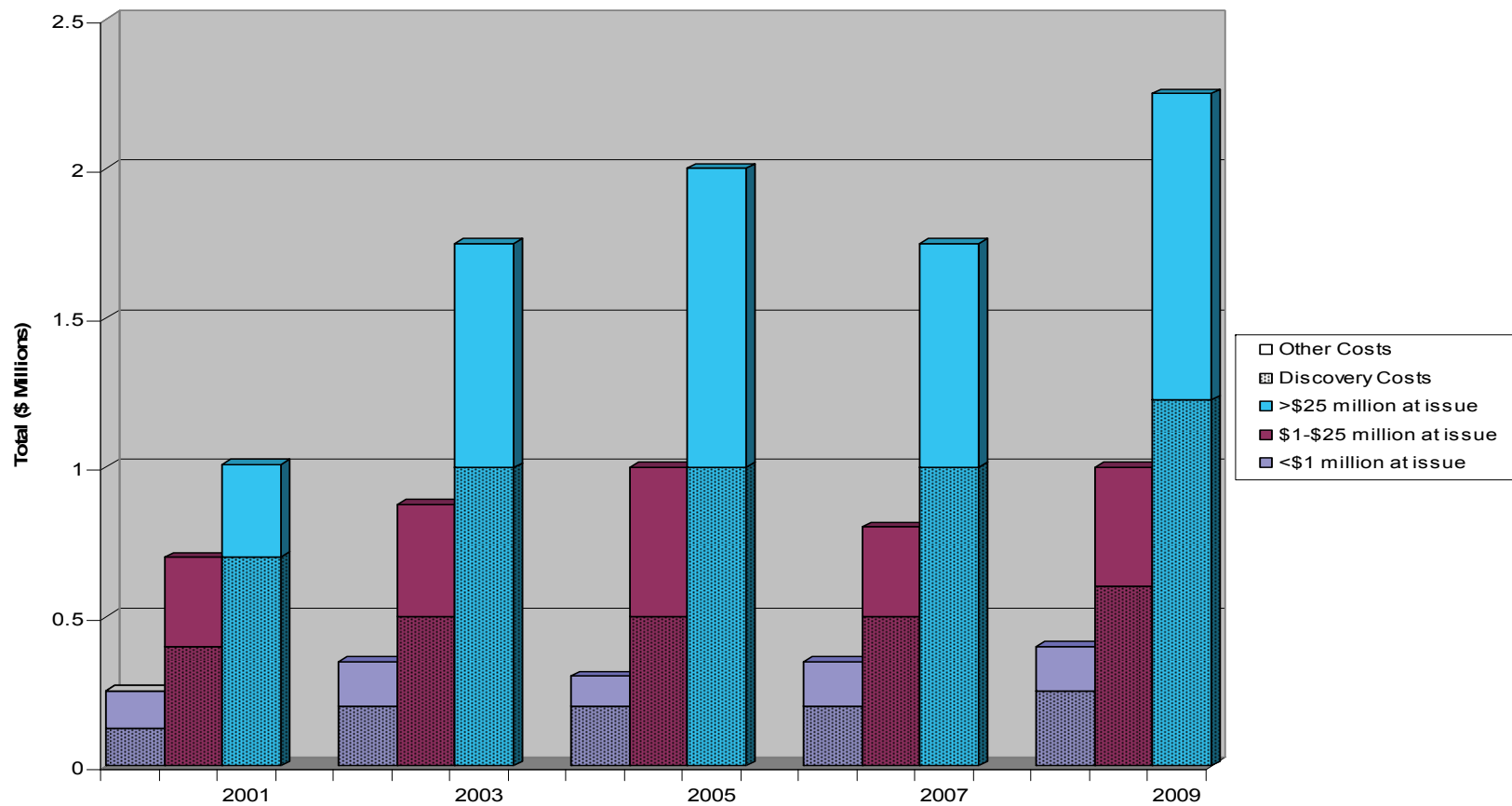
# Median Trademark Litigation Costs



\*AIPLA Report of the Economic Survey: 2007, 2009



# Median Trade Secret Litigation Costs



\*AIPLA Report of the Economic Survey: 2007, 2009

# Top Ten Venues for IP Litigation 2006-2009

## Patents

	Court	No. Cases
1	Eastern District of Texas	1079
2	Central District of California	975
3	Northern District of California	743
4	District of New Jersey	598
5	District of Delaware	579
6	Northern District of Illinois	502
7	Southern District of New York	403
8	Southern District of California	243
9	Eastern District of Michigan	220
10	District of Massachusetts	214

## Trademarks

	Court	No. Cases
1	Central District of California	323
2	Southern District of New York	176
3	Northern District of California	107
4	Southern District of Florida	105
5	Middle District of Florida	98
6	Northern District of Illinois	97
7	District of New Jersey	85
8	Eastern District of Michigan	67
9	District of Nevada	66
10	Southern District of Texas	57

## Copyrights

	Court	No. Cases
1	Central District of California	2026
2	Southern District of New York	1072
3	Northern District of California	683
4	Western District of Texas	465
5	Southern District of Texas	461
6	Northern District of Illinois	439
7	Eastern District of Pennsylvania	362
8	Eastern District of New York	357
9	Northern District of Texas	347
10	Southern District of Florida	303

- Home-town advantage?
  - Costs
  - Likelihood of success

\*LexisNexis® CourtLink® statistics

## Best Practices

- Use indemnification provisions.
- Regularly monitor your industry.
  - NPEs or “trolls” sue in waves
- Be proactive in establishing collaborative relationships with competitors.
  - Joint defense groups
- Acquire defensive patents for settlement leverage.
- Consider use of reexamination proceedings as an offensive strategy.

# How to Reduce the Chances of Departing Employees Stealing Trade Secrets?

- What can you do up front?
- What can you do when you know the employee is leaving?
- What can you do after the employee is gone?
- How do you successfully monitor e-traffic?

## Best Practices

- **BEFORE:** Identify and protect trade secrets.
  - ‘Trade Secret’ means information, including a formula, pattern, compilation, program, device, method, technique, or process that: (i) derives independent economic value, actual or potential, from not being generally known and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.  
(UTSA § 1.4)
  - Trade Secret Audit

## Best Practices

- BEFORE: Use iron-clad confidentiality agreements.
- BEFORE: Provide lucrative non-competes.
- DURING: Conduct exit interviews with complete debriefings
- AFTER: Seek an injunction. (UTSA § 2)
  - Damages, including treble damages (UTSA § 3)
  - Attorneys' fees (UTSA § 4)

# How to Avoid the Headaches of Electronic Discovery?

- What is your process for handling requests?
- How do you prevent spoliation or automatic overwriting of relevant electronic data?
- How do you minimize risk of damaging emails?

# Best Practices

- Establish protocol for handling requests.
  - Create a thorough, but practical records management and retention program for paper and electronic files
    - Help business units construct practices tailored to their needs
  - Determine recycle time applicable to back-up tapes based on recovery requirements



# Best Practices

- Provide guidelines for “smart” email creation.
  - Just the facts
  - Don’t exaggerate
  - Assume a jury reading the email contains your mother
- Implement a defensible litigation hold.
  - Monitor compliance

# How to Deal When a Licensor or Licensee Goes Bankrupt?

- How do you manage risk?
- Does your strategy depend on whether you are the licensor or licensee?

## Best Practices

- Protect yourself in the agreement.
- Specifically provide for the “what if” bankruptcy scenario.
- Have a back-up plan or alternative source.

# How to Successfully Partner With Outside Counsel?

- Find counsel that
  - Know and understand the business.
  - Can communicate and translate at all knowledge levels.
  - Appreciate the budget.
  - Are flexible.

## POLL QUESTION #5

- What do you believe frustrates General Counsel most about working with outside counsel?
  - 1) When outside counsel is over budget
  - 2) When outside counsel communicates poorly
  - 3) When outside counsel fails to fully appreciate and understand the business
  - 4) When outside counsel has inflated billing rates or salaries



# What's Your Next Move: IP in the New Business Reality

## QUESTIONS

