IP litigation strategy and the art of war – the in-house perspective

There is more to winning a complex multi-jurisdictional IP litigation than just having a good case

By **Duncan Bucknell** and **Ben Lehman**

Back in November 2006 we wrote an article for *IAM* entitled "Global litigation strategy and the art of war". In that article we distilled responses from some of the world's leading IP litigators to the question: "In your experience, what is the single most important thing for your clients to focus on to maximise their chances of winning a major IP case?"

It was an intentionally wide question, and as you can imagine the responses were varied and interesting. Themes emerged, including where and when to litigate; selecting outside counsel; the importance of getting on top of the facts; and auditing the paper trail and ensuring that persuasive expert testimony is on your side.

While the topics raised (and the ongoing discussion that followed) were interesting, it was evident that a follow-up of sorts was required. As we noted at the start of that article, the art in waging war comes not from winning every battle, but from the ability to subdue the enemy without fighting in the first place. In a more modern corporate context, the aim is to obtain the best commercial result – better than before the dispute arose – in the context of time, effort and cost.

As a follow-up, it is therefore important to consider comments from those whose day-to-day focus features elements from the legal and commercial front lines (more often than not, fighting the battle on both). It is, of course, the role of the in-house counsel.

The depth of in-house counsel involvement in a particular dispute can vary. But the terms of engagement (whether the matter is entirely outsourced, co-sourced or dealt with in-house) is always based on an assessment of corporate responsibility and competing priorities.

For this article we asked in-house counsel from several leading global companies for their responses to the same question we asked the litigators. The companies that our in-house respondents work for are in varied industries, but all recognise the importance of intellectual property in their business; therefore, the in-house teams have experience in managing disputes and extracting commercial value.

Selecting appropriate outside counsel

As with external lawyers, in-house teams consider it imperative to select and instruct external counsel who both excel in their field (this almost goes without saying) and work well within the culture and commercial objectives of the company. It is a poor result to instruct a tenacious litigator when the company has other commercial objectives and, regardless of the merits of the claim, is not prepared to chase every rabbit.

Interestingly, the focus of in-house teams we spoke to was less on fees and more on the cultural fit, assuming that a better cultural fit is preferred over the relatively modest cost savings that can be achieved by shopping around. It has long been the case that sophisticated clients recognise that a well-working team can produce time efficiencies (and therefore lower fees) compared to a team where the objectives need to be constantly explained or realigned.

Jean-Pierre Maeder, Group Head of Trademarks at Nestlé (Nestec), points out that there can sometimes be an implicit assumption that intellectual property

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disputes, due to their highly technical subject matter, should be referred to external legal counsel. "We have seen numerous cases where the best counsel is in fact the internal legal team," he says.

While it may sound perverse to some, the highly technical subject matter is cause enough to consider an embedded lawyer with greater working knowledge of the business and the geographies in which it operates, rather than a team specialised in litigation but learning the subject matter on the job. This is not to say that the internal team should not draw on other resources for assistance – far from it. Tactical use of resources will often result in greater insight at a lower cost. Having said that, if you can find an excellent external legal team which understands your business, it is the best of both worlds.

As Maeder agrees, working out what can be dealt with efficiently by the internal team versus what needs to be outsourced is the benefit of having an experienced corporate counsel. The little-used but emerging role of chief intellectual property officer (CIPO) introduces further subject-matter expertise and efficiencies.

Partnering relationship with outside counsel – attack by stratagem

In many cases the initial selection of appropriate counsel is an important first step in a much longer journey. Intellectual property matters are notorious for involving lengthy litigation processes and can continue for several years, particularly where multiple jurisdictions are involved. That being the case, a true partnering relationship needs to be cultivated between the company and the legal team, whether internal or external.

Marian Flattery, Global Head of Intellectual Property – Crop Protection at Syngenta, emphasises the importance of ownership of the litigation strategy: "In my experience, the single most important thing is to truly partner with your external/local litigation attorney to co-create the best litigation strategy possible." She goes on to note that it is vitally important to recognise the strengths of different participants in the process, and that it can be tempting to take a hands-off approach once counsel is selected. You should expect that the other side will examine and interrogate ruthlessly, so it is best to do that yourself (in a constructive way) on your side before others get a chance.

An appropriate role of the in-house counsel is to question and challenge your external resources. Only after you have exhausted every angle you can think of should you be comfortable that you have done your best to deliver a strategy that will return the commercial objectives desired by the business. In the art of war: "If you know both yourself and your enemy, you can fight without danger".

A senior Japanese patent counsel at a top five global pharmaceutical company (who wished to remain anonymous) comments that external counsel are sometimes limited by the information they are given. Indeed, in the previous article the theme of getting on top of the facts was echoed by a number of private practice litigators – perhaps as much a plea for help as a suggestion for strategy! The significant management resources required to arm your external assistance properly can sometimes be overlooked by external counsel. From that perspective, a true partnering relationship with external counsel is important to set expectations (in terms of costs, time and effort), but also to ensure that sufficient information is provided to develop the strategy.

Think about it, soberly

The significant resources required to run a

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litigation matter properly are emphasised by a number of in-house counsel. Surprisingly, however, they do not feature as prominently when speaking with external lawyers. We have often seen the struggle between external counsel lacking information or context and in-house counsel so overwhelmed with other matters that they are unable to give it to them. The end result is usually a poor strategy driven to a less than commercial outcome.

Bill Patry, senior copyright counsel at Google, suggests taking a “very long weekend to think soberly about whether litigation is worth the worst-case scenario in money, time, and diversion of resources from doing what the company’s actual mission is”. Do you have the time yourself to co-create and drive the strategy? Is it realistic to outsource it? If you do outsource it, what is your role and how much time will it take?

Best and realistic scenarios should be considered, but ensuring that the business can survive a worst-case scenario before running into battle is part of the art.

Picking the right battleground

Choosing the right jurisdiction to achieve the commercial objective is a common theme raised by external and in-house teams. Sun Tzu also emphasised the importance of using environmental factors as weapons.

In addition to common issues such as speed, cost and commercial return, Maeder notes that particular procedural rules in different jurisdictions should play a large part in driving the litigation strategy. As an example, establishing litigation strategies in jurisdictions which have comprehensive border seizure procedure may be preferred over other jurisdictions.

Patry agrees, adding that jurisdictions which favour resolving matters “on the documents” can be advantageous in situations where the facts are not in dispute. On other matters, the path for appeals and whether there is a jury present for intellectual property matters should also be considered.

Management of a global dispute has been highlighted as one of the most challenging areas, particularly for in-house teams. Aside from the difference in time zones and legal systems, simply the different speed and technical legal issues raised within the context of each jurisdiction require continual vigilance if you are to remain on top of the situation.

A number of in-house teams recognise the importance of the higher-level strategic view (being informed enough to catch inconsistencies in approach and temporal weaknesses), and either dedicate significant time themselves to keeping on top of the process; or outsource this function.

When, where and with whom

Timing for commencing litigation is an imprecise science balancing many environmental factors, including those which may be only incidental to the dispute, but which will have an impact on the overall commercial objectives of the company. Often overlooked, though, is the decision about when to cease litigation (through settlement or withdrawal). Ensuring that commercial objectives are achieved is primary. However, once you have achieved these, the sober review mentioned above should also be applied to the question of whether to continue.

The criteria for success should be established before litigation is commenced and constantly used as a touchstone to ensure that smaller wins don’t encourage recklessness for the overall effort.

One of the fundamental messages from *The Art of War* is that strategy for achieving success is not something developed in a backroom, rolled out rigidly and employed with dogmatic fever. Rather, the skill in developing and deploying strategy comes from being able to modify and adjust to changing conditions. For example, weakness which wasn’t apparent when the strategy was developed should be exploited. But without a flexible approach, such opportunities would pass by. *iam*

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