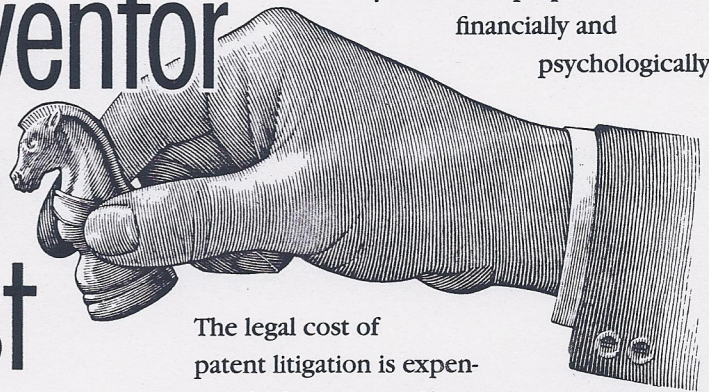


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Patent Litigation: From Inventor to Battle Strategist

For the purpose of this article, I will focus on patent violation. It can be not only a very traumatic experience, but one that you need to prepare for both financially and psychologically.



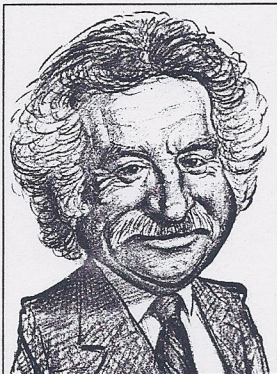
The legal cost of patent litigation is expensive for both sides. If a mutually agreeable settlement can be attained prior to filing a suit, it is always advised.

If you must go to court, the objective is to win. If you win, you can collect all legal fees, plus damages, assuming, of course, that your opponent has the resources to pay. Several cases on the books show that when the inventor wins, it very often results in large damage settlements, plus the opportunity for licensing to corporations because you have proven your intellectual property rights and values.

When a patent violation occurs, the inventor is initially motivated by anger and the desire to get even. I must caution against that reaction because very often decisions made in anger are very bad decisions. Always evaluate the options based upon economic realities and the strength of the patent claims (will they stand up to challenges in a federal court?).

Weigh the amount of money and time that will be consumed against the true potential return. If your violator is a publicly traded company, they will consider the effect of negative publicity on their sales, profits and growth. You must look at how you will fund a suit especially if your adversary is a large

by Lawrence J. Udell



Lawrence J. Udell is founder of the California Invention Center and the Center for New Venture Alliance. A strong advocate for the American inventor, he has founded or co-founded more than 20 corporations over the last 40 years many of which were based on inventions. A professor, lecturer, "creative futurist," and hands-on innovative business person, Mr. Udell can be reached at Golden Gate University, 536 Mission St., San Francisco, CA 94105-2968. Tel: (415) 546-1997.

How often have you heard, "A patent is only as good as your ability to defend it in a federal court?"

Consider this statement for a moment. Think about the simplicity of the fact that you would be involved in litigation because you created a successful product that has been copied, or because there existed an agreement for licensing and one of the parties did not uphold the terms of the agreement. There could be other reasons, but these are the most common. Lawsuits only result from successful products and perceived financial rewards.

I have personally been involved either as a consultant/advisor or as an expert witness in a number of lawsuits. Since I am not a practicing attorney, my judgments are based on technical and human issues rather than legal issues. After almost 50 years of working with inventors—from the "crazy" to the "brilliant," from the very poor to the very rich—I have come to some conclusions that I would like to share.

WHEN A PATENT VIOLATION OCCURS, THE INVENTOR IS INITIALLY MOTIVATED BY ANGER AND THE DESIRE TO GET EVEN...VERY OFTEN DECISIONS MADE IN ANGER ARE VERY BAD DECISIONS.

YOU WANT AN ATTORNEY WHO HAS PATENT LITIGATION EXPERIENCE, PLUS... A LAW FIRM WITH A REPUTATION FOR WINNING THAT WILL STRIKE FEAR IN THE HEART OF THE ENEMY!

corporation with in-house legal counsel and the resources to "out-live" you.

Before jumping feet first into the legal battle, do a lot of research. Find out everything you can about the company, its officers, its majority shareholders, its history of legal disputes, its public image, etc. There are directories and databases that you can search at the reference section of any major library or university. The more you learn about your opponent, the better chance you have of building and winning a case!

Think of yourself as the general of a small army. What weapons will you need for battle? Who do you need to help you plan your battle tactics? Surround yourself with those who have experience in both legal and technical interpretations of your total situation. Be very sure that those advising you are not just saying what they think you want to hear. They should challenge your logic and your thought process at every step of the way. Remember that you are still angry and vindictive—whether you admit it or not!

Before starting any legal action, appoint a skilled and experienced negotiator to represent you in an attempt to settle before filing a law suit. Where do you find such a person? Check with the Licensing Executives Society International (LES) which consists of approximately 5,000 members throughout the world. LES membership is open only to individuals involved in the legal and licensing process of intellectual property and they publish an annual directory of members.

Also, talk to your attorney. If you do not have an attorney, contact your local bar association for a recommendation. In some cases it is better not to have an attorney represent you for negotiations because the other side may decide that if you have legal counsel then their legal counsel must get involved. If at all possible, keep the lawyers out of the initial discussions; the chance for settlement could be much better with a corporate executive negotiating with a non-lawyer representing your interests.

If negotiations fail and you exhaust the

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possibility of reaching a settlement, prepare a strategy with the advice of a person or team that you totally trust. The next step is to seek the right attorney and law firm to represent your interests. If you have prepared well, the law firm just might take your case on a contingency basis. You will still have to pay for the basics, but if they believe you can win and are willing to gamble with you, then you have a very good case and a position to file suit.

(Continued on next page)

**IF...COURT IS THE
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WILL HURT THE MOST;
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You want an attorney who has patent litigation experience, plus, if possible, a law firm with a reputation for winning that will strike fear in the heart of the enemy! The company executives will carefully analyze either for settlement or suit, and their decisions will be based on what it will cost to win...what it will cost to lose...how long they think you can hold out. They will use their corporate size to increase your fear and diminish your effort. If a settlement can be made prior to suit, they will come in with a low-ball figure and tell you how lucky you are. Remember: even a gorilla can be subdued with a dart!

If there is no choice in the matter and court is the only option, then hit them hard. Hit them fast. Hit them where it will hurt the most; damage their corporate image. Bad publicity will arouse negative feelings among shareholders and customers. The fight can also lead to "them" coming at you

with attempts to have your issued patent invalidated. This can, and has, been done. Be prepared not only to defend your position of intellectual property but to maintain the rights to the technology.

Corporations have business liability insurance which means the insurance company attorneys could get involved on behalf of their client. Is your army prepared to do battle with a stronger adversary than you had originally considered? Even if your law firm takes the case on a contingency arrangement, you will still need a lot of money. There have been cases in the court where the inventor formed a Litigation Syndicate, that is, a group of investors who put up the money for the lawsuit—when you win, they get a very healthy percentage of the award.

Last, but not least, do not make decisions based on greed or revenge. If you let these two beasts rear their ugly heads, you are doomed to failure!



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