

Positioning Your Client To Enforce Its Patent On A Contingency Fee Basis

Have you experienced this? Your client comes to you about the infringement of a patent you wrote some years ago. You tell the client that the American Intellectual Property Law Association has reported that it can cost in excess of \$1M to pursue a patent infringement case. Your client's face drops and the client rhetorically asks what good did it do to spend the money for getting the patent when it costs too much to enforce it.

Contingency fee arrangements can enable your client to cost-effectively pursue an infringer. But whether your client can successfully locate and retain an attorney to take your client's case on a contingency will depend on what you have done to position your client for a such an arrangement.

Scope of the Infringed Claims

The simpler the claim, the easier it is to prove infringement. As the number of claim limitations at issue increase, the greater the likelihood that the defendant will successfully argue at summary judgment or trial that the infringing apparatus/process omits at least one of the claim limitations. Similarly, if a judge or jury must be imaginative or creative to see a correlation between the claim language and the infringing apparatus/process, the harder it is to prove infringement.

These potential hurdles can be ameliorated, even though the patent has issued. Steps can still be taken to eliminate unnecessary claim limitations. Also, the claims may be changed and/or added so that they more easily read on the accused apparatus/process. This might be done through a reissue application. Another possibility is through a continuation of a related application that might exist.

Once the remedial steps have been taken, a litigation attorney will be more inclined to represent your client on a contingency because proving your client's case at trial will be easier.

Validity Opinion

Only a valid patent can be infringed. Yet, this issue is often overlooked when there is a rush to initiate an infringement suit – whether on an hourly fee or contingency fee basis. As many patent prosecutors are aware, some clients choose to forego conducting a novelty search prior to filing a patent application. And the US patent office has limited time to conduct its own search of the filed patent application. In contrast, for an infringement lawsuit, far more money and time is spent in seeking to locate prior art that would invalidate the patent.

What the patent prosecutor can do is to conduct a preliminary validity search before the client approaches the contingency attorney. The search can be one that supplements a prior novelty search or be a completely new one. Whether supplemental or new, the validity search should ideally include the US and foreign countries - particularly, Japan and Europe. These countries are likely to be where the prospective defendant will look for invalidating art, and they are also where there is a relatively high volume of patents being issued.

The validity search may be limited to patents. But if the patented technology is one that is highly technical and rapidly changing, such as biotechnology, it could be beneficial to search non-patent literature. At the other end of the spectrum, if the patented technology is technically simple and slow to change, it would again be beneficial to search non-patent literature.

Assuming that the validity search confirms validity, an attorney looking at your client's case on a potential contingency basis will have a higher confidence level in the patent's validity, thus being more inclined to accept a contingency arrangement. Further, if you, as the patent prosecutor, can provide a written validity opinion, the prospective patent litigator will be even more inclined to accept a contingency fee. Indeed, if you are able to act as a witness at trial concerning the written opinion, the litigator will be further motivated.

Infringement Opinion

Even if armed with a strong validity opinion, the prospective contingency attorney will have a greater comfort level when deciding to accept the case if there exists a written opinion of infringement. Better yet, the opinion may conclude that the infringement was willful. With the potential for a greater recovery due to willfulness, a lower percentage of plaintiff's recovery might be acceptable to the plaintiff's attorney.

Potential Recovery

Typically, a challenge faced by the prospective plaintiff's attorney is how much in damages is at issue and, therefore, how much will the attorney potentially collect. While primarily a factual investigative issue, the better information your client can provide on potential damages, the easier it will be for the prospective plaintiff's attorney to assess the potential collection.

Accordingly, the patent prosecutor should encourage the client to obtain information on gross sales dollars, unit sales, and gross profit of the infringing apparatus/or process. While the foregoing information may be useful on an industry-wide basis, what is needed is information specific to the prospective defendant.

It goes without saying that, the potential for greater damages suffered by the plaintiff (and thus greater compensation to the plaintiff's attorney) will motivate the attorney to work on a contingency basis.

Conclusion

As the patent prosecutor, you have the opportunity to position your client's case to be more attractive to a prospective plaintiff's attorney on a contingency basis. Oftentimes, this can be accomplished by working in conjunction with the prospective plaintiff's attorney. However, other matters often distract the prospective attorney while you position your client's case. So distracted, the prospective attorney may lose interest in your client's case. Therefore, it may be best to "get your ducks in line" before approaching the prospective attorney.