

ETHICS AND IP LITIGATION



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SUMMARY OF SEMINAR



- Increasing Client Expectations
 - acceleration
 - compression
 - shorter decision cycles
- Multiple Professional Rules
 - State Bar Act (Bus. & Prof. Code 6000 et. seq.)
 - Rules of Professional Conduct (January 2000)
 - ABA Rules of Professional Conduct

SUMMARY OF SEMINAR II



- Growing Worldwide Practices
 - Broad Reach of Professional Rules (1-100(D))
 - Duty of Competence & Growth of Specialists
 - Multiple Issues in Selecting Special Counsel
- More Competition
 - multi-national firms v. large firms
 - large firms v. mid-sized firms
 - mid-sized firms v. sole practice attorneys

Trial & Pre-Trial Ethics



- Client and Case Selection
 - (**aka** "Client and Case Rejection")
- Pleading and Motions
- Depositions and Discovery
- Final Pre-Trial Preparation
- Trial and Trial Ethics
- Settlement and Publicity

Ten Questions for Discussion



- Client and Case Rejection (two questions)
- Pleading and Motions (two questions)
- Depositions and Discovery (one question)
- Final Pre-Trial Preparation (two questions)
- Trial and Trial Ethics (two questions)
- Settlement and Publicity (two questions)
- **Quiz**: Which is the “overlapping” question?

Francine Freelance v. MSOFT



- The Referral
- The Phone Interview
- The Initial Meeting
 - The Contract
 - The Alleged Damages
 - The Moral Rights Contention
 - The “Grant” of Corporate Shareholder Equity
- The Partners’ Meeting (Impact of “Equity”)
- Client Sign-up Meeting (Effect of “Equity”)

Who Controls the Course?



- Federal Court v. State Court v. Arbitration
- The Deposition of the Opposing Party
- Experts (& Expert Retainers) v. No Experts
- Eve of Trial: Impact of Client Instructions
- The Day of Trial: Impact of Prior Decisions
- Publicity Demands: First Amendment Rights
- Settlement Proposals: More Conflicts

Should You Accept This Case?



➤ PROS

- willing client!
- large paid retainer!!
- grant of stock rights!!!
- case within practice
- with interesting issues
- potential precedent
- potential goodwill
- potential publicity

➤ CONS

- problem client?*
- unclear economics
- “perpetual” obligation?
- uncertain client goals
- difficult case?
- long road to appeal
- conflicting interests?
- potential liability?

***Who is a “Problem Client”?** (Some Examples)



- Controlling Charlie (expects 100% control)
- Double Dealing Debbie (has other counsel)
- Harry Houdini (never comes to meetings)
- Jim Beam (unreliable/personal problems)
- Mal Content (hostile & forever dissatisfied)
- Nervous Nellie (distrusts your judgment)
- Saucy Susan (wants more than law services)
- Vindictive Vinny (expects “total” revenge)
- See, Underwood, TRIAL ETHICS, p.12, n9

Should You File Federally?

➤ PROS

- single judge
- federal claim
- federal remedies
- Rule 65 practice (TRO)
- potential attorney fees
- ENE & ADR Rules
- possible opinion
- potential publicity

➤ CONS

- more expensive
- more tighter deadlines
- Rule 26 disclosures
- Rule 56 practice (S.J.)
- potential attorney fees!
- Rule 11 (& sanctions)
- unanimous jury verdict
- disqualification motion

Should You Arbitrate First?



➤ PROS

- single judge
- more streamlined
- usually less expensive
- usually faster to trial
- final monetary award
- more customizable
- more economical
- no disqualification?

➤ CONS

- arbitrator discretion
- no real appeal rights
- no discovery practice
- no motion practice
- no injunctive relief
- confidentiality applies
- no publicity likely
- loss of “leverage”?

Must You Use Depo Questions? (& what happens if you refuse?)



➤ FACTORS:

- What are goals for the deposition?
- What are **proper** goals for the deposition?
- What are questions (& her true rationales)?
- Is the information relevant to any issue?
- Is the information otherwise available?
- Can you persuade her that you are expert?
- What does it mean if you cannot do so?

Must You Hire An Expert Witness?



➤ FACTORS:

- What are elements of the claims for relief?
- Will any element require expert testimony?
- Is client prepared to authorize dismissal?
- Is client prepared to risk Rule 11 sanctions?
- Is firm prepared to risk Rule 11 sanctions?
- Is firm willing to advance and risk costs?
- Are you willing to advance and risk costs?

Must You Do Pre-Trial Work?



➤ **FACTORS:**

- What are the elements of claims for relief?
- Are you ready to establish proof of each?
- Is client prepared to authorize dismissal?
- Is client prepared to risk Rule 11 sanctions?
- Is firm prepared to risk Rule 11 sanctions?
- Is firm willing to risk fees or reputation?
- Are you willing to risk time or reputation?

Must You “Use” Proposed Ad?



➤ **FACTORS:**

- Does it violate a Professional Rule? (Ch.5)
- Is the ad defamatory in any respect?
- Are you willing to risk being a defendant?
- Is firm prepared to risk being a defendant?
- Is the client prepared to indemnify you?
- Is the client prepared to indemnify the firm?
- Can you enforce any indemnity agreement?

May You Recommend Settling?



➤ FACTORS:

- Does it violate a Professional Rule? (Ch.3)
- Is there an actual conflict of interest now?
- What other choices does the client have?
- What other choices does the firm have now?
- Must you obtain neutral counsel for firm?
- Must you obtain neutral counsel for client?
- What if client refuses any new counsel?

What Should Have Happened?

- Decline “No Economic Sense” Cases
- Take “Moral Wrong” Cases Selectively
- Make Sure Client Sees You as Expert
 - **aka** Reject Clients Who Refuse Advice
- Put Case Plan in Writing (Fee Agreement)
- Fully Disclose Stock Grant Issues (Waiver Letter)
- Make Clear: You Control the Course 100%
- Withdraw Early If Conflicts Continue

Conclusion#1: A Big Retainer Is Not a “Cure All”

Conclusion#2: Client Share Equity Increases Risk

Summary of Seminar

