

## **Early Experts – Stronger Cases?** **By Bill Wein, President, IMS Expert Services**

The current recession has left very few segments of society or business unscathed; 2008 was a tough year for many Fortune 500 companies and AmLaw 100 firms as well as for homeowners and families. With the tightening of the belt comes renewed scrutiny of all expenses. For big business, this includes casting an appraising eye on legal departments and at ongoing or prospective litigation. While there was some activity in 2008 that suggested the old adage about recessions bringing new litigation is not entirely dead, the downsizing and cost cutting at many law firms attests to the fact that this time around the legal industry is feeling the downturn as well.

In the practice of intellectual property (IP) litigation, the expenses involved mean that companies may be pausing a bit longer before taking the plunge into a possibly very costly IP battle. As IMS Elite Expert Richard J. Gering, Ph.D., an economics expert in IP litigation explains: “The patent litigation process can run from one-and-a-half to four years in duration and cost, on average, \$4 to 6 million. Where possible, people are trying to shorten the process, decrease the costs, and increase the certainty of the outcome as much as they can these days.”

In such a climate, it may seem counterintuitive to suggest that engaging expert witnesses early is sound strategy. However, there’s much about the current litigation landscape to indicate that retaining experts early is a smarter strategy than ever. In this article we describe four such reasons: maximizing value through an IP audit, exploring all angles, developing a unified strategy, and ensuring that you have the best.

### **Maximizing IP Value**

While the majority of IP cases that he handles are patent infringement, Gering has also testified in trade secret, copyright, trademark and other complex litigation matters. Outside of litigation, Gering has also assisted clients that were established in the market and were facing the entry of a new competitor. He explained that in one instance he encountered, “It was not a lawsuit, but the company wanted an economic analysis of the impact, if any, and a playbook of how they should react to that new competitor, or if they should react. Many clients want someone to help them model how their world might change economically as a result of certain events.”

As IP valuation expert Glenn Perdue [explained it to IMS last year](#), an IP expert can:

- Provide a patent evaluation
- Verify current use and capitalization of the revenue
- Project future use of the patent
- Calculate potential lost revenue
- Establish licensing opportunities

### **Exploring All Angles**

Attorneys and corporate clients alike are taking extra time and putting in extra thought now, more than ever, before they file a case. The costs involved and the uncertainty of the outcome create a need for a high level evaluation and analysis to build a stronger case. Many are finding that the right expert can help with this process, sometimes even before litigation is filed.

Ted Gorder, Vice President of Operations for IMS *Expert Services*™ explains: “Having listened in on hundreds of interview calls between prospective experts and attorneys, I often hear creative ideas from experts that attorneys immediately recognize will add to the strength of a case. For example, in a recent intellectual property case, the expert mentioned several specific patent claims issues he felt were key. I heard the attorney say, ‘I hadn’t thought of that,’ at least three times within that 1-hour call.

“Conversely, what is always disappointing is when the attorney has waited too long to have these discussions and there is little or no time to investigate or pursue the expert’s suggested angle,” Gorder concludes.

It’s important to note that with the right communications and case management, engaging experts early does not have to cost more. It will, however, almost always deliver more value to the client.

### **Developing a Unified Strategy**

Dr. Gering works with both outside litigators and in house counsel on matters involving the determination and calculation of damages as well as different types of economic consulting.

He sees two trends in employing experts. Some clients are delaying the use of experts as much as possible. Others, however, are bringing their experts in earlier, either at the time they file or before they file, to get an expert assessment of the potential scope of the case. They want to get an economic feel for the matter before they pull the trigger. “Many of my colleagues get a call fairly early in the process. Because of the costs, some clients are employing experts in hopes that the case will settle,” Gering said.

Gering believes that, “The key is to bring in the experts earlier, even if they do a substantial part of the work later in the case. Bringing in an expert early can help you understand some of the economic issues so counsel can have a preliminary number. That may be crucial in assisting in understanding the magnitude of the matter or obtaining a settlement.”

Russell B. Hill, a partner in the intellectual property practice group at Howrey LLP, agrees. “I [prefer] to bring on experts at the beginning and get in sync with them right away. The benefit is a unified case strategy with no surprises when it comes time for expert reports.”

## **Ensuring that You Have the Best Expert**

Given adequate time, high level experts will always help build stronger cases. The plaintiff side will typically use experts very early on to help build the case. Defense attorneys often wait to the last minute. At that point, something as simple as the calendar can cause huge limitations. Rarely are the best experts sitting on the bench with open time on their calendars. To get the best you have to act early.

Experts are crucial, not only to the case strategy, but in court for litigation. If an attorney waits to bring an expert on board until it has been established that the case has a high probability of prevailing, he has missed out on consulting that could have revealed valuable information that could have made a difference in the outcome.

*Notes:*

*IMS Elite Expert Richard J. Gering is an economics expert in intellectual property (IP) litigation. A principal of forensic accounting and litigation support services firm ParenteRandolph, LLC, he has more than 20 years of experience in business strategy, technology strategy, capital formation, valuation and litigation support.*

*Russell B. Hill, a partner in Howrey LLP's intellectual property practice, is a litigating attorney specializing in complex patent litigation. Mr. Hill has extensive experience working with technical experts in various technologies including digital signal processing, digital printing, wireless communications, semiconductor devices, UV ink curing and precision component manufacturing.*