

IP Strategies for Entrepreneurs – Day 3: Litigation



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Prologue

- What to expect in a lawsuit
- Big picture: What will (likely) happen?
- What kinds of evidence can make a big impact?
- “I’m going to appeal all the way to the Supreme Court!” – realistic?

Cease and desist
letters

CEASE AND DESIST!

Anybody ever sent one?

Gotten one?

CEASE AND DESIST!

Drafting cease and desist letters

- Not belligerent – respectful, just the facts
- No threats: “Do, or do not; there is no [threat]”



NETFLIX

August 23, 2017

Emporium Arcade Bar
% Danny and Doug Marks
2363 N. Milwaukee Ave
Chicago, IL 60647

Via email 

Danny and Doug,

My walkie talkie is busted so I had to write this note instead. I heard you launched a *Stranger Things* pop-up bar at your Logan Square location. Look, I don't want you to think I'm a total wastoid, and I love how much you guys love the show. (Just wait until you see Season 2!) But unless I'm living in the Upside Down, I don't think we did a deal with you for this pop-up. You're obviously creative types, so I'm sure you can appreciate that it's important to us to have a say in how our fans encounter the worlds we build.

We're not going to go full Dr. Brenner on you, but we ask that you please (1) not extend the pop-up beyond its 6 week run ending in September, and (2) reach out to us for permission if you plan to do something like this again. Let me know as soon as possible that you agree to these requests.

We love our fans more than anything, but you should know that the demogorgon is not always as forgiving. So please don't make us call your mom.

Thanks,



Director/Senior Counsel - Content & Brand IP

Amicable?

Q: Immediate actions?

What are your most important “immediate actions” if you get a cease-and-desist letter?

CEASE AND DESIST!

Q: Immediate actions?

What are your most important “immediate actions” if you get a cease-and-desist letter?

1. Don't panic!
2. Call your lawyer?
3. Consider a “litigation hold” on emails, etc.
4. Acknowledge receipt — *no more than that* (e.g., “we have received your letter dated XX and will get back to you after we have had a chance to consider it.”)

Responding to a cease and desist letter

What's an effective “style” for a response to a cease-and-desist letter?

Responding to a cease and desist letter

What's an effective “style” for a response to a cease-and-desist letter?

It depends

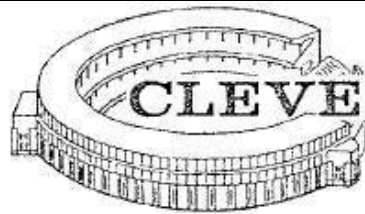
Cease-and-desist response *(by a former litigator)*:
Blue Jeans Cable to Monster Cable, 2008

“I do not compromise with bullies and I would rather spend fifty thousand dollars on defense than give you a dollar of unmerited settlement funds.

“As for signing a licensing agreement for intellectual property which I have not infringed: that will not happen, under any circumstances, whether it makes economic sense or not. ...

“Not only am I unintimidated by litigation; I sometimes rather miss it.”

Cease and desist response: Cleveland Browns, 1974



CLEVELAND STADIUM, CORP.

CLEVELAND STADIUM • CLEVELAND, OHIO 44114

Phone: 781-5600

November 21, 1974

Dale O. Cox, Esquire
Roetzel and Andress
20th Floor
One Cascade Plaza
Akron, Ohio 44303

Dear Mr. Cox:

Attached is a letter that we received on November 19, 1974. I feel that you should be aware that some asshole is signing your name to stupid letters.

Very truly yours,

CLEVELAND STADIUM CORP.

James N. Bailey,
General Counsel

JNB:bjn

cc: Arthur B. Modell

Filing a lawsuit

Plan with the end in mind:

What can an IP plaintiff expect
in an infringement case?

Expect: A **counterclaim**

“Litigation is not a game of solitaire” ([link](#))

Discussion question: **What kind?**

Expect: An **affirmative defense**

“Yeah, but” **Defendant** has burden of proof
(Or: “*Even if I did it, I shouldn’t be liable because*”)

- “The patent is invalid”
- “The patent is unenforceable because of ‘inequitable conduct’”
- “Copyright misuse” “Copyright fair use”
- “Antitrust!”

Expect: A monetary award?

Maybe – if “proof checkpoints” are all hit

- Royalty on past infringing sales?
- Plaintiff’s lost profits?
- Infringer’s own profits?
- Attorney fees?
- “Punitive damages”?
- “Statutory” damages?

\$\$\$?

Why is IP litigation so expensive?

\$\$\$?

- Discovery:
 - Document review & production
 - Depositions (!)
- Motion practice (often)
 - Discovery disputes
 - Motions “in limine” (about evidence)

Expect injunctive relief? (A bigger lift)

Court orders defendant —

- to **stop** doing something
- **to do** something
(less common – why?)

Significant burden of
proof for either path

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

PERFECT 10,
Plaintiff,
v.
GOOGLE, INC., *et al.*
Defendants.

CASE NO. CV 04-9484 AHM (SHx)

ORDER GRANTING IN PART AND
DENYING IN PART PERFECT 10'S
MOTION FOR PRELIMINARY
INJUNCTION AGAINST GOOGLE

I. INTRODUCTION

The principal two-part issue in this case arises out of the increasingly recurring conflict between intellectual property rights on the one hand and the dazzling capacity of internet technology to assemble, organize, store, access, and display intellectual property “content” on the other hand. That issue, in a nutshell, is: does a search engine infringe copyrighted images when it displays them on an “image search” function in the form of “thumbnails” but not infringe when, through in-line linking, it displays copyrighted images served by another website?

First phase – what's involved?

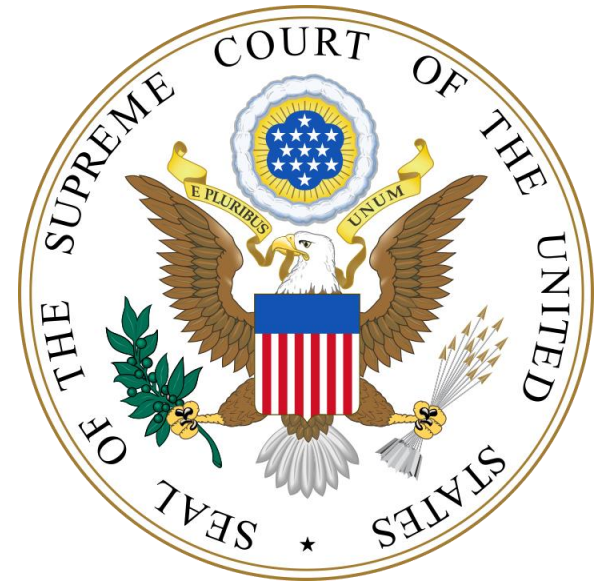
- (Maybe) Demand letter, negotiations
- Plaintiff files a “complaint”
- Defendant files an “answer”
(OR: a motion to dismiss)
- Lawyers meet to plan pre-trial proceedings
- Judge enters a scheduling order
- Lawyers proceed more or less on their own
- Settlement talks? Mediation?

But first:
What court to file in?

What court(s) have “subject matter” jurisdiction (legal power)?

Federal courts: Only the following (U.S. Constitution Art. III):

- “**Diversity**” – all parties are in, e.g., different states
- “**Federal question**”
 - Acts of Congress (e.g., patent cases, copyrights, DTSA)
 - Constitutional questions (*Marbury v. Madison* bootstrap)



What court(s) have “subject matter” jurisdiction (legal power)?

State courts: Whatever state law allows —

- **Trade secret cases**
(common law; UTSA)
- **Breach of contract cases**
(NDA; license agreement)



What court(s) has “subject matter” jurisdiction (legal power)?



Certificate of Registration

This Certificate issued under the seal of the Copyright Office in accordance with title 17, *United States Code*, attests that registration has been made for the work identified below. The information on this certificate has been made a part of the Copyright Office records.

Registration Number
TXu 1-921-097
Effective Date of Registration:
September 17, 2014

Maria A. Pallante
Register of Copyrights, United States of America

Title _____

Title of Work: Helen Sedwick Blog 2014

Completion/Publication _____

Year of Completion: 2014

Author _____

• Author: Helen Sedwick
• Author Created: text
Work made for hire: No
Citizen of: United States
Domiciled in: United States
Year Born: _____

Copyright Claimant _____

Copyright Claimant: Helen Sedwick, United States

Limitation of copyright claim _____

Material excluded from this claim: photographs

New material included in claim: text

Rights and Permissions _____

Organization Name: Ten Gallon Press
Name: Helen Sedwick
Email: _____
Telephone: _____
Alt. Telephone: _____
Address: _____

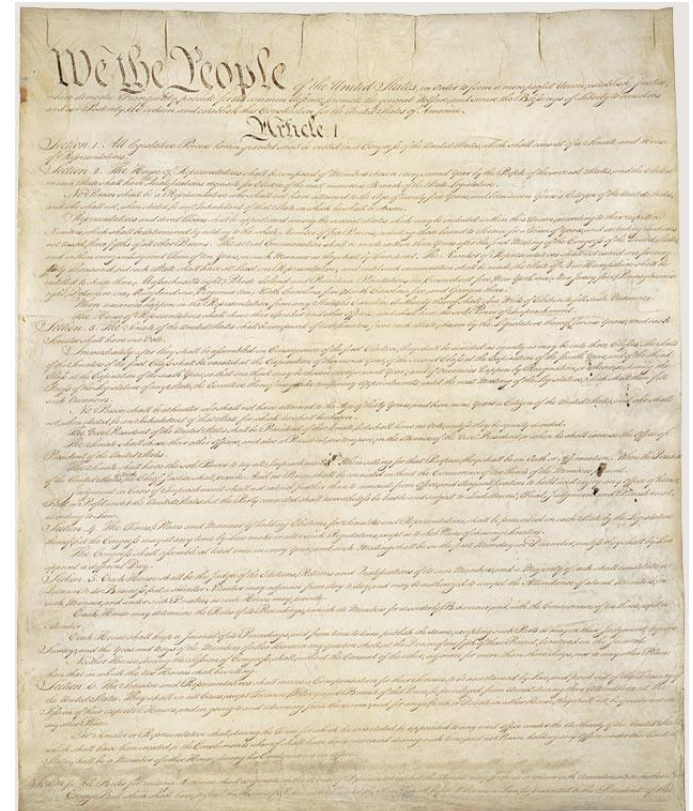
Certification _____

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Patents, copyrights: *Federal* courts only
(w/ very-limited exceptions)

What U.S. court(s) have “personal” jurisdiction?

- Gotta have at least “minimum contacts” with the state
- States have “long-arm” statutes
- Must be consistent with constitutional “due process”



Lawsuit is filed –
now what?

Q: Judge's power to summarily dismiss??

- Motion to **dismiss** – Federal Rule 12(b)(6)
 - Requires: Even if everything plaintiff says is true, under the law the plaintiff still loses – so:
No need to go any further with the case

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- Motion to **dismiss** – Federal Rule 12(b)(6)
 - Requires: Even if everything plaintiff says is true, under the law the plaintiff still loses – so:
No need to go any further with the case
- Motion for **summary judgment**
 - Requires: After discovery, there's no genuine dispute about any “material” (outcome-affecting) fact
 - So: No need for a trial – judge should just rule

Q: Why “expert” witnesses?

“A witness who is **qualified** as an expert by knowledge, skill, experience, training, or education may testify in the form of an **opinion** or **otherwise** if:

“(a) the expert’s scientific, technical, or other **specialized knowledge will help the trier of fact** to understand the evidence or to determine a fact in issue;

“(b) the testimony is based on **sufficient facts** or data;

“(c) the testimony is the product of **reliable** principles and methods; and

“(d) the expert has **reliably** applied the principles and methods to the facts of the case.”

Q: What kinds of evidence
can make big impressions?

“Bad” emails, texts

'It's better to buy than compete': The FTC is using Mark Zuckerberg's own words against him. Read the Facebook CEO's crucial emails here.

Katie Canales Dec 10, 2020, 10:10 AM



Facebook CEO Mark Zuckerberg in Washington D.C. on Oct. 23, 2019 Andrew Harnik/AP

- The Federal Trade Commission filed a lawsuit against Facebook on Wednesday, accusing the company of buying WhatsApp and Instagram to neutralize competition instead of creating their own services to compete against them.
- Internal emails written by Facebook CEO Mark Zuckerberg were made public in the lawsuit, and the documents reveal how the executive and others in leadership perceived the two companies

“Bad” deposition video excerpts



Lies

GLENVIEW

5 cops caught in lies on witness stand, judge says

By Steve Schmadeke and Tribune reporter
Chicago Tribune • Apr 15, 2014 at 12:00 am

One by one, five police officers took the witness stand at the Skokie courthouse late last month for what would typically be a routine hearing on whether evidence in a drug case was properly obtained.

But in a "Perry Mason" moment rarely seen inside an actual courtroom, the inquiry took a surprising turn when the suspect's lawyer played a police video that contradicted the sworn testimony of the five officers — three from Chicago and two from Glenview, a furious judge found.

What does a jury do in the jury room?



Appeals

Q: Appeal an adverse *jury verdict*?



Small groups:

What surprised you today?

OR:

What are you glad
you learned today?

Exercises from course book

