

Joint Defense Pacts Pose Pitfalls

Facing increases in litigation and decreases in legal budgets, corporate defendants in patent and trademark lawsuits are more regularly employing a tactic most would not have dreamed of a decade ago. Rather than fight these cases single-handedly, they are joining together and hiring a single law firm to represent them as a group.

Joint representation agreements make sense from an economic standpoint and even, in many cases, from a strategic standpoint. But when it comes to the hiring and use of expert witnesses, joint representations require special precautions.

The potential pitfalls regarding experts are many. These cases pose dangers of disputes over practical issues such as which expert to hire, who employs the expert and who pays for the expert. On a far-more serious level, these arrangements can increase the potential for conflicts of interest and make it more difficult for parties to maintain work-product privileges and client confidentialities.

That said, many of these risks can be avoided, lawyers say, by clearly spelling out roles and responsibilities at the outset of the joint representation and by maintaining open channels of communication throughout the representation.

Possibility for Conflict

Joint representation agreements are a step beyond the more common joint defense agreements. In the latter, separately represented defendants work together to coordinate all or part of a defense. Under a joint representation agreement, separate defendants come together in a single defense mounted by a single law firm.

Under such an arrangement, one obvious area of possible conflict is in coordination of the expert witness. Paul W. Reidl, an intellectual property lawyer in California and the former president of the International Trademark Association, recalls an example he observed in a case.

Two defendants operating under a joint representation agreement hired a marketing expert to provide testimony on market operation and performance. "One defendant had a very clear view about what that report should and should not cover," Reidl says. "The other defendant wanted something far different."

For the most part, the two defendants were able to work out their differences between themselves and outside the presence or knowledge of the expert. But there were times when their tactical dispute spilled over into meetings with the expert.

"As a result of that conflict, the expert report was viewed as OK but sub-optimum by both parties because it was a compromise approach to the problem," he says. "At the end of the day the defense prevailed so things worked out well, but it was a real headache to get the expert report together."

Issues Matter

In patent cases, the potential for problems will vary depending on the relationships among the parties to the joint representation agreements and the nature of the testimony to be offered by the expert.

"A lot depends on how the groups of defendants are related," observes R. David Donoghue, a patent litigator with Holland & Knight in Chicago. "If the defendants are a supplier and its customers, and the cases arise out of the same accused product or process, then the potential for conflict is minimal."

"But if the defendants that enter into the joint agreement are different manufacturers of a category of products, then you can face complex issues as an attorney representing these different parties," Donoghue believes.

It also matters whether the expert's testimony relates to the invalidity of the patents or to establishing non-infringement, says Donoghue, who has written about these issues on his Chicago IP Litigation Blog.

Defendants can more easily share an expert to testify with regard to invalidity, he notes. "That expert is not focused on the accused product, but is looking at the prior art. That is generic to the defendants." But in the non-infringement portion of a case, there may be an element that, if construed a certain way, suggests that some defendants do not infringe but that others do.

Advice from Lawyers

The best way to avoid problems with experts in joint representation matters is to anticipate and address them up front, Donoghue advises.

"Do the upfront technical analysis to understand the infringement claims and potential positions and claim constructions as best as you can. You want to avoid the potential for conflict, because conflicts tend to arise at times when they are most difficult to deal with – in the weeks before discovery closes or before the expert's report is due."

It is also important, at the outset of the joint representation, to spell out in writing the ground rules for hiring and supervising expert witnesses, advises Joseph C. Gioconda, an intellectual property lawyer in New York City. "All the parties to the joint defense agreement and their respective counsel must work out in advance who is going to be the point person with the expert."

Gioconda further suggests that the parties hold periodic conference calls outside the expert's hearing to discuss the status of the expert's work and any issues of concern.

If Conflicts Arise

If conflicts do arise over the course of a joint representation, one way to deal with them may be to have separate teams of lawyers within the same firm work with separate experts, Donoghue suggests. Alternatively, it may be possible to use multiple experts and still coordinate them through a single counsel.

A variation on this would be to hire one expert to address the primary issues in common among the defendants and then hiring separate experts to address discrete issues faced by individual defendants, recommends Erin B. Moore, a litigation partner with Green & Green in Dayton, Ohio.

Still another approach is for the defendants to hire a single firm to represent them in the litigation but to have their own, separate counsel. Paul Hletko, a patent attorney at the Cardinal Law Group in Chicago, says this arrangement allows potential competitors to enter into joint defense agreements while simultaneously protecting their trade secrets and other competitive information.

Direct and open communication with clients is the surest way to avoid problems under a joint representation agreement, lawyers agree. "Spend the time with the clients to make sure they understand the relationship," Donoghue says. "Particularly in the representation of multiple defendants, write down the understanding and agreement so no party is confused."