

ASK AN EXPERT

The testimony of an expert witness can make or break a case in intellectual property disputes. Helen Yates finds out what qualities a reliable witness must have.

Intellectual property litigation is sometimes inevitable, but these cases can be some of the most challenging to try in court. Deciding whether one party has wronged another and by how much is not always easy for a judge, or jury, depending on which jurisdiction a trial takes place in. Intellectual property is often a very subjective area, involving complex and highly abstract issues. Using expert witnesses is one way of applying a measure of science and analysis to IP disputes.

In the US, where IP trials often take place in front of a jury, there are two broad types of expert witness that can be used. First, there are experts whose main aim is to assess the liability: in other words, has the use of similar trademarks confused the public? Second, there are experts whose main role is to assess the actual damages in an IP dispute.



Damages experts

Chicago-based IP firm Ocean Tomo provides damages analysis professionals to testify on the value of intellectual property. “We tend to look at the value of the intellectual property that has been infringed on or stolen,” explains Andrew Carter, chief operating officer and a founding partner of Ocean Tomo. “How much has one party been damaged by another party’s actions? What’s the harm? And how much one party should pay the other party based on various rules as set by the court.”

Experts who assess liability will have a great deal of technical or legal knowledge in a very specific area. “They’ll know everything there is to know about the making of aerosol cans, for example,” says Carter. “Or you’ll have experts who know everything that goes on at the patent office. Those experts tend to focus more on the liability side of the case and they will give opinions based on a very narrow topic.”

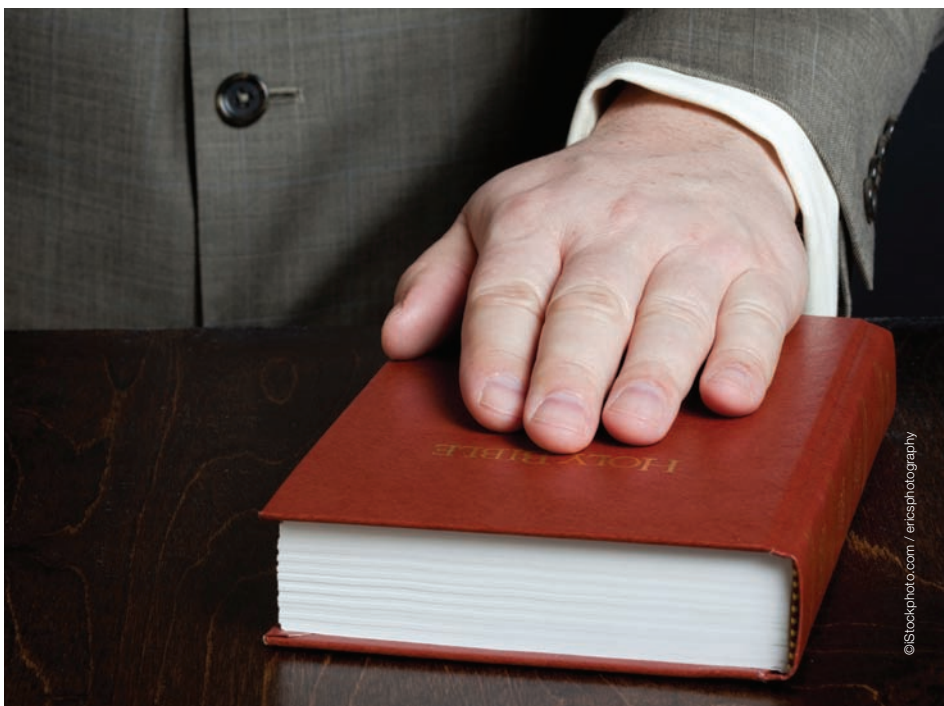
Damages experts, by contrast, can apply their theories to a wide range of potential cases. “You can have a bunch of different bicycles and you need a different technical expert for each type of bicycle. But for damages, you need an expert who knows how to ride a bike,” says Carter.

In US patent infringement lawsuits, the *Georgia-Pacific v. US Plywood* factors are frequently used to determine royalty rates for establishing damages. “There are 15 factors from that case that the court laid out many years ago; they are frequently considered when looking at intellectual property damages, particularly in patent cases,” explains Carter. The factors address issues regarding comparable royalties, the prospective licence, the parties, the technology and the accused products (see box).

Liability experts

In the UK, where intellectual property trials do not take place in front of a jury, judges have the technical knowledge to make their own subjective decisions on whether trademarks, patents, copyrights and trade secrets have been infringed. Expert witnesses can be used by both sides in a case to help assess liability, but it is ultimately the judge’s decision.

In the US, trials often take place in front of a jury and there has been an increasing willingness to accept surveys to help inform decisions. This has been a significant shift from the subjective to the objective. “**The issues that are most relevant for surveys are those of consumer confusion,**” explains Bob Klein, president of Applied Marketing Science. “**Are people confused by the use of similar trademarks? Has the trade dress for a product achieved**



secondary meaning so it could function as a trademark? A third area has to do with the issue of generics. Has a trademark become a generic descriptor for a particular product category?”

Examples of where trademarks could be considered generic descriptors include Cellotape, Jeep and Hoover. Klein cites the landmark case where DuPont filed a trademark infringement and unfair competition lawsuit to protect its TEFLON® trademark. “Is Teflon a brand name or is it generic for non-stick coating?” asks Klein. “In that case, a survey was used that was able to show that Teflon was in fact perceived to be a brand name by customers.”

Regardless of whether these cases are decided by a judge or jury, Klein feels a survey can provide important evidence that may trump a subjective opinion. “A survey of 300 to 400 people, which is properly executed and analysed, can help a judge or jury reach a completely different decision than if they just relied on their own observation.”

Teaching not telling

There are a number of qualities a successful expert witness should have. Given the complexities often involved in intellectual property trials, one of the most crucial attributes is the ability to teach, rather than tell, Carter explains. “It’s important to not just be a talking head expert. If you have a teller versus a teacher, the teacher usually wins.” Experience and educational background are also clearly important: “Some attorneys don’t want to try out the rookie.”

The ability to explain complicated theories and analysis in a straightforward manner is

an important skill, but it needs to be applied in the right setting. In a US jury trial, where jury members are not experts and may have heard conflicting testimonies, it is useful to have a witness who is able to summarise key issues and simplify complex details.

“From a damages perspective it is of course important to simplify the calculation of damages and explain complex issues to a jury,” explains Carter. “But another key role of the expert is to consolidate all the prior testimony—to tell the jury the story of the case and what is really going on here. Damages experts go last so they can sum things up and pull everything together. The jury needs a framework to put all the pieces of the puzzle together so they can come to an answer.”

An expert has a very different role in the UK court system. Too much teaching could come across as patronising and any evasive responses are unlikely to help a case. “In America, it is a very different situation and that mainly is because of the jury system,” explains Nicholas Macfarlane, partner at Lovells. “I remember watching one trial recently where an American expert, who had been an expert many times before, was carrying out various bits of cross-examination and he thought he’d done marvellously well. In fact, he’d completely failed, because in our court, you have judges who are technically savvy and they could see him just avoiding the point. Whereas a jury might think ‘he’s cleverer than this silly old lawyer.’”

Macfarlane thinks it is important for an expert witness to be able to give a straight answer and offer the occasional concession. “An expert is likely to be accepted if he is able to make

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concessions in the box. Often they go in there and say to themselves ‘this is an intellectual dual between the barrister and myself, and I am going to win every point’. The problem is that every time they don’t concede a point when they should, they lose credibility.”

Taking sides

An added challenge for expert witnesses is that they are only ever fighting one side of the case, explains Klein. “An expert witness is ultimately going to have to be able to teach a judge or jury

about the research they’ve done and convince them of the validity of it. The first criterion for selecting an expert is their ability to articulate in a clear and understandable way what they’ve done and how they’ve reached their opinion, because they have to convince the judge and jury that their opinion is the one that should be relied on in the case.”

In a courtroom setting, it helps to have some experience of being cross-examined. For experts basing their testimony on surveys, it is important to have a robust questionnaire and a representative sample of respondents. Any weaknesses will be scrutinised. “I’m used to defending my assumptions to my clients, but until you’ve been cross-examined about them, you haven’t really had to defend your position,” explains Klein. “With litigation, there’s someone on the other side who is motivated to discredit everything you’ve done and they’re going to look for everything they can that would discredit you as an expert or the work you’ve done.”

For a regular witness, it is inevitable that you will find yourself on the losing team from time to time—and this is something of an occupational hazard. “Generally, if you’ve done work as an expert witness, you’ve inevitably been criticised by courts because you’re not always going to be on the winning side,” adds Klein. “There aren’t many experts who have done more than a handful of cases who haven’t found themselves being criticised—and you rarely get a chance to rebut a judge’s written opinion.”

Macfarlane questions whether expert witnesses should testify regularly in intellectual property trials. He thinks professional witnesses, who are recognised by the judge because they have appeared in so many previous trials, can look too much like a “hired gun”. The assumption is often made that such experts will say whatever they are paid to say. And testifying once is often enough. “Many expert witnesses say ‘once in a lifetime is enough—it’s ghastly’. Being in the box is a curious experience—it is an intellectual battle and here comes this whipper snapper lawyer trying to tie you up.”

The feeling on the other side of the Atlantic is more in favour of using witnesses with a track record. For Carter and Klein, being a damages expert is much more than being a hired gun. They see their experience as essential to being accepted by the court as an expert with the right credentials. And being hired does not mean an expert can’t be impartial.

“A good damages expert has a perspective that might be different from that of the people who hire him,” says Carter. “Sometimes a client will think they’ve been infringed on and damaged a great deal, and maybe the expert determines that things are a little different. The client might feel they have been terribly wronged but, in actuality, the damage is not as high as the client believes. Or maybe the damages are higher than the client originally thought—so sometimes it’s an education with the client that’s required.”

Guidelines from Georgia-Pacific

The court used these 15 factors to determine the type of monetary payments that would compensate for a patent infringement in *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 FSupp 1116, 6 USPQ 235 (S.D.N.Y. 1970):

- The royalties received by Georgia-Pacific for licensing the patent, proving or tending to prove an established royalty
- The rates paid by the licensee for the use of other similar patents
- The nature and scope of the licence, such as whether it is exclusive or non-exclusive, restricted or non-restricted in terms of territory or customers
- Georgia-Pacific’s policy of maintaining its patent monopoly by licensing the use of the invention only under special conditions designed to preserve the monopoly
- The commercial relationship between Georgia-Pacific and licensees, such as whether they are competitors in the same territory in the same line of business or whether they are inventor and promoter
- The effect of selling the patented specialty in promoting sales of other Georgia-Pacific products; the existing value of the invention to Georgia-Pacific as a generator of sales of non-patented items; and the extent of such derivative or “convoyed” sales.
- The duration of the patent and the term of the licence.
- The established profitability of the patented product, its commercial success and its current popularity
- The utility and advantages of the patent property over any old modes or devices that had been used
- The nature of the patented invention, its character in the commercial embodiment owned and produced by the licensor, and the benefits to those who used it
- The extent to which the infringer used the invention and any evidence probative of the value of that use
- The portion of the profit or selling price that is customary in the particular business or in comparable businesses
- The portion of the realisable profit that should be credited to the invention as distinguished from any non-patented elements, manufacturing process, business risks or significant features or improvements added by the infringer
- The opinion testimony of qualified experts
- The amount that Georgia-Pacific and a licensee would have agreed upon at the time the infringement began if they had reasonably and voluntarily tried to reach an agreement.

Source: *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 FSupp 1116, 6 USPQ 235 (S.D.N.Y. 1970).