



BuchalterNemer
A Professional Law Corporation



Your Partners in Progress

**“Litigating Intellectual Property
Disputes – Strategy and Cost Control”
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Buchalter Nemer – ACCA SoCal Sponsor

- Buchalter is in its 60th year
- 150 attorneys
- Offices in Orange County (Irvine), Los Angeles, San Francisco and Scottsdale, AZ



Steven Brower – Trial Lawyer & Moderator

- Shareholder with Buchalter Nemer, in Orange County, California
- Litigation attorney since 1980, UCLA School of Law
- 8 years experience as a computer programmer
- First jury trial 2 months after becoming a lawyer (won)
- Litigation in multiple state and federal courts including case involving intellectual property, trade secrets, contracts and fraud, real estate, construction, employment, products liability and malicious prosecution



Presentation Disclaimer

- This is a private presentation and the speaker's comments are not intended for general publication. The speaker is providing his own general opinions based on hypothetical fact situations. No specific case or legal proceeding is being referred to unless otherwise expressly stated.



War Stories

- Joymax – Software pirates, gaming, international, choice of forum, persuasion on new law
- Trek – Use of UDRP, reading the rules
- California Scents – Strategy on framing arguments, appeals
- Borland – Bet the company, insurance coverage, technology in the courtroom, settlement
- NT Objectives – Trade secrets, former employees, press coverage, e-discovery
- NTPI – Computer fraud & abuse, exchange of files
- Software Arbitration – ADR, routine emails



Joymax – Strategy and Costs

- Korean gaming company with worldwide game property (Silk Road Online) – free play model
- Thieves stole the server side software several years ago
- Running on European server (**E**uropean **C**ommunity **S**ilk **R**oad **O**nline) – ecsro.net registered in Poland, along with website selling “gold” for cash
- Goals – Shut Down the Pirate Server
- What is the strategy and estimated cost?



Joymax – US Jurisdiction

- Local office, but only used to collect money and give tech support
- Obtain trademark on company name and game name
 - Silk Road Online less of a problem in U.S. than in Korea
 - Opposition proceeding
- Obtain copyright on expedited basis prior to filing case
 - Special deposit rules for trade secrets
 - Unpublished work – internal discussion



Joymax – Service in Poland

- Detailed factual complaint
 - Color comparison of screens
- Formal service under Hague to legitimize
 - Translate papers to Polish
 - Obtain service through judicial authority
- **SHUT DOWN** on the day of service of suit, with widespread publicity on chat boards



Trek – Strategy and Issues

- Domain name infringement
 - Lower cost proceeding under ICANN rules
 - “Paper only” arbitration
- Client had www. Trek.com for many years, because they used to work on Star Trek projects
- At some point it became a travel site (trekking) and it had advertisements for bicycle trips



Trek – Winning a UDRP

- Trek Bicycles had the trademark on Trek and filed a UDRP
- Client wanted to monetize the site, possibly by sale
 - Knew not to ask for money from Trek Bicycles
- UDRP requires, as an element, that there be “bad faith” in obtaining of the domain name
 - Bad faith against a different party (Star Trek) is not bad faith against this claimant



California Scents – Trade Dress

- Client has product with unique shape (cat food can) and naming (regional name) and colors
- Competitor starts a competing product for the specific purpose of annoying client
- Both have been in the air freshener business, on the commercial side, for over 50 years
- Issue is whether a consumer product can be protected
- File in California after allowing the writ in Pennsylvania to expire



California Scents – Trade Dress

- MSJ based on the argument that the product is functional
 - Can is bullet proof
 - Can is good for stacking
 - Showed that it is NOT good for stacking by making the stack fall over
 - Can is a standard cat food can adapted for this use
 - Example at oral argument of using milk carton shape for colored hobby sand



California Scents – 9th Circuit #1

- Test is likelihood of confusion
- Court asked opposing counsel whether the picture in the brief was accurate?
- Issued decision reversing the trial court
- Opposing party dismissed their Counterclaim, they had been the ones who had demanded a jury



California Scents – 9th Circuit #2

- Strategic planning and decision with client buy-in, appealed only on the denial of jury trial
- Asked to comment on a case which didn't appear in any briefs
- Talked for unlimited time
- Obtained a published decision ruling that client was entitled to jury trial
- Result – Case Settled because the defendant had never sold any product



Borland adv. Lotus

- Filed declaratory relief in California on Friday
- Got sued in Boston on Monday
 - Judge said no good reason to file on Friday
- Assigned to Judge Keaton as related case
- One effort to have magistrate judge hear discovery issue
- Technology problems in the courtroom
- Deposition of Jim Manzi
- Ex parte on an unusual issue barring attorney



Borland adv. Lotus - Appeals

- First Circuit Victory
- Supreme Court snow and 4/4 split
- Attorney fee hearings
- Litigation analogies and teaching the cat to talk



Borland adv. Lotus – Insurance Coverage

- Tender on July 4th
- Got draft of denial letter
- Persuaded to provide defense
- Federal finally sued in Santa Cruz, responded with discovery
- Case settled for 85% of defense costs
- Settlement negotiations – biggest mistake in the history of software litigation?



NTO – Former Employees Leave Company

- Computer programmers leave security company
- Announce intention to start company involved with computer security
- Company files complaint and TRO
- Company loses Preliminary Injunction
 - No showing of real trade secret



NTO – Strategic Themes

- Press release when clients were hired
- Prior code development of same products
- Use of pirated software by computer security company, caught by the BSA and by Fortune Magazine
- E-discovery – compiler similarities



NTPI – Strategy

- Client was in the medical scan business
- Partner had software for a computer system to store scans
- Partner sent letter saying that “timebomb” would be allowed to activate unless there were changes in the business model to favor the partner



NTPI – Use of Statute

- Careful about requesting legislation
- Used 18 USC 1030 for use in excess of authorized access
 - Secret Service had sole jurisdiction on criminal
 - Because it was medical computer did not need to show level of damages
 - Obtained injunction
- Subsequent arbitration with investor
 - Exchange of QuickBooks file
 - E-Discovery



Software Arbitration

- Selection of panel
- Control of the proceedings when the panel knows too much
- Assumptions by the panel about discovery
- Unanimity of “biased” panel