

## **Mediating the IP Case**

### ***Part I: Timing***

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Intellectual property lawyers know three things for sure. First, an intellectual property case, once filed in court, will almost certainly be taken through a settlement procedure at least once, either in the form of mediation or a judicial settlement conference. Second, an IP case has a 90% or greater chance of settling rather than going to trial. Third, your IP case will be very expensive to litigate. This all suggests that we begin thinking about mediation of the case sooner rather than later.

But the timing of the mediation is critical. Mediate too soon and the parties won't know enough to make an intelligent business decision in deciding whether or not to settle the case. How will the court construe the claims of the patent? What sales or alleged infringing products are subject to royalties or damages? Does the trademark at issue have secondary meaning? What do surveys show about that and about likelihood of confusion? Is there prior use of the mark by another? Who owns the copyright? Where have infringing works been distributed? What are the damages likely to be?

On the other hand, if the mediation is too late, the parties will have significant "sunk costs" in discovery and motions that complicate the settlement process and harden the parties' positions.

Each case will be different in this regard. For example, if the construction of the claims of a patent by the court is at the heart of a patent infringement dispute, as it often is, it may be best to wait for the Court's claim construction order so it is available to

guide the parties' assessment of risks and possible rewards from the litigation. On the other hand, in some cases one or both parties might want to avoid claim construction and an upcoming ruling may be a catalyst for settlement, suggesting you mediate early in the case. Similarly, in a trademark case, a pending motion for preliminary injunction will have a significant impact on the case. Again, the outcome of the motion might be a catalyst for settlement. In other cases, avoiding the injunction ruling may be a catalyst for settlement, depending on the case.

It is rare to have good data on potential damages early on in the case. That often is easily remedied by the parties agreeing to an exchange of sales information early on, which is typically enough to give the parties enough information to analyze and closely approximate the likely damage range. Where damages are particularly complex, it might be that mediation should await exchange of damage expert reports.

In short, consideration of mediation early on is warranted in all IP cases. But it is critical that the parties carefully consider whether the time is right.