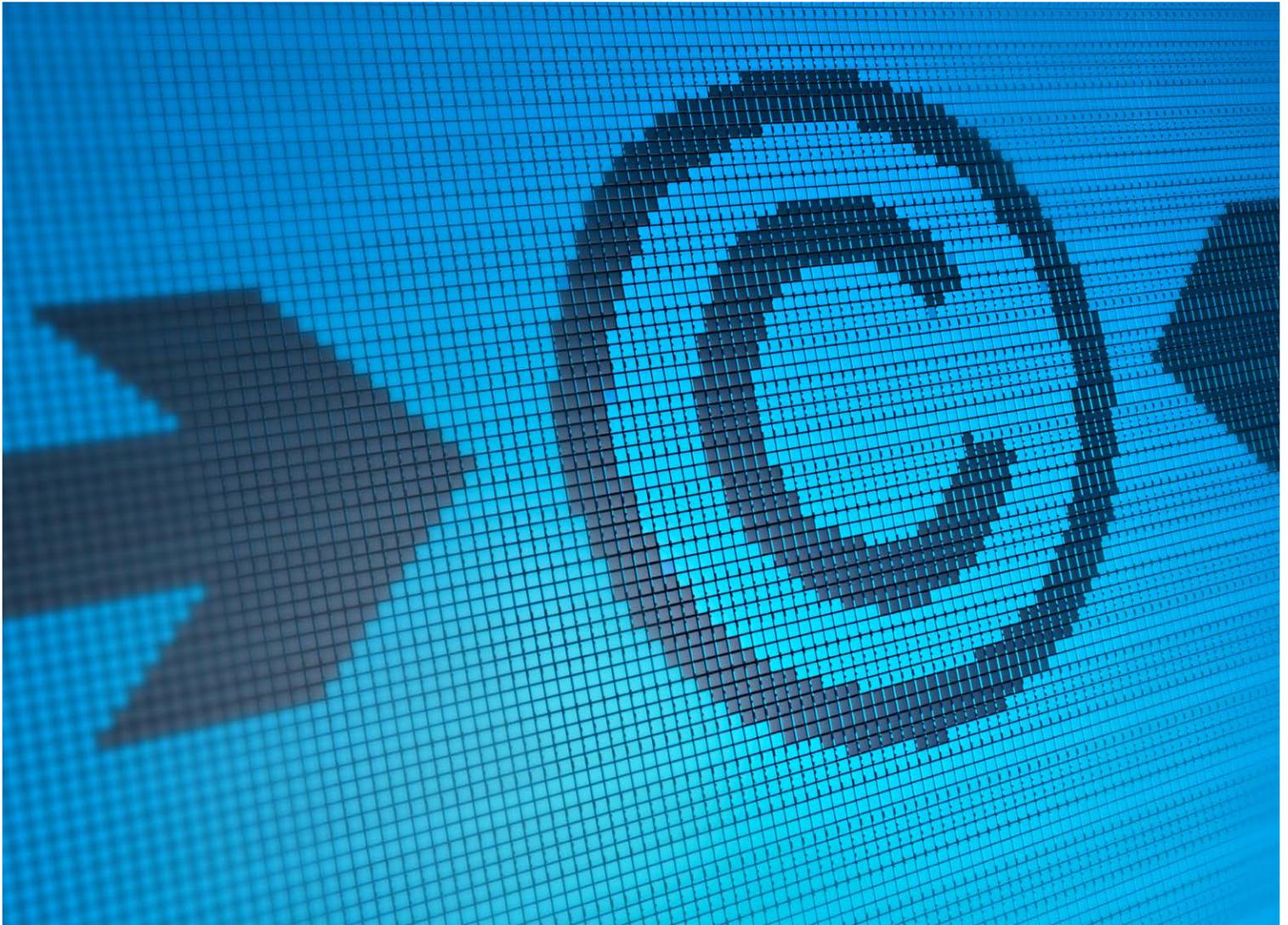




Insights: Top Disputes & Investigations

Intellectual Property





Intellectual Property

IP disputes are likely to be affected by COVID-19 in complex and currently difficult-to-predict ways, from force majeure provisions that firms may use to justify failure to perform under licensing agreements, to the impact of work-at-home practices on the protection of trade secrets, to the novel and complex issues that will arise from the protection of intellectual property surrounding treatments and vaccines.

We have broad expertise in a wide range of issues that arise in IP litigation. In this section, of our **2020 Insights: Top Disputes & Investigations**, we highlight our work helping clients resolve disputes on major Intellectual Property projects.

Infringement Dispute on Solar Power Technology

A dispute over solar power technology led to a lawsuit where our client was sued for allegedly misappropriating the technology underlying the design and development of a solar panel. FTI Consulting was brought in by Defendant's counsel to contest Plaintiff's allegations.

FTI identified technical experts and worked with them to develop their testimony. We conducted extensive research of existing patents, product literature and documents produced in the case. We were able to show that the technology was already in the public domain and the critical features of the technology resided not in the patents and any alleged trade secrets but in the business know-how that had already been widely disseminated across equipment manufacturers. The case settled prior to trial.

Subject Matter Experts



Eric Poer
Senior Managing Director



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Lincoln Eckhardt
Managing Director



Tiko Shah
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Bing Lei
Senior Consultant

ITC Section 337 Investigations

FTI Consulting was retained by Alston & Bird, who was representing Honeywell International, Inc. against The Code Corporation in a patent infringement case that Honeywell had filed at the International Trade Commission. Honeywell and Code compete fiercely in the barcode scanner market and Honeywell alleged that Code infringed on some of its patents.

We assessed the economic prong of a domestic industry related to the asserted patents. We also assessed whether Code maintains a commercially significant inventory of the accused barcode scanners and opined on the amount of bond that would be enough to protect Honeywell from any injury during the Presidential Review period.

Our expert testimony and analyses were instrumental to Honeywell's negotiations. On the eve of the scheduled hearing, the parties reached an extremely favorable settlement to Honeywell. Code agreed to make a significant lump sum payment to Honeywell and pay an annual royalty to license certain Honeywell patents. Code also agreed to redesign a portion of its products and not to revert back to certain designs of the products that were alleged to have infringed Honeywell patents.

Subject Matter Experts



Ryan Herrington
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Rachel Leos
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Proving Damages Stemming from Intentional Underpayment of Royalties

A panel of arbitrators needed to determine breach of contract and fraud damages as a result of the Defendant's failure to pay royalties pursuant to a license agreement. The Plaintiff, a leading, publicly-traded biopharmaceutical company, had entered into the agreement, which covered patents and trade secrets used for research and in vitro diagnostic (IVD) purposes. FTI Consulting was brought into the case by the law firm representing the Plaintiff.

The exclusive licensing agreement covered world-wide sales and provided two different royalty forms dependent on whether the product was to be used for research or diagnostic purposes. After eight years into the license agreement, the Defendant performed an internal review of its licensing policies and procedures, discovering millions of dollars in unpaid royalties to Plaintiff on products that were not flagged as royalty-bearing in its internal systems. Rather than settling the underpayment, the Defendant booked an accrual for the unpaid royalties, but did not pay the Plaintiff the royalties owed.

Months after the discovery, the parties entered into an amendment to the license agreement (without the Plaintiff's knowledge of the unpaid royalties) that changed the royalty payment and structure of many royalty-bearing products that were accrued but not paid – effectively reducing the royalties owed for the products in its accrual. The Defendant instituted a protocol under which new research products were added to the royalty reports and paid, but new products used by IVD manufacturers were added to the accrual and not disclosed or paid. This protocol lasted for more than six years. Unprovoked, after the accrual reached into the tens of millions of dollars, the Defendant paid the Plaintiff a fraction of the amount owed in hopes to settle the total amount of unpaid royalties that were not disclosed to the Plaintiff. The Plaintiff eventually learned that the small payment from the Defendant was a net payment calculated by applying a series of retroactive deductions that were never previously taken or claimed appropriate by the Defendant.

FTI's testifying expert analyzed the record and provided a damages opinion for the breach of contract claims covering the royalties owed and the fraud claims stemming from concealed information during renegotiation of the license agreement. Our expert gained a detailed understanding of the technology at issue, the timeline of wrongdoing, and calculated damages based on alleged breach of the license agreement (royalties owed plus interest) and fraud (additional royalties and interest owed but for the fraudulent amendment).

After direct and cross-examination testimony at arbitration and even before the defense called its damages expert, the matter settled mid-arbitration at an amount greater than FTI's client had initially set out to collect when filing its lawsuit.

Subject Matter Experts



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