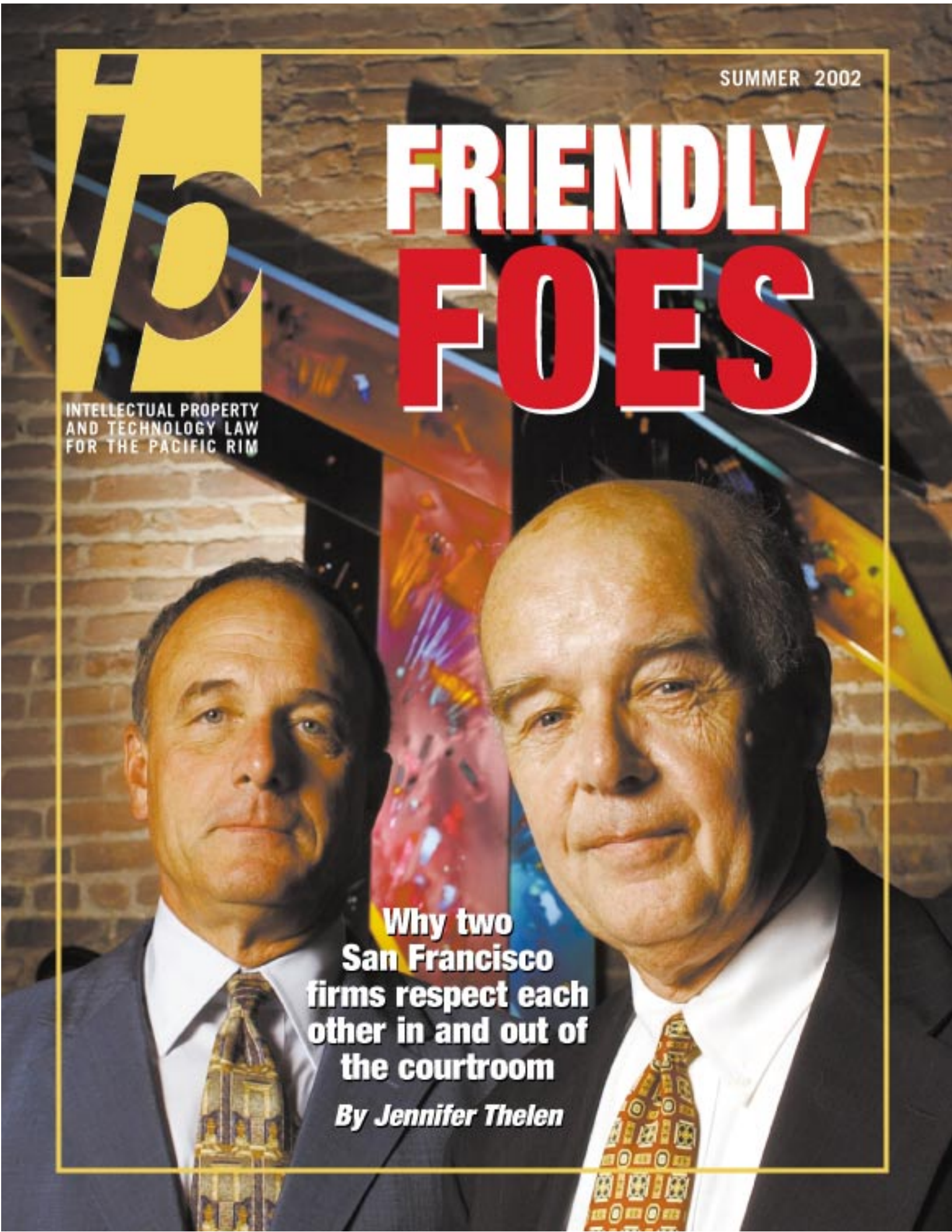
ip
INTELLECTUAL PROPERTY AND TECHNOLOGY LAW FOR THE PACIFIC RIM
SUMMER 2002

FRIENDLY FOES

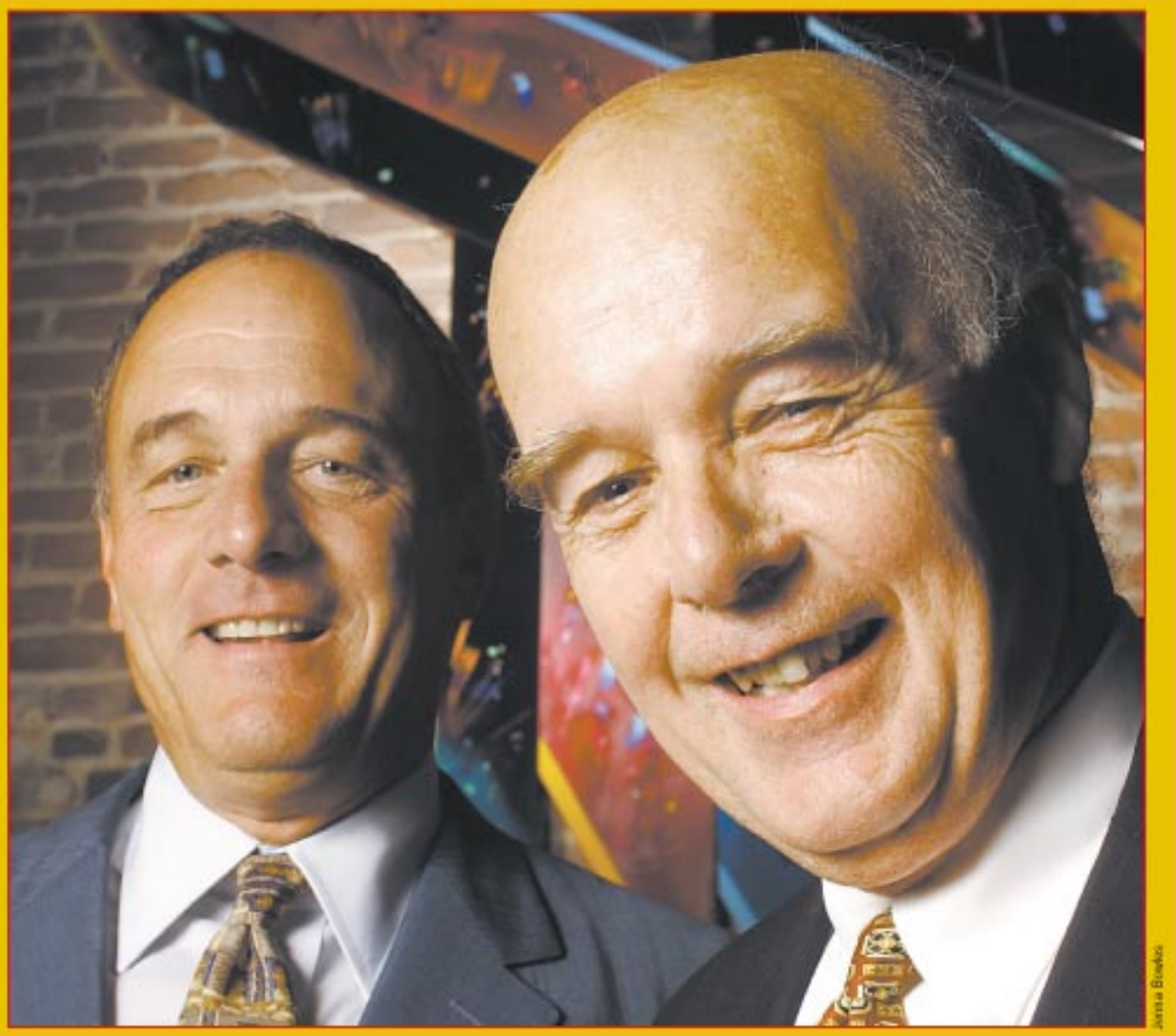


Why two San Francisco firms respect each other in and out of the courtroom

By Jennifer Thelen

FRIENDLY FOES

High-stakes litigation. Two opposing firms. Why do they like each other so much?



By Jennifer Thelen

Last year, California Lawyer magazine asked many of the state's top litigators to imagine themselves in deep legal trouble. As in go-to-jail-for-a-long-time-type trouble. Whom, the magazine wanted to know, would the attorneys hire to represent them?

John Keker, at San Francisco's Keker & Van Nest, replied that he might want to represent himself. But if that weren't practical, Keker said he'd choose Morrison & Foerster's James Brosnahan, among others. For his part, Brosnahan said he'd go with Keker.

FRIENDLY FOES

The mutual choice was a testament to the depth of respect between the two men, an admiration that extends throughout the litigation shops where each works. Nowhere is that respect more apparent than in high-stakes patent litigation, where Keker & Van Nest and Morrison & Foerster have faced each other in some of Northern California's most visible IP cases.

The legal matchups have hardly been the result of coincidence. Though Keker's 50-lawyer firm focuses exclusively on litigation, while MoFo, with its 960 lawyers, is a full-service firm, both are renowned for their trial lawyers. Each boasts both top-flight litigators who made names for themselves before the explosion in IP litigation and then transferred their courtroom skills to patent cases, as well as younger lawyers who came up as IP specialists.

"The reason we get hired and the reason they get hired is because someone expects the case to go to trial," says Keker. "We have great respect for them as adversaries and as colleagues."

When lawyers from the two firms talk about working against each other, they echo Keker's sentiments. Words like "respect" and "admire" come up frequently, as well as the fact that they generally consider one another to be professional and pleasant opponents.

"In the last 10 years, there seem to be more people around who are just kind of nasty and unpleasant just because their digestive systems are not working well, or whatever excuse they use for themselves," says Brosnahan. But lawyers at the Keker firm, he says, confine their competitive urges to the legitimate disputes at hand — "the way trials should be."

IP work accounts for at least a quarter of the ongoing litigation caseload at each firm. And both have benefited from the mainstreaming of the patent bar since the creation of the Federal Circuit U.S. Court of Appeals in 1982. As courts have increasingly affirmed the value of patents and other intellectual property, they have created an incentive for mainstream litigators to pursue IP work and for clients to shell out top dollar for the best trial lawyers. The boom has pushed hourly billing rates for patent litigators at firms like MoFo and Keker to between $300 and $700.

Over the past decade, the two firms have faced off in three major patent fights. Their record is split: MoFo's clients have won on appeal twice, Keker's once. But in each case, both sides have found something to brag about. "Along the way in all those cases there are probably some victories and some defeats," says Keker's Jeffrey Chanin. "They have theirs and we have ours."

While some at the firms say the relationship between Keker and MoFo is nothing special, others say it has a particular competitive edge.

"I'll testify to a rivalry," says MoFo's Harold McElhinny. "We have the greatest respect for them, and obviously that sharpens the competition and in some ways makes victory sweeter."

In early August, the firms are due to square off in their fourth showdown, *Chiron v. Genentech*, which involves a dispute over a patent related to Genentech's blockbuster breast cancer drug Herceptin. Chiron, represented by MoFo, claims that Herceptin infringes its patent on the antibody selective for a protein present in one-third of women with breast cancer. Chiron is seeking royalties of more than 20 percent on Herceptin revenues, which amounted to $346 million in 2001 alone.

Genentech, represented by the Keker firm, contends the Chiron patent is invalid because Chiron failed to credit a co-inventor and did not provide adequate information on its patent application. Genentech also argues that Herceptin differs at the molecular level from the monoclonal antibody covered by Chiron's patent and thus doesn't infringe.

In response to pretrial motions, Chief U.S. District Judge William Shubb in Sacramento ruled on June 24 that Genentech infringed the Chiron patents. Shubb also rejected some of Genentech's defenses, but said several validity issues and the question of whether Genentech willfully infringed must proceed to a jury trial.

The case, set for trial Aug. 6 in Sacramento, has narrowed substantially since a magistrate judge in March recommended monetary sanctions against Genentech for willfully withholding evidence related to one of its prior art defenses. Shubb upheld the sanctions recommendation, which also called for the discovery misconduct to be disclosed to a jury if relevant evidence were presented. Genentech dropped the defense in question, among others.

"This has been a very hard-fought case," says Rachel Krevans, who is heading the MoFo trial team with McElhinny. "They have a team of lawyers over there who are coming up with ideas all the time. They have a reputation for being a firm that is really a trial-oriented firm, and I guess I would have to say that I think they absolutely deserve that reputation. You can see that they have themes that they're developing in the case — that's a very trial-oriented way to approach a case: 'My story has to be something I can tell simply, and it has to have themes that will resonate with a jury.'"

In turn, Henry Bunsow, who will try Genentech's case with Keker and others, credits MoFo with what he calls "an experienced approach that you don't often see, particularly in some of the larger firms. Some of the larger firms litigate first and try to figure out where they're headed second."

The history of patent cases between the firms shows that a battle between worthy opponents is in both sides' interest, says MoFo's Jack Londen. "There are any number of good things you get from going up against anyone who's that good," says Londen, who has worked on two patent cases against Keker lawyers. "You do your best work and your best devil's advocacy."

He cites the example of *Action Technologies v. Novell*, a 1995 case tried before San Francisco U.S. District Judge Vaughn Walker in which Keker's client, Action Technologies, claimed Novell infringed its task-management software. Londen's strategy on behalf of Novell was to argue motions about

See page 26

FRIENDLY FOES

Continued from page 25

Action's broad infringement claims first, on the assumption that if Action won, that broad interpretation would encompass a great deal of prior art, strengthening Novell's invalidity defenses. (Such a strategy, notes Londen, is no longer feasible because of new patent rules that require a single claim construction to cover both infringement and invalidity.)

"I was able to make it quite clear to the judge what our approach was," says Londen. "I didn't have to worry that I'd be giving away something that Keker wouldn't get. I don't think I would have said to Judge Walker as candidly as I did the first time I saw him that this case poses the tradeoff between infringement and invalidity if I hadn't known it was the Keker firm and Henry Bunsow on the other side."

The avowals of mutual respect between the firms can be traced back nearly 30 years, to when Keker and Brosnahan first met. At the time, both were representing defendants in the United States' price-fixing case against five sugar companies. "I remember being impressed with his judgment," recalls Brosnahan. "Other lawyers there … thought we had a great case and we could fight it. John and I disagreed."

Keker remembers that he and Brosnahan "sort of bonded" around the case. Their shared criminal trial background — Keker as a former federal public defender and Brosnahan as a former federal prosecutor — gave them a bleak assessment of the white-collar defendants' chances. "We saw the handwriting on the wall," says Keker. "The civil lawyers wanted to play with it more than we did."

Over the years, the men crossed paths at various bar association events and as co-counsel on other cases. They became friends, socializing together with their wives and going to San Francisco Giants games.

But they didn't directly oppose one another in a courtroom until 2000, in *Xilinx v. Altera*, a melee over field programmable gate arrays, a type of reprogrammable computer chip used in a wide range of technologies including cell phone towers and satellites. The litigation had simmered for years, and both firms were brought in late in the litigation — MoFo only months before trial. Keker and Brosnahan led their respective firms' trial teams. "There was a lot of pressure on the case," Brosnahan says. "I think it's fair to say there were $1 billion or $2 billion at stake, so there was an enormous amount of pressure on everybody."

"It was awkward to be in trial against each other," recalls Keker, because in any trial both sides "really want to win and … really want to demonize the other side. It is easier if you don't have any relationships."

Despite the stakes and the outcome — Keker won a jury verdict for Xilinx, but the judge subsequently entered judgment for Altera, which was affirmed on appeal — the firms remained civil and professional, according to lawyers on both sides of the dispute.

James Bennett, the head of MoFo's litigation department, also worked on the Altera trial. "We viewed each other as talented, worthy and admired adversaries," he recalls. "It was a love fest."

There has been one conspicuous exception to the otherwise friendly relations between the firms. In 1999, MoFo's Gerald Dodson succeeded in having Keker & Van Nest bounced from the retrial in the human growth hormone patent war between the University of California and Genentech. San Francisco U.S. District Judge Charles Legge agreed with Dodson that the Keker firm shouldn't be allowed to represent Genentech because a partner there had worked on the UC side of the case while an associate at Howard, Rice, Nemerovski, Canady, Falk & Rabkin, Dodson's former firm.

John Keker argued that the lawyer had been blocked from divulging confidential information by an "ethical wall" separating him from the Genentech team. He pointed out that Dodson himself had employed such devices, as he had switched firms three times since starting the case in 1990.

Today, Keker is still bitter about the episode. "I thought it was an act of gross

"There seem to be more people around who are just kind of nasty and unpleasant just because their digestive systems are not working well, or whatever excuse they use for themselves."

— James Brosnahan

FRIENDLY FOES

hypocrisy on Dodson's part and look forward to returning the favor," he says. In response, Dodson points out: "I won the motion. You make those motions on behalf of a client, like all motions."

Though no other incident has left the scars that one did, there are hints of war wounds from other cases.

In one, *Target Therapeutics v. Cordis Endovascular Systems*, Chanin, from the Keker firm, thought he had a slam-dunk. He was defending Cordis against Target's claim that Cordis and another defendant infringed its patent for micro-catheters used to treat strokes, aneurysms and brain tumors. For Chanin, the key to proving noninfringement by Cordis revolved around the question of whether its catheters were stiff enough to steer around a certain type of curved vessel in the brain without a guide wire. In a lengthy preliminary injunction hearing before San Jose U.S. District Judge Robert Aguilar, Chanin marshaled videos demonstrating that Cordis catheters could be steered through a glass model of the brain, a Plexiglas model outlined on the patent application, the cerebral vasculature of a dog and, finally, that of a human.

It was, in Chanin's opinion, the "clearest case for summary judgment of noninfringement" that he had ever seen. But MoFo's Londen and McElhinny pulled a rabbit out of their hats — arguing that the physical flexibility of the catheters had to be viewed in the context of the "standard of care," or how doctors would actually use them. Their experts maintained that in practice doctors would not take the risk of using the catheters without a guide wire.

Aguilar was persuaded, and he issued a preliminary injunction ordering Cordis to stop selling its catheters. Chanin got an emergency stay on behalf of Cordis and appealed, and the Federal Circuit reversed the injunction. Cordis' co-defendant then bought Target, after which the case settled.

Chanin gives the MoFo team back-handed credit for the "standard-of-care" defense. "I would describe it as clever, largely disingenuous and ultimately unsuccessful," he says. "But definitely clever."

JASON DOIY

"The reason we get hired and the reason they get hired is because someone expects the case to go to trial. We have great respect for them as adversaries and as colleagues."

— John Keker

While not allowing himself to be baited, MoFo's Londen readily admits that the catheter case turned into a brawl. "From the perspective of advocacy, it was two sides, both very capable of using written and oral and visual aids, and expert advocacy, and bringing them all to bear in a short period of time — duking it out with all the weapons."

Chanin and others at Keker maintain there is a difference between the two firms' styles, based largely on their respective sizes. "We tend to be much leaner," says Chanin. "We try to do things more efficiently and we try to focus on what's important. We don't have three or four different layers of people working on a motion. We're usually outnumbered, but I think we kind of like that."

The significance of the size difference is a matter of debate, with some lawyers at the firms arguing that the playing field has become more level in recent years. The Northern District's updated patent rules have forced firms to stretch out the early stages of litigation, they say, potentially reducing the advantage to big firms that can staff cases with a cast of thousands. Also, Keker has beefed up to the point where it can't so easily posture itself as David to MoFo's Goliath.

"Everybody always thinks of Keker as a little firm," says MoFo's Krevans. "But they're not a little firm anymore."

Brosnahan likewise plays down the size differential. "I think trial lawyers are not that different," he says. "It's not so much a product of the trial or the size of the firm. It's more a product of the atmosphere you create in the courtroom."

As long as the stakes are high, he says, there will always be work for his firm and Keker's. "When patent cases approach a real trial — you can't settle it, you can't work it out, you can't do a business deal, you've got a trial in three months — I think clients then turn to trial lawyers. It's like brain surgery. You don't want somebody who's eager to do it, but this is their first one." Ω