

Q&A With Global IP Law Group's Graham Gerst

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Law360, New York (June 28, 2013, 12:08 PM ET) -- Graham Gerst is a partner in Global IP Law Group LLC's Chicago office. Previously, Graham served as senior counsel to the deputy attorney general at the U.S. Department of Justice. In that position, he vice chaired the Justice Department's Task Force on Intellectual Property and was appointed deputy U.S. coordinator for international IP enforcement. He also managed a portfolio of technology-related and national-security issues for the deputy attorney general, including computer forensics, information sharing, biometric data collection and management.



Graham Gerst

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Q: What is the most challenging case you have worked on and what made it challenging?

A: Last year, we represented a technology company to help it sell a patent portfolio related to wireless communications, and the challenge we faced was achieving fair value for those assets under the circumstances. We considered fair value to be in the high eight figures. And although my client was well respected for its expertise in one type of technology, the patents we were selling related to an entirely different technological field. So we had to establish a high level of credibility and expertise in this area befitting that type of valuation. Moreover, there were very few issued patents in that portfolio. As a result, the price-per-patent valuation we were seeking was well beyond what the marketplace had seen for portfolios of this type.

We ultimately were successful at achieving our client's goals. We did so by getting the main inventor and senior officer from the company in front of interested buyers to demonstrate their expertise, both technologically, and in terms of patent strategy. And we worked exhaustively with the client to prepare several hundred documents demonstrating the use of the patented technology in the marketplace.

Q: What aspects of your practice area are in need of reform and why?

A: The costs of patent litigation are too high. Indeed, they generally are higher than most other complex commercial litigation, in significant part because of the importance of expert witnesses in patent cases. The high cost creates two problems. The first is that an opportunity exists to bring unmeritorious suits for nuisance value. The second is less well known, but in some ways more significant. Small and mid-sized companies, which make up some of our most innovative companies, are unable to afford the expense of enforcing their own patented technology. This fact poses a real risk for future American innovation.

Finding ways to reduce costs in conventional court proceedings would help. So would the creation of small claims patent court. Such a venue would make it possible for small and midsize companies to enforce their rights. It would also help the federal judges in conventional cases better identify the bad actors bringing nuisance level suits among those that still resorted to conventional litigation.

Q: What is an important issue or case relevant to your practice area and why?

A: The ongoing changes to the patent law of damages has been the most significant change in the area of patent law over the last few years. For a long time, patent damages mattered little. Injunctions were issued almost automatically after a victory in a patent case. But the law changed in 2006 with the U.S. Supreme Court's *eBay v. MercExchange* case, making it harder to get injunctions, and, in many cases, damages were the only remedy.

Over the last few years, the courts have restricted damages available to successful litigants, primarily through a doctrine called "the entire market value rule." That rule states that a party may only collect damages based on the full prices of an infringing product when the patented feature serves as the basis for consumer demand. That rule is rarely met in today's complex products.

And, when the rule is not satisfied, litigants must establish the value of the patented feature. That is a costly exercise, often involving consumer surveys. And until the courts develop the law in this regard, the exercise is also risky and uncertain.

Q: Outside your own firm, name an attorney in your field who has impressed you and explain why.

A: I worked under Mark Filip during his tenure as deputy attorney general at the U.S. Department of Justice. He is extremely smart, and he combines that intelligence with extraordinary judgment in evaluating both legal and political complications in issues of national and international import. And, he possesses real, not postured, humility.

Rarely are those first two characteristics merged with the third.

Q: What is a mistake you made early in your career and what did you learn from it?

A: Between college and law school, I worked for a manufacturing company. I wore a number of hats, including handling the purchasing for the plant. If I failed to order materials in time, a production line would go down.

This position demanded extreme organizational skills which I did not possess coming out of college. And, as a result, there were some close calls.

After those experiences, I became much more focused on organization, which helps me a great deal as a practicing lawyer.

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