Intellectual Property Today – April, 2015 issue

Risks and Rewards for Using IP Experts in the Age of *Daubert*

By James T. Berger

James T. Berger is principal of Northbrook (IL)-based James T .Berger/Market Strategies. He also does extensive consulting and expert witness work for intellectual property attorneys throughout the U.S. He focuses on likelihood of confusion, trade dress, secondary meaning, generic-ness and distinctiveness issues and both develops surveys and critiques adversarial surveys. He co-authored Trademark Surveys—A Litigator's Guide (Oxford *University Press) with Mark Halligan of FisherBroyles. The second edition of the book, which is now being marketed by LexisNexis, is due to come out this spring:* http://www.lexisnexis.com/store/catalog/booktemplate/productdetail.jsp?pageName=relatedProducts&prodId=prod-us-oxf-04647-Softbound*. He has also given continuing legal education seminars before bar associations in the Midwest and Texas. He is a faculty member at Roosevelt University and an often-published free-lance writer. He can be contacted at (847) 897-5599, by e-mail at* jberger@jamesberger.net *and his Web site is www.jamesberger.net.*

EDITOR'S NOTE: In June, 2013, the "*Daubert*" standard celebrated its 20th birthday. This article, the first of three, provides an introduction to the *Daubert* Standard along with its basic strengths and weaknesses. The second article discusses strategies for preparing a successful *Daubert* challenge and the third article focuses on effective strategies for defending against a *Daubert* motion.)

In IP matters with a lot at stake, both Plaintiffs and Defendants have come to rely on experts as an important - often essential - part in their offensive and defensive strategies. Especially in IP litigation, experts often develop or critique surveys where findings are used to prove or disprove certain allegations in the complaint. Almost always an expert is brought in to quantify damages.

Because experts can assume such an important role, finding and selecting the proper expert becomes a highly important task in developing litigation strategy. The stake-holders in IP litigation are: the clients, the attorneys, the experts and the courts. Because experts often speak a "foreign language" and have been accused of relying on "junk science" or "lying with statistics," the *Daubert*standard has been adopted in the federal courts and most of the state courts. This standard makes the judge a "gatekeeper" in determining the admissibility of expert testimony.

What has become to be known as the *Daubert* standard is a series of court rulings that have significantly changed the playing field in IP lawsuits where experts perform surveys, write reports, and testify in deposition and trial.

The three major court decisions used by the courts are: (1) *Daubert v. Merrell Dow Pharmaceuticals* in 1993, followed by (2) *General Electric Co. v. Joiner* in 1997, and finally (3) *Kumho Tire Co. v. Carmichael* in 1999. These three cases make up the "*Daubert trilogy,"* are more often simply referred to as *"Daubert."* "*Daubert"* motions are an attempt to exclude the work product or testimony of an expert

The initial *Daubert v. Merrell* ruling was directed to assessing the admissibility of scientific expert testimony. The *General Electric v. Joiner*ruling held that an abuse-of-discretion standard of review was the proper standard for appellate courts for use in reviewing a trial court's decision on whether expert testimony should be admitted. The *Kumho Tire v. Carmichael* ruling held that the judge should function as a gatekeeper for all expert testimony, including scientific and non-scientific.

Five Key Guidelines

To help judges determine the merits of *Daubert* motions, the Supreme Court issued five guidelines or criteria that judges may use to determine whether scientific evidence is likely to be valid and therefore admitted:

1. Whether the research technique has general acceptance or is widely known or whether the technique has attracted only minimal support;
2. Whether standards and controls governing the application of the scientific methodology exist;
3. Whether the expert's methods or techniques can be tested, and, if so, whether such methods or techniques have been tested;
4. Whether the theory or technique has been subjected to peer review and publication; and
5. Whether the scientific technique has a known or potential rate of error.

Daubert rationale is based on the assumption that juries may not understand the principles and nuances of scientific research as it relates to intellectual property issues. Some college professors with excellent teaching credentials can offer certain opinions that are subjective in nature and not based on scientific survey evidence. If such opinions are material to the case in question, and permit the drawing of highly subjective opinions, a judge should be able to question the value of such testimony and can thus act as a "gatekeeper" in keeping these unfounded opinions away from an impressionable jury.

In an article for Law360, writer Greg Ryan reports: "Judges are far from ecstatic when the see a *Daubert* motion sitting on their desk, considering the expert-bashing and jargon-filled science lessons they know will follow."

The Ryan article quotes Peggy Ableman, a McCarter & English LLP attorney who served as a trial judge in the Delaware state court for nearly 30 years. She says: "Judges cringe when they see them, because they're very time consuming and they're usually a lot of work."

She adds: the motions "are filed far more often than they should be...As a judge, if you're going to spend three days in a *Daubert*hearing, you hope that in some fashion it's going to have a big impact on the litigation. If not you've really wasted a lot of time."

A Costly Exercise

Daubert motions can become a costly expense for both sides. A litigation partner from a large national law firm reports that it usually takes 30 hours of work mostly associate time but several hours of partner time as well. At typical billing rates, one is looking at $15,000 to $20,000 or more. That same litigation partner reported that the costs are pretty much the same to defend against a *Daubert* motion. In defending, often a "rebuttal expert" is retained as a testifying expert and that costs in the neighborhood of an extra $15,000 or more.

Many judges view *Daubert* motions skeptically and carefully evaluate both the qualifications of the expert and his/her findings. It is very hard to exclude an expert who has had experience testifying and whose credentials have been accepted by the courts. Scientific research covers a wide area and many issues and, in complex litigation, interpretations vary from expert to expert. Moreover, there are often many scientifically accepted methodologies for conducting a survey.

Since judges are not survey experts trained to perform scientific research, it becomes very difficult to exclude an experienced survey research expert. In such cases, there generally is a survey and a report by the survey expert, and a rebuttal report by another survey expert retained to analyze and provide a critique of the initial survey. It is not unusual to see both sides file *Daubert*motions against the experts on either side. In their wisdom, most judges in cases such as this will not exclude any credible research effort

and will generally suggest the survey expert and the critiquing expert be subjected to “rigorous cross examination.”

Expert’s Background Important

Another important consideration is the background of the survey expert. Prof. Shari Seidman Diamond, author of *Reference Guide on Survey Research* published by the Federal Judicial Center, spells out the required criteria for experience and education for a survey expert. Some survey experts come from the social sciences with experience in psychology and sociology, while others come from the business and marketing disciplines.

At times, a *Daubert*motion seeking to exclude the work of a survey expert will allege that the work is “junk science.” This unfortunate choice of words is highly inflammatory and can easily be wrongly interpreted by judges and juries. Most people are familiar with a process called “lying with statistics.” There are many techniques statisticians use to display statistical evidence to distort or skew the findings. It is that sentiment that may confuse or taint judges and juries.

Another *Daubert* ploy is to file a *Daubert* motion as a posturing tactic. It enables the attorney to set the stage for cross-examination and concisely sets forth the arguments against the expert and his/her findings. Thus, attorneys argue, the filing of the *Daubert* motion becomes a valuable pre-trial positioning device.