

Q&A with Dykema's Michael Stolarski

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Michael Stolarski

Michael Stolarski, a Chicago-based member and leader of the firm's Intellectual Property Litigation practice group, is the subject of *Law360*'s Intellectual Property Q&A feature, published on July 11, 2013. This article is reprinted below, with the permission of *Law360* and its parent company, Portfolio Media, Inc.

Stolarski focuses on the licensing of intellectual property in the semiconductor, telecommunications and consumer electronics industries. He is also experienced in all aspects of the litigation of complex commercial and intellectual property matters including patent, trademark, copyright, trade dress, and trade secret matters.

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

A: The most challenging case I worked on never was filed. After spending significant time reviewing a client's patent portfolio and putting together what our team felt was a rock-solid case for significant royalties against one of our client's major competitors in a high-tech field, the client decided not to file the case. Instead, the client negotiated a one-page memo of understanding describing a licensing arrangement in exchange for a broad ongoing business relationship with his business counterpart from the competitor. I was asked to negotiate and finalize the agreement.

The agreement we drafted and attempted to negotiate included certain conditions that would allow the client the ability to cancel the license agreement in the event the parties were unable to work together. The client, after hearing directly from the other side that these conditions “did not comport with the spirit of the deal,” instructed us to remove these provisions in spite of our advice to the contrary. While the deal included upfront payments to the client that provided some much needed revenue at the time, the monies solved a short-term problem and the business relationship did not achieve expectations. Several months after the deal was signed I was asked by the client to determine if the deal could be terminated and if we could proceed with the proposed patent lawsuit. The challenge many times is giving your client bad news.

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

A: Patent litigation is unfortunately an expensive process, particularly for the accused infringer. The use of the U.S. judicial system by patent holders who have at best questionable positions on the merits as a means to extract settlements at “less than what it would cost to defend the case” has imposed significant burdens on the courts and costs on the businesses confronting these allegations. Most foreign jurisdictions require that the loser in a patent case pay the prevailing party's attorneys' fees and costs. The Patent Act gives the trial court the discretion to award attorney's fees in “exceptional cases” to the prevailing party. (See: 35 U.S.C. ¶1285). However, the standard for awarding fees under this section of the Patent Act may be too high.

The Shield Act, introduced in Congress last year, attempts to address the “patent troll” issue in this regard but may not go far enough in dealing with this issue on an overall basis. Section 505 of the Copyright Act allows the court discretion to assign costs, including attorneys' fees, to the losing party, and it may be more useful to consider this standard in amending 35 U.S.C. ¶1285.

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

A: The U.S. Supreme Court's decision on patent exhaustion in *Quanta Computer Inc. v. LG Electronics, Inc.* 553 U.S. 617 (2008) is of significant interest to the high-tech area, where often products are combinations of components obtained from a variety of sources and the accused functionality most times can be found at the component level. Who is and should be responsible for the accused infringement in these circumstances may engender difficult negotiations among manufacturers and their component suppliers, while also offering defenses to the accused infringer based on a licensing arrangements the patent holder and suppliers in the accused party's supply chain.

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

A: I am fortunate to have worked with and opposite a number of attorneys who impressed me over the years. An early mentor of mine, John Fisher, now of Ingrassia Fisher and Lorenz, impressed upon me the fact that intellectual property is a business asset and that our jobs as attorneys in this field is to secure rights to the client's intellectual property and find ways for them to extract value for their investment in their IP. John spent most of his career negotiating IP licenses. He approached IP licensing negotiations as a trial lawyer approaches a trial. He was better prepared than anyone else in the room and achieved significant success for his clients as a result.

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

A: Early in my career I was involved in settlement discussions in a case against an Asian company which involved numerous days of meeting with their in-house business executives and lawyers both in the U.S. and in Asia. During an especially heated exchange on the technical merits of the patents at issue, I accused my Asian counterpart of "unfairly" characterizing the invention disclosed in the patent. This comment brought the negotiations to a standstill, with my Asian counterpart immediately leaving the room. What I didn't know at the time was that the word "unfairly" was taken as a personal affront by my counterpart. An apology for my ignorance got us back to our negotiations and successful conclusion of the settlement. I learned that you need to know your audience and fully understand their culture to appropriately get your message across in a useful manner.