

Five Tips for Getting Patent Claims Indemnified

By R. David Donoghue

Indemnification is a key component of most retail patent litigation. Whether the accused technology is internet-based or focused on a product, there is almost always an indemnitor somewhere in the supply chain. And indemnification can be a \$1M+ responsibility. For what is often a seven-figure decision, many companies are surprisingly haphazard about indemnification. Here are five simple steps for ensuring your best indemnification outcomes:

1. **Research Accusations.** The first thing you want to do is understand the scope of plaintiff's claims. This is a critical step in knowing exactly who may have indemnification obligations. Often the patentee will even give you a brief presentation, if they have not provided claim charts, detailing its infringement allegations. Once you understand the scope of the accusations the best you can, determine which of your vendors might be implicated; cast a wide net in the first instance.
2. **Research Agreements.** Once you have determined the universe of possible indemnitors, gather the relevant agreements and look at the indemnification obligations. These will be the backbone of your indemnification demand. On a related note, consider settling upon standard indemnification agreements to use across all agreements company-wide, if you have not done so already. The more uniform your indemnification provisions are, the easier this process is.
3. **Engage Counsel.** Consider hiring patent litigation counsel to assist in the indemnification process. You do not necessarily need outside counsel to do internal research or write indemnification letters, but outside counsel can give you valuable insights into indemnification in similar cases, as well as make sure you are using the proper language in your letters.
4. **Leverage Business Relationships.** Particularly where you have an ongoing relationship with the potential indemnitor, consider sending the indemnification letter on company letterhead rather than outside counsel. The indemnitor is much more likely to respond positively to its business partner than an outside lawyer that they do not know. Similarly, if you have an executive or purchasing employee with a strong, ongoing relationship with the potential indemnitor the letter may be best received coming from that person.
5. **Start a Conversation.** Instead of just sending the letter, accepting the response and moving forward, contact the potential indemnitor. Particularly if the indemnitor is slow to accept responsibility, consider creative alternatives. For example, work out a payment plan, set fixed fees or if the indemnitor has multiple customers implicated, suggest that they file a declaratory judgment claim to try to fully resolve the case. **SB**

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