

Q&A With Sheppard Mullin's Steve Korniczky

Law360, New York (May 03, 2013, 1:08 PM ET) -- Stephen S. Korniczky is a partner in Sheppard Mullin Richter & Hampton LLP's San Diego and Del Mar, Calif., offices and co-chairman of the firm's intellectual property practice. He has been litigating patent disputes for over 25 years in district courts throughout the U.S., before the U.S. International Trade Commission and on appeal to the Federal Circuit. He represents clients in the wireless, telecommunications, software, Internet, semiconductor and medical device industries. He is also registered to practice before the U.S. Patent and Trademark Office.

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

A: I represented the plaintiff in *MediaTek Inc. v. Sanyo Electric Co.*, before Judge Leonard Davis in the Eastern District of Texas. The technology itself was very complex and involved three patents covering integrated chipset solutions for compressing video and audio data in cameras, DVDs and televisions. The case was procedurally challenging because, several months before we filed our action, Sanyo had filed its own multipatent case in the Central District of California. We were racing to catch up and prove infringement of about 50 products in the Texas action. We thought we were doing great when we secured a trial date four months ahead of Sanyo's California case. But, with less than two months left in discovery, the defendant, Sanyo, identified over 1,500 additional "infringing" products.

The challenge was well articulated by our client: "Don't you dare let the trial date slip!" We had to find a way to collect and review documents from Japan for 1,500 different products, retake over two dozen depositions and get it done in less than two months. By the time we argued our expedited motion to compel, we barely had a month left before discovery closed. We convinced Judge Davis that if he would order the documents produced within seven days, order defendant to produce witnesses, and reimburse MediaTek to retake the two dozen depositions, then we would be ready for trial as originally scheduled. Judge Davis granted our request. We staffed up our team to 20 paralegals and software engineers to review documents, and 25 attorneys who were taking four depositions a day. The time constraints and scope of products at issue made pretrial just as complex and arduous. It was one of the toughest cases I ever worked on in my career. But, we never let that trial date slip. The night before we were to give opening argument, the parties agreed to settle both suits.

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

A: I believe that district courts need to get tougher on frivolous cases filed by plaintiffs whose business model involves buying and enforcing overly broad patents. There are different labels for these types of plaintiffs, but let's just call them "toll collectors." The cost of patent litigation makes it very difficult for defendants to litigate against toll collectors on the merits, particularly when presented with a "less-than-the-cost-of-litigation" settlement proposal. I believe that more defendants would take these cases to trial or attempt to resolve them on motions for summary judgment if district courts were more open to awarding attorney fees to defendants who successfully win these cases on the merits.

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

A: I represent a number of software companies in patent litigation and prosecution. An issue they are facing is the extent to which business methods, and particularly software methods, are patentable. The popular view is that software methods are patentable as long as they are tied to a physical embodiment, such as: "a computer programmed to do X, Y and Z." But the law is evolving and it is not clear how courts will decide to treat patents covering software methods.

Most recently, on Feb. 8, 2013, the Federal Circuit reheard en banc a case called CLS Bank v. Alice Corporation. This case squarely addresses the test for what software methods are patentable. It will be interesting to see whether any new "tests" evolve from the case and/or what software methods will remain patentable. If a clear enough test does emerge from the CLS Bank case, then it is possible that patent eligibility may become a "threshold" issue that can be used to weed out "bad" patents. I doubt all software methods will be unpatentable any time soon, but there may be some limits that are yet to be defined. It is certainly a developing issue that I will be watching in the coming months.

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

A: An attorney I admire is James T. Carmichael of Miles & Stockbridge. We started out as first-year associates together and then we went to clerk together at the Federal Circuit. I admire the way Jim's career has developed. After his clerkship, Jim went to the PTO solicitor's office to argue appeals. But in his first week at the patent office, he learned about an invention promotion scam run by an unscrupulous patent attorney. Jim set aside the Federal Circuit appeals work while he shut down the scam, eventually landing the perpetrators in prison. As a result, Jim became coordinator of attorney discipline proceedings for the PTO.

That early decision eventually led to a successful career as an expert witness on PTO procedure, inequitable conduct, and re-examination. He has testified for Apple, Alcatel-Lucent, Medtronic, HTC and many other big winners in recent litigation.

Jim also has a thriving practice in inter partes proceedings at the PTO, for which he is well suited after serving as an administrative patent judge on the Patent Trial and Appeal Board.

What I admire about Jim is that his success in private practice stems from his dedication to public service. Sometimes, nice guys finish first.

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

A: A painful mistake I made early in my career was agreeing to defend a client in a particular infringement action. It was one of the first clients I “originated.” He was very passionate, thoroughly understood the law, and had a good “David v. Goliath” story to tell about how his rights were being violated by a big corporation. Important to all my more experienced partners, he agreed to pay a significant renewable retainer to fight the case “all the way to the Supreme Court.” I should have asked more questions. If I had, then maybe I would have realized that everything he told me was inaccurate. Instead, I showed up to several hearings where opposing counsel would fill me in on all the facts my client “forgot” to tell me. Ultimately, the facts caught up with my client, his bank accounts were confiscated and the renewable retainer never got renewed. I learned the hard way that how you pick clients is more important than just having clients.

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