



Litigation Funding for Universities and Technology Transfer Offices

Woodsford Litigation Funding Insight

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As institutions dedicated to higher learning and research, universities occupy a unique position in society. In addition to contributing knowledge and innovations to advance the public good, top colleges and universities train and employ many talented innovators, who lead the creation of new companies and introduce critical advancements into existing industries. Most universities and colleges are already savvy regarding the value of intellectual property and many have their own technology transfer offices (TTOs) that are dedicated to ensuring that new inventions are properly protected through the patent system and support student and faculty-run start-ups in the process of taking their ideas from the lab to the consumer marketplace. Indeed, TTOs are invaluable links between universities and industries of all kinds —providing businesses, whether start-ups or otherwise, with access to the latest technological advancements.

But Richard Penfold, Partner at Withers Tech in London, believes that universities should be embracing litigation finance to protect the true value of their IP assets and that litigation funding can play a part in redressing the balance:

“In recent years, leading US, British and global universities have begun to recognize the importance of entrepreneurship. All too often however, the successful commercialization of viable technologies is hampered by the lack of an effective enforcement strategy. Litigation funders can help solve this problem by providing the capital necessary to instruct expert lawyers and shouldering the financial risk.”

What is Litigation Funding?

Litigation funding, also known as “litigation finance” or “third party litigation funding,” is simply an alternative means for a claimant to fund the costs and attorneys’ fees incurred in a legal dispute.

Rather than an individual patent owner, corporation, TTO, or university paying for litigation expenses out-of-pocket (which can cause significant strain on an organization’s operations, budget, and ongoing research efforts) or a lawyer proceeding on full contingency (which many law firms increasingly will not accommodate), a commercial litigation funder finances the cost of the litigation in return for a share of any award or licensing revenue.

This kind of funding is typically **non-recourse**—if the claim is lost, the claimant is not liable to repay the investment of the funder. Thus, in a normal funding arrangement, the litigation funder shoulders the majority of the financial risk. Finally, patent-related funding is not limited to supporting litigation for patent infringement. In some instances, for organizations with valuable IP, funding may be obtained to help prosecute additional patent applications or to fund operational expenses, such as ongoing research and development.

Technology Licensing and Intellectual Property Protection Challenges for TTOs

The valuable technology advances created at colleges and universities are often implemented by other, non-affiliated commercial businesses without prior arrangement for fair compensation for the institutions that developed the new technology. While these unlicensed appropriations may occur both intentionally and unwittingly, TTOs are often hard pressed to enforce the intellectual property rights of universities. There are a number of reasons for this frustration. First, while TTOs typically have deep internal licensing expertise, few TTOs have extensive experience in or appetite for enforcing the university's rights through litigation. Second, even where a TTO may conclude that litigation is the only and/or best pathway to protect and receive appropriate compensation for a particular unlicensed

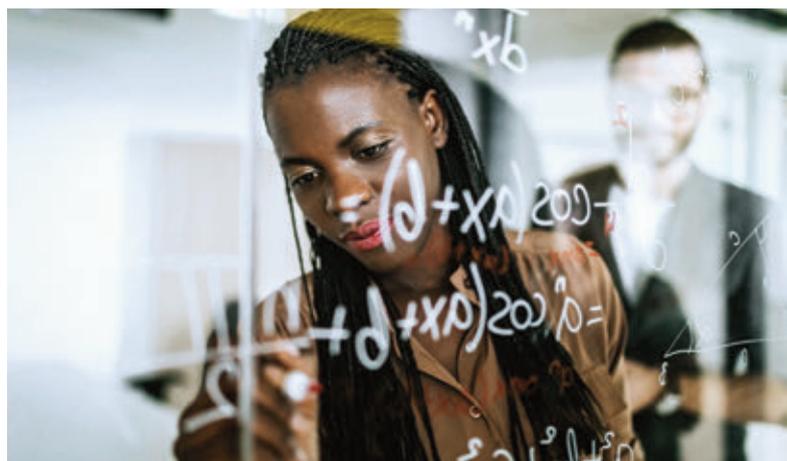
exploitation of its intellectual property, other university priorities may restrict their ability to pursue litigation. In particular, litigation may require the expenditure of financial resources that would overwhelm

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the TTO's budget with no guarantee of a positive financial resolution. Thus, many universities, though world-renowned for their research and technological innovations, are highly reticent to pursue infringers of their patents or other violators of their intellectual property rights.

How Litigation Finance Can Assist TTOs

Not all of the considerations facing a TTO evaluating whether to enforce its rights through litigation can be mitigated by outside factors. However, TTOs are wise to consider and consult with experienced litigation funders regarding any licensing efforts that cannot be concluded through negotiation alone. Particularly in cases where a large company is infringing a university's patents, it can be difficult for a TTO to gain traction in licensing discussions if the company believes that there is little or no risk that they will ever be sued by the university. Patent litigation is notoriously specialized and expensive—few universities have in-house patent litigation expertise and, even if a university is able to find outside counsel willing to offer a contingency or alternative fee arrangement for a particular enforcement plan, the costs associated with taking a patent litigation to



trial are high and potentially disruptive for a TTO's annual budget. By involving an experienced litigation funder, a university can alleviate the financial risks of taking on intellectual property litigation. Funders such as Woodsford offer non-recourse financing of both litigation costs and attorneys' fees,

as needed. And, because funders take a return on their investment only if the underlying litigation is successful, there is no risk of budget disruption at the university or TTO. Additionally, whenever a university collaborates with a highly experienced funder, the funder's own expert litigators thoroughly and objectively analyze the proposed litigations and rigorously assess whether they are likely to be successful or not.

Litigation funders are more than just financial partners for universities—they provide a strategic resource that TTOs cannot access independently. Investment by a funder signals to infringers that an outside

organization has evaluated and concurred with the patent owner regarding the strength of any infringement claims. And, when a university is aiming to use litigation to support a broader licensing program, strategically partnering with a litigation funder is a cost-effective way for a university to signal both to existing and other prospective licensees that it will not hesitate to take infringers to court. Thus, in addition to forcing an infringer to take a license as a resolution of litigation, existing licensees will see the value of their license protected and other prospective licensees may be motivated to take a license rather than risk that the university will bring litigation against them.

What Kind of Success Can a TTO Achieve Through Strategic Patent Litigation?

As experienced intellectual property licensing practitioners are well aware, it is becoming increasingly difficult to have a successful intellectual property licensing program without any enforcement component. Indeed, increasing market sophistication and the introduction of relatively low-cost processes for challenging the validity of patents at the US Patent and Trademark Office, such as *inter partes* reviews (IPRs) and post-grant reviews (PGRs), have expanded the toolbox for infringers who seek to avoid paying a university fair compensation for its inventions. Thus, sophisticated licensing programs necessarily incorporate a litigation component, both to drive a particular infringer to take a necessary license and to put other infringers on notice of the patent owner's unwillingness to tolerate infringement.

The best case scenarios, when a TTO elects to bring a litigation regarding some of its most valuable patents, can be quite lucrative. A well-known recent example is the lawsuit brought by Carnegie Mellon University (CMU) against Marvell

Technology Group. While many other hard disk drive manufacturers had already licensed CMU's asserted patents covering error detection technology, Marvell persisted in utilizing CMU's technology without permission. Ultimately, a Pittsburgh jury awarded CMU a verdict of \$1.17 billion before the judge added penalties and interest. After an appeal where \$278 million of the damages award was affirmed and the remainder set for a re-trial on the proper amount of damages, CMU and Marvell reached a settlement of \$750 million.

If the litigation is not successful, the funder absorbs the entire financial loss.

Indeed, the largest patent verdict of 2020 so far was awarded in favor of CalTech against Apple and Broadcom. A jury in the Southern District of California found that both companies infringed three patents directed to wireless data transmissions that were developed by a CalTech professor and

two of his Ph.D. students. While an appeal by the defendants is expected, the jury awarded CalTech damages of \$837.8 million from Apple and \$270.2 million from Broadcom—amounts that would surely have a tremendous impact on CalTech’s finances upon receipt.

Of course, it is very rare that jury verdicts entail nine-or ten-figure sums. It is far more typical for a patent litigation to result in a settlement whereby the alleged infringer takes a license on terms agreeable to the university. Sometimes, a failure to settle at an opportune juncture can cause an otherwise successful licensing effort to go awry. For instance, the Wisconsin Alumni Research Foundation (WARF), affiliated with the University of Wisconsin, recently obtained a jury verdict in excess of \$200 million against Apple for infringement of one of WARF’s patents regarding processors with Load-Store Dependency Predictor technology. The trial judge subsequently increased Apple’s liability to \$506 million due to willful infringement. Apple appealed the district court’s verdict and the appellate court vacated the damages award after holding that the accused Apple chips did not infringe. Clearly, such an outcome was not desirable and was surely highly disappointing to the University of Wisconsin after having a huge verdict in hand.

Litigation funders are well positioned to assist a TTO with introducing enforcement actions to their licensing efforts and ensuring that those enforcement litigations are successful. Of course, because funders provide non-recourse financing, there is no

financial downside to the university—if the intellectual property litigation is successful either at settlement or final judgment, both the university and the funder share in the financial success but, if the litigation is not successful, the funder absorbs the entire financial loss. Thus, there is no negative impact on the TTO or other departmental bottom line when a litigation funder gets involved.

Funders are not just beneficial from a financial perspective. The top litigation finance companies, such as Woodsford, have in-house experts who consistently monitor the progress of the litigations in which they are invested. While a reputable funder has and exerts no control over the litigations it funds, their in-house experts are knowledgeable resources that may, when required, be consulted by the in-house team at the university and outside counsel. The participation of a litigation funder can also have a significant positive impact when a case enters settlement discussions or mediation. If the patent owner and outside counsel feel it is advisable to disclose the funder’s involvement to the alleged infringer, the knowledge that an expert funder has thoroughly vetted the case against the infringer and deemed it to be a good non-recourse financial investment can serve as a significant motivator to get recalcitrant infringers to reach a settlement. Indeed, patent litigation is expensive for defendants, and once an alleged infringer knows that a university is working with a funder who has committed to providing the financial resources to take a litigation all the way to conclusion, settlement dynamics frequently shift in favor of the patentee.



Portfolio Funding for Universities and TTOs

Many of the TTOs affiliated with large research universities constantly juggle an array of priorities stemming from their multiple star departments and prolific professors and students generating new inventions at an ever-faster pace. Indeed, technology across industries is evolving faster than ever, and the need for TTOs to oversee licensing programs that function at the same pace can create a substantial burden. Naturally, tensions arise when a TTO must determine how to prioritize distribution of its efforts and financial resources to support multiple, unrelated licensing programs. Litigation funders are well placed to help relieve some of the frustration arising from competing internal priorities, especially where several licensing programs would benefit from an enforcement component. Funders are keen to invest in portfolios of meritorious litigation matters—that is, litigations that are unrelated on their merits but due to certain commonalities, such as all relating to patents owned by the same university, able to be funded as a group. Thus, if a TTO is contemplating how to prioritize multiple potential litigations in support of more than

one distinct licensing program, a funder may be able to treat all of those litigations as part of a single portfolio, thereby simplifying the funding process and reducing the pressure of deciding which cases should take priority. Moreover, because a portfolio necessarily gives a funder greater diversity, the risk associated with a portfolio investment can be significantly less than that associated with funding a single case—a big positive for TTOs taking on portfolio funding because they will be able to access the funder’s capital at a more favorable rate. As such, a university can reap the benefits of taking an enforcement action to support multiple licensing programs, while accessing the best rates for non-recourse litigation financing.



Global Funders Have Specialized Global Enforcement Expertise

Sophisticated TTOs have responsibility for ensuring their institution’s innovations are protected both in their own country and in multiple jurisdictions around the world. An experienced global funder can advise whether particular patents can be enforced in one or more global jurisdictions and craft a plan for funding those litigations as a single, cohesive, worldwide strategy. Funders with international expertise, such as Woodsford, are well positioned to ensure that a university adopts an international litigation strategy aimed to drive toward their goals efficiently—strategies for

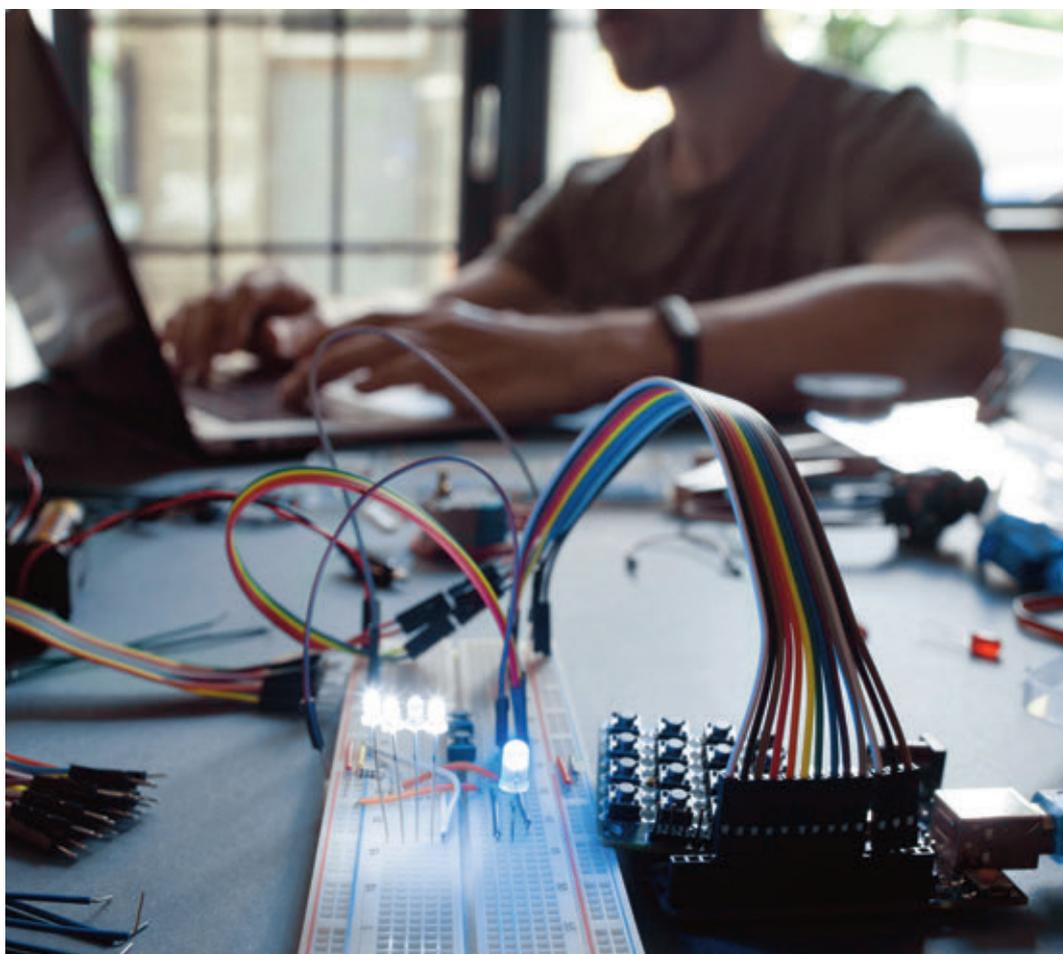
achieving fast global settlements or significant licensing revenues (or both) are aided by a funder’s perspective. Indeed, at Woodsford, there are in-house former litigators qualified in various global jurisdictions available as resources and sounding boards for IP-owners. And, where litigation may be required outside a university’s home jurisdiction, Woodsford’s team is well positioned to make introductions to suitable lawyers in other countries who are able to handle components of an international strategy.

Licensing Without Litigation is Challenging

As patent owners around the world can attest, achieving good licensing results is becoming more difficult and, increasingly, litigation to support a licensing program is a necessity. Litigation funding is well utilized in many jurisdictions, such as the United Kingdom and Australia, and rapidly gaining prominence in others, such as the United States. Woodsford, as one of the oldest global funders with a presence in the US, UK, Canada, Australia, Israel and Singapore, is well positioned to assist academic institutions around the globe. Through use of an established funder, such as Woodsford, universities can enhance their intellectual property licensing programs with litigation components while avoiding the expense and financial risk associated with extensive adversarial proceedings. Since TTOs at research

universities frequently have multiple, diverse licensing programs to oversee, they are well positioned to access the most favorable rates for this non-recourse financing by virtue of funding a group of cases simultaneously in a portfolio arrangement.

Today, the path to achieving maximum value from any licensing program often includes a litigation component. Colleges, universities, and TTOs can and do utilize litigation funding to support these enforcement efforts without negative impact on their bottom lines. Having Woodsford on your side helps you achieve your goals of licensing access to university innovations while simultaneously limiting the downside risk inherent in any litigation strategy.



About the author

Robin Davis is a Senior Investment Officer at Woodsford, based in Philadelphia. She is an experienced trial attorney with expertise in United States patent litigation. She has represented both plaintiffs and defendants in patent infringement disputes, including cases brought in the District of Delaware, Eastern District of Texas, and Northern District of California. She has also advised clients on matters before the U.S. International Trade Commission (ITC) and U.S. Patent and Trademark Office. Robin's substantial litigation expertise further extends to other types of intellectual property litigation, commercial disputes, and arbitration.

Before joining Woodsford, Robin was a Partner at Radulescu LLP, a boutique patent litigation firm in New York City. Earlier in her career, Robin was an Associate at Quinn Emanuel Urquhart & Sullivan LLP and Hogan Lovells US LLP. She is admitted to practice law in New York and Pennsylvania, as well as before the Federal Circuit Court of Appeals and numerous district courts.

Robin serves as Woodsford's in-house expert on patent and other intellectual property litigation and arbitration. In particular, Robin plays a key role in underwriting and monitoring Woodsford's investments in US intellectual property litigation concerning a wide variety of technologies.

Robin holds an S.B. degree from the Massachusetts Institute of Technology (MIT) in Materials Science and Engineering, where she was a member of the Tau Beta Pi engineering honors society. She received her J.D. from Cornell Law School and was a Notes Editor for the Cornell Journal of Law and Public Policy.

About Woodsford

Woodsford is one of the world's leading providers of finance to law firms and their clients. Founded in 2010, with a presence in London, Philadelphia, New York, San Francisco, Brisbane, Singapore, Toronto and Tel Aviv, Woodsford provides financing solutions for law firms, businesses and individuals around the world.

Woodsford's highly-experienced, international team deliver a unique combination of extensive business and legal expertise, which allows for quick understanding of the financial implications and legal merits of a case or portfolio of cases. By using our own internal legal capability and funds from our own balance sheet rather than relying on external advice or capital, the entire financing process is accelerated.

Woodsford is a founder member of the Association of Litigation Funders of England and Wales, a body dedicated to promoting best practice in the litigation finance industry. By working with Woodsford, law firms and their clients are assured that they are working with an organization meeting the high-quality standards that should define this industry.

The typical minimum claim size we invest in is around \$4-5m. For further information on Woodsford's funding process and what makes a claim attractive to us, see:

[A Practical Guide to Litigation Funding](#)

For further information, visit www.woodsfordlitigationfunding.com or email **Robin** rdavis@woodsfordlf.com directly.