

ROBERT GERSTEIN

He Has a Patent on the Deal

by John Toth

There's a lot more to being an effective intellectual property lawyer than drafting a patent application, moving it through the United States Patent and Trademark Office, and defending it in court. Robert M. Gerstein, partner in Chicago IP boutique **Marshall, Gerstein & Borun LLP**, has done plenty of each, but *Intellectual Asset Management* selected him as one of the world's 250 leading intellectual property strategists because he takes a much wider view of what clients need. During a 20-plus year career, he has developed a sophisticated transactional practice helping clients from life sciences and software companies to universities and hospitals leverage their IP assets through licensing agreements and other portfolio management strategies.

"Strategic IP counseling involves finding the best way to achieve a client's business objectives," Gerstein says. "You develop a counseling role by establishing a relationship of trust with the client. A licensing agreement or other IP transaction may not be the original objective, but it can turn out to be the most effective means of reaching the goal. The starting point for strategic counseling is to say, 'Here is a business issue. How can we best use intellectual property to solve it?' Sometimes the answer has little to do with IP itself and more to do with structuring a relationship."

Exploiting Technology

With a bachelor's degree in nuclear engineering from the University of Michigan, Gerstein understands sophisticated technology. But his real focus is on exploiting technology as a business asset. "IP transaction issues typically are not technology-specific, but in many deals the technology defines the deal structure," he explains.

"The most important part of what I do is developing an understanding of how the client's technology and business goals interact. That's crucial to structuring a good IP agreement, whether a license, a joint development, a settlement or some hybrid agreement to support a company's business operations." IP business solutions must be customized for every client to reflect the variables in each organization's size, culture, product types and competitive landscape.

"My practice is pretty equally divided between clients who have single transactional needs—the kind of one-off deals that small and mid-sized companies typically pursue—and companies that have ongoing transactional needs," he notes. "Often these are large corporations whose in-house lawyers are under time constraints or need specialized IP transaction counsel to handle a specific problem."

Combining Disciplines

Gerstein joined Marshall, Gerstein & Borun in 1988 after receiving his law degree cum laude from the University of Michigan Law School. He began working on patent prosecution, but for most of the first decade

of his career he handled patent litigation. Over time, the demand from clients seeking broader IP strategy prompted Gerstein to make a conscious decision to transition into the transactional side, but the prosecution and litigation experience positioned him to offer well-rounded advice.

"In IP transactions, knowing how to analyze the intellectual property helps me advise clients on what they are really buying or selling," he says. "And from the litigation perspective, it's important to know how a dispute will resolve in an infringement action if the deal doesn't get done or if the parties have a contractual problem after the deal closes."

The purely transactional aspect of



licensing often involves companies seeking to benefit from technology that they have developed but don't want to maintain or expand. In such situations, Gerstein asserts, "You have to clearly define what is being licensed—whether it's a single patent or something much more complicated. Next is the decision on payment terms, both valuation and method of payment—a lump sum or payments over time. You also need to define the types of products that can be made using the technology. Finally, what is going to happen if the deal does not pan out as everyone hopes? These factors shape every deal."

A litigation-driven side comes into play in Gerstein's licensing work. Often plaintiffs haven't used or developed their patents, but they bring suit against companies they claim have infringed on that technology. Such plaintiffs may be tagged with the term "patent trolls," but a more accurate description is

that they are non-practicing entities. "Both sides typically are looking for a licensing agreement that resolves the dispute short of trial by compensating the plaintiff without denying the defendant access to the technology," Gerstein says. "My litigation background is often crucial to negotiating the agreement in such situations."

Gerstein often finds other ways to resolve a potential IP lawsuit. "We handled an infringement allegation against a client that at first glance appeared to be a typical choice between litigation and licensing to resolve the dispute," he says. But through knowledge of patent interferences (an "interference" is a highly technical process within the patent

has a critical mass of attorneys working on IP transactions. We provide a great sounding board for each other and it also helps us handle large projects quickly—a frequent necessity in the transactional world."

Marshall, Gerstein & Borun was founded in 1955, and Gerstein's father Allen later became one of the name partners. "My father neither encouraged nor discouraged me to become a patent lawyer or join the firm, but the satisfaction he had with his career was definitely an influence on my decision to take a similar path," Gerstein recalls. "Although my enjoyment of math and science led me to engineering school, I was attracted to patent law because I really enjoyed technology but didn't want to work as a scientist or an engineer. I like seeing the evolution and application of new technology, and that is a primary aspect of licensing."

A partner in the firm since 1995, Gerstein today is a member of the firm's executive committee. "Firm governance takes about 25 percent of my time, and it's something I enjoy from the standpoint of helping run the firm as a business—which reflects my transactional practice," he says. "My interest is not only in how the business side of a law firm works, but in how it should work. That includes everything from budgets and payroll, to keeping our technology current. It's also a discipline that helps me better understand the business operations of our clients."

Gerstein is married and has two sons, ages 7 and 9. His personal interests include running and biking, and he describes himself as something of a political junkie—"I love reading about and following the political process."

IP is becoming part of the political process as Congress and the executive branch wrestle with modernizing patent law and the operations of the Patent and Trademark Office to reflect technology innovation. "Keeping up with patent law is a part of my practice," Gerstein notes, "but following the overall political scene is my personal pleasure."

Marshall, Gerstein & Borun and Gerstein have maintained strong practices through the recession, serving a full range of U.S. and international clients that include non-profits, small startups, mid-sized companies and multinationals. As intellectual property continues to grow in importance as a business asset, Gerstein expects transactional work to be his focus for years to come.

"What I really enjoy is getting a deal done." Achieving a business resolution that satisfies everyone is how he summarizes his practice. "It comes down to understanding the technology, where my patent prosecution experience is useful, and articulating and negotiating the terms, where my litigator's background helps me to convince the other side to go forward. Combining these different disciplines to the benefit of my clients is the challenge that I look forward to every day." ■