



Ben Horton

Neutralizing 'Patent Trolls' for His Clients

by Mike Ramsey

When Benjamin T. Horton became a high-tech patent litigator more than a decade ago, trolls, like dragons, were the stuff of fantasy fiction. Today, trolls are everywhere — as in, the so-called “patent trolls” that make cash demands of companies.

“Typically, a patent troll is someone who had nothing to do with the actual invention,” says Horton, 39, partner and chair of IP Litigation at **Marshall, Gerstein & Borun LLP**. “They’ve purchased the patent at an auction or through a broker. They’ve acquired it for the express purpose of suing people in the marketplace, to make money. It’s an investment vehicle, basically.”

The expression patent troll is, of course, a derogatory one, but critics say the ventures are more about interpreting a patent broadly to make money, rather than protecting someone’s original idea. Horton’s law firm, which deals exclusively with intellectual property, finds itself increasingly representing clients who find themselves in the wide nets of these legal adversaries.

“They’ll sue 200 of the biggest companies in the country, and they’ll try to extract what we call nuisance-settlement amounts,” Horton says. “In the aggregate, that patent troll makes a lot of money. If they collect that nuisance settlement amount 200 times, they can make a pretty good living.”

“The polite term is ‘non-practicing entity,’ but everyone calls them trolls,” says Chicago lawyer Michael Cronin, former chief legal officer for cars.com and apartments.com, who has worked with Horton to successfully fend off patent-infringement claims.

“Patent law and patent cases are diabolically expensive,” he adds. “If you ask most tech company general counsels and CEOs what they think of patents,

they don't really think of patents as an asset class. They think of it as a potential problem — are we going to bump across problems here?"

Early Interest in Math, Science

Long before the contentious legal trend took hold, Horton grew up in a small town near Detroit with his parents and younger sister. His mother worked at a dental office, and his father was an electrician at a Ford Motor Co. plant. The elder Horton used his electronics skills for fun audio-visual projects at home, and their bonding projects in the early-1990s included installing a CD stereo in the teen's car to replace the factory cassette-tape deck.

"You had to pull the paneling off to get in there," Horton recalls of their surgery on a 1985 Mercury Grand Marquis. "He was into it. It was in his wheelhouse because he was an electrician."

Looking back, his father's technical skills were a professional inspiration. "I think if you asked 18-year-old me, I would have said 'no,' but I think now I would definitely say 'yes,'" he says.

Horton, who excelled at math and science in high school, studied electrical engineering at the University of Michigan in Ann Arbor and was the first member of his family to graduate from college. He specialized in microwave circuits and antennas. During his undergrad years, he was an intern with the Detroit office of Motorola Semiconductor, which developed microchips for auto manufacturers.

"It was a hybrid technology-sales role," Horton says. "You had to be personable, and people had to like you, but then you also had to know your stuff."

After graduating with a bachelor of science degree in 1999, he moved to Chicago to work for Panasonic Semiconductor as a field applications engineer. He helped customers integrate micro-controllers, LEDs and transistors into their products. Horton then went to HLC Ltd. as a sales engineer before deciding to change course relatively early in his professional life.

"Going to engineering school was a fantastic experience, and it was in line with my strengths and interests. But the education felt a bit imbalanced — almost entirely science and math," he says.

In his words, he "chucked it all" to enroll full-time at DePaul University College of Law, in his newly adopted city.

"I sold my car to CarMax on Saturday and started law school on Monday," Horton recalls.

The move proved fortuitous for at least a couple of reasons. For one, he met his future wife, Sara, in law school. She, too, is from Michigan and also is a patent litigator,

working on chemical and pharmaceutical cases for another law firm. The couple lives with their young family in the Roscoe Village neighborhood on Chicago's North Side.

"She understands what I do, and I understand what she does, and so there's a communication there," Horton says. "She says, 'I have to work late.' I know exactly what she means."

Also during his DePaul years, Horton interned with Marshall Gerstein and made a lasting connection. "I was so impressed with the sophistication and intelligence of the attorneys and the interesting work they were doing. I was hooked," he says.

He joined the office upon graduating in 2005 and has been there since. Horton says he gained "incredible experience" from the beginning, working with accomplished litigators on important cases.

"It's hard to leave an environment like that, and why would you?" he asks.

Litigating, Managing

Today, as one of the youngest partners in the firm, Horton, in his role as chair of IP Litigation, handles a number of pending cases while managing other partners and associates who are doing similar work. IP also covers copyrights, trademarks and trade secrets.

A separate division of Marshall Gerstein focuses on "patent prosecution," or advising clients on managing and developing their patent portfolios.

Patents issued by the U.S. Patent and Trademark Office have a lifespan of 20 years. Not surprisingly, owners are out to maximize their properties — or zealously guard them through legal action in federal court.

"That's the bargain for exchange with the U.S. government: I'm taking my idea, reducing it to writing, submitting it to the government such that one day it will become public," explains Horton, who has a talent for making complex issues understandable to lay people. "In exchange for sharing that information, I'm granted a 20-year monopoly. I can license it, I can practice it, but it's mine. I can sell it wholesale."

His cases have included a high-stakes dispute between two manufacturers of high-definition television components. Horton's client was accused of infringing on a competitor's patent; tens of millions of dollars hung in the balance.

"We went through a lengthy and contentious litigation that lasted a couple of years and culminated in a jury trial," Horton says. "It was a three-week trial, which is lengthy, even in the patent litigation world. The jury returned a verdict of 'no infringement.'"

Sometimes his clients are the ones doing the suing. On one recent morning at his Willis Tower office, Horton was examining

a medical device that may infringe on the patent of a client. The decision to litigate is not made lightly, he notes.

"Lots of times a company has to decide there's a business case for it," Horton says. "The business case could be, 'I'm going to recover enough to justify the means,' or it could be, 'I'm sending a message to the market not to do this because I'm prepared to enforce my patent.'"

Most cases are settled in some manner. "Statistically, the vast, vast majority do not reach trial," Horton says.

Among the companies Horton has represented is Otter Products, LLC, which makes protective cases for smart phones and computer tablets. The Fort Collins, Colorado-based manufacturer bills itself as having the No. 1-selling case in the United States; in recent years, it acquired the LifeProof brand of water- and weatherproof cases.

"We have a target on our back, being in the space that we're in, and people come after us, thinking Otter is going to be an easy target," Otter Products General Counsel Kevin Sullivan says. "We vigorously defend our intellectual property, and certainly a message we want to send to the industry is we are not an easy target."

Sullivan credits Horton with being able to communicate the complicated issues at play.

"Patent litigation is a very unique skill set. Ben has a very common-sense approach, which is why we love using him and his firm," he says. "Ben's ability to distill exactly the issues is very critical for me to be able to ultimately be responsible for litigation involving Otter."

In addition to being admitted to the trial bar of the U.S. District Court, Northern District of Illinois, Horton has also been admitted to the bar of the Eastern District of Texas. The latter district has become the de facto capital for high-tech patent lawsuits, and it's where so-called patent trolls have flocked. Observers say the jurisdiction, in a remote area of the Lone Star State, tends to favor plaintiffs, putting additional pressure on defendants to settle.

Trouble With Trolls

It is that patent troll phenomenon that demands much of Horton's time. About 70 percent of all patent-infringement cases now fit into this realm of non-practicing entities demanding royalties or damages from broad classes of defendants, he says, adding that in the last five years the trend has really taken on a life of its own.

"You've got to view them kind of like a start-up in some ways. They've got seed money, they're prepared to fight, and so you have to defend it like a regular case," Horton says. "Other times, they're not well funded."

Maybe it's a small law firm of two, three, four lawyers that has filed 20 lawsuits.

"They can't possibly litigate all of those. So, in those instances, maybe you want to be aggressive and jump on the case, do things up-front, to either make them go away completely or drive the cost of settlement so low it's inconsequential."

One theory is the patent-troll tsunami has its origins in the "dot-com" era in the 1990s, as the feds were inundated with patent applications for technology used on the World Wide Web, Horton says. When companies went under, their patents were acquired by others seeking to leverage any remaining value. Patent-holders can seek retroactive compensation for up to six years and whatever is left on the life of the patent.

"There are millions of companies on the web, potentially millions of targets," Horton says. "Now, the phenomenon is so popular, and the concept, in terms of making money, has been proven over and over again. The fear is it's expanding to wireless (technology) now."

Cronin, who today is president of Global Immigration & Associates, has been on the receiving end of patent trolling. He previously was chief legal officer for Classified Ventures — then the holding company of cars.com and apartments.com — when an entity known as GeoTag filed an infringement claim in the Eastern District of Texas that sought to corral dozens of companies in the e-commerce field.

Horton's firm convinced the federal court in Texas to allow Classified Ventures to move its portion of the case to Chicago, Cronin says.

"We traded some of the advantages of being in the herd, in terms of being able to leverage shared counsel, for the advantages of having them have to come up to Chicago and basically stand up on their own," he says. "The suggestion was we might be able to expose them a little bit, and I think ultimately that's what happened."

Sullivan, the general counsel for Otter Products, also praises Horton for his shrewd tactics in dealing with companies that claim their patent has been infringed upon.

"There are a host of ways you can show that the patent is invalid or unenforceable," he says. "Ben's firm has had great success finding all of those issues with the patent being asserted, to the point where we've had them walk away, dismiss their case with prejudice so they can't sue us again."

Horton is optimistic about new safeguards within the system. He says Congress has offered some measure of patent-litigation reform, with the America Invents Act of 2011, and it at least continues to study the issue.

"They're trying to legislate checks and balances into the process to put a stop

to the abuses of it. It's a hot topic in Washington and has been for a couple of years now," he says.

Unwinding Time

In his off-time, Horton likes to golf and visit Michigan for summer recreation and to visit family. He is a fan of HBO shows like *Silicon Valley*, a comedy series that hinges on IP disputes, and the fantasy saga *Game of Thrones*, though he doesn't normally gravitate toward the genre. He prefers the novel-like books of historian Erik Larson (*The Devil in the White City*).

As for seeing movies in public, that is a rarity these days. "The last movie we saw in the theater was *Finding Dory*, because of our 4-year-old," the young parent says.

His community and professional involvement includes membership in the Intellectual Property Law Association of Chicago and five years in the Richard Linn American Inn of Court, which promotes ethics and civility among legal practitioners in the IP field. Horton has served as a mentor for the Chicago Intellectual Property Alliance (CIPA), which helps cultivate the next generation of IP attorneys.

He also has offered his skills, pro bono, to the artistic community. His firm has had a long relationship with the not-for-profit organization Lawyers for the Creative Arts, or LCA, which coordinates legal representation for artists and arts organizations. The Chicago-based group dates to the 1970s and has helped thousands of clients.

In one of his cases, Horton represented a biographer of baseball great Mickey Mantle in a royalty dispute with a publisher; they reached a settlement. In another, he defended a photographer whose image of a military sniper was used in a motivational poster; a second photographer had claimed the photograph too closely resembled an image he had published previously.

"Anytime you make something with a modicum of creativity — a drawing, picture, story, anything — you immediately have copyright protection on that," Horton says. "If somebody creates something that too closely resembles that, you've got a cause of action."

"I do it for a couple of reasons," Horton says of the pro bono work. "One, it's satisfying. It's gratifying work to help people who otherwise wouldn't be able to have access to help. And a lot of times it's fun, and you get new experiences out of it." ■