



Litigation Funding for Universities and Technology Transfer Offices

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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 colleges and universities understand the value of intellectual property, as evidenced by many having technology transfer offices (TTOs). TTOs are dedicated to ensuring that inventions originated within the university are properly protected through the patent system and provide support to student-and-faculty-run start-ups striving to bring their ideas from the lab to the consumer marketplace. Where internal commercialization of innovations is impractical, TTOs also facilitate the licensing of a university's intellectual property to already established businesses who are in better position to exploit these new ideas. TTOs are therefore invaluable links between universities and industries of all kinds - providing business 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 costs of 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 funder loses its investment and is not entitled to any compensation from the claimant. 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. Some organizations with valuable IP also seek non-recourse funding to finance prosecution of 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 unaffiliated commercial businesses without prior consent or payment of fair compensation to the institutions that develop and own the new technology. While these unlicensed appropriations may occur both intentionally and unwittingly, TTOs are often unwilling or unable to enforce their intellectual property rights for multiple reasons. For example, while TTOs typically have deep internal licensing expertise, few TTOs have sufficient litigation experience to feel confident in bringing a patent litigation. Moreover, even where a TTO concludes 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.

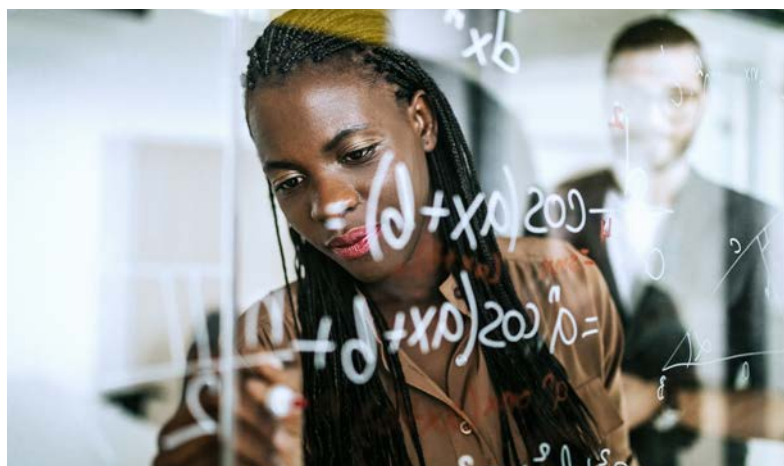
In particular, litigation may require the expenditure of financial resources that would overwhelm the TTO's budget with no guarantee of a positive financial resolution. Thus, many universities, though world-renowned for their research and technological innovations, are highly reticent to pursue infringers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

TTOs are often hard pressed to enforce the intellectual property rights of universities.

How Litigation Finance Can Provide TTOs the Freedom to Litigate

When considering whether to launch an enforcement campaign, whether through licensing or litigation, TTOs are wise to consider and consult with experienced litigation funders, as many barriers to enforcement can be alleviated by this source of capital. Particularly in cases where large or established companies are infringing a university's patents, it can be difficult for a TTO to gain traction in licensing discussions if an infringing company believes that there is minimal risk that the university will litigate. Patent

litigation is notoriously specialized and expensive—few universities have in-house patent litigation expertise and the costs associated with taking a patent litigation to trial are high and potentially disruptive for a TTO's annual budget, even when contingency or alternative-fee counsel can be secured. By involving an experienced litigation funder, a university can alleviate these 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 or licensing campaign is ultimately 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 enforcement campaign and rigorously assess whether that campaign is likely to be successful.

Litigation funders are more than just financial partners for universities—they provide a strategic resource that TTOs cannot access independently. Investment by a sophisticated 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 fair compensation to a university 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.

It can be quite lucrative for a TTO to elect to litigate its most valuable patents. Indeed, some of the largest patent infringement verdicts have come as a result of a university protecting its patent rights.

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

A well-known 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**.

Across the pond, Nanoco, a UK-based nanotechnology company which spun out of the University of Manchester, obtained similar success in the U.S. Courts. Nanoco asserted its toxic-heavy-metal-free quantum dot patent portfolio against Samsung Electronics, backed by a litigation funder. After three years, five IPRs and accompanying appeals to the Federal Circuit, and extensive effort preparing for trial, Samsung finally relented and paid Nanoco **\$150 million** to settle the dispute in February 2023.

Another example which may also turn out well for a university is 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 and awarded damages of **\$837.8 million** from Apple and **\$270.2 million** from Broadcom. While this verdict has been appealed multiple times and is both set for a new trial on damages in June 2023 and has garnered some interest from the Supreme Court, if the verdict is allowed to stand it would surely have a tremendous impact on CalTech's finances. Similarly, a jury in the Eastern District of Virginia awarded Columbia University a verdict of **\$185 million** for NortonLifeLock's infringement of two patents relating to computer security innovations. The jury also found that Norton willfully infringed Columbia's patents, providing the judge the opportunity to award up to treble damages. Although Norton is expected to appeal, such a substantial jury verdict would provide a great budget for further innovation at the university.

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. Although WARF spent years attempting to re-establish its previously won verdict, it ultimately lost for good in 2022. 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. And 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 with decades of patent litigation experience 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 appropriate, 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, and many defendants hope to litigate a plaintiff out of court by making litigation as expensive as possible. However, once an alleged infringer knows that a university is working with a third-party 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 litigation 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

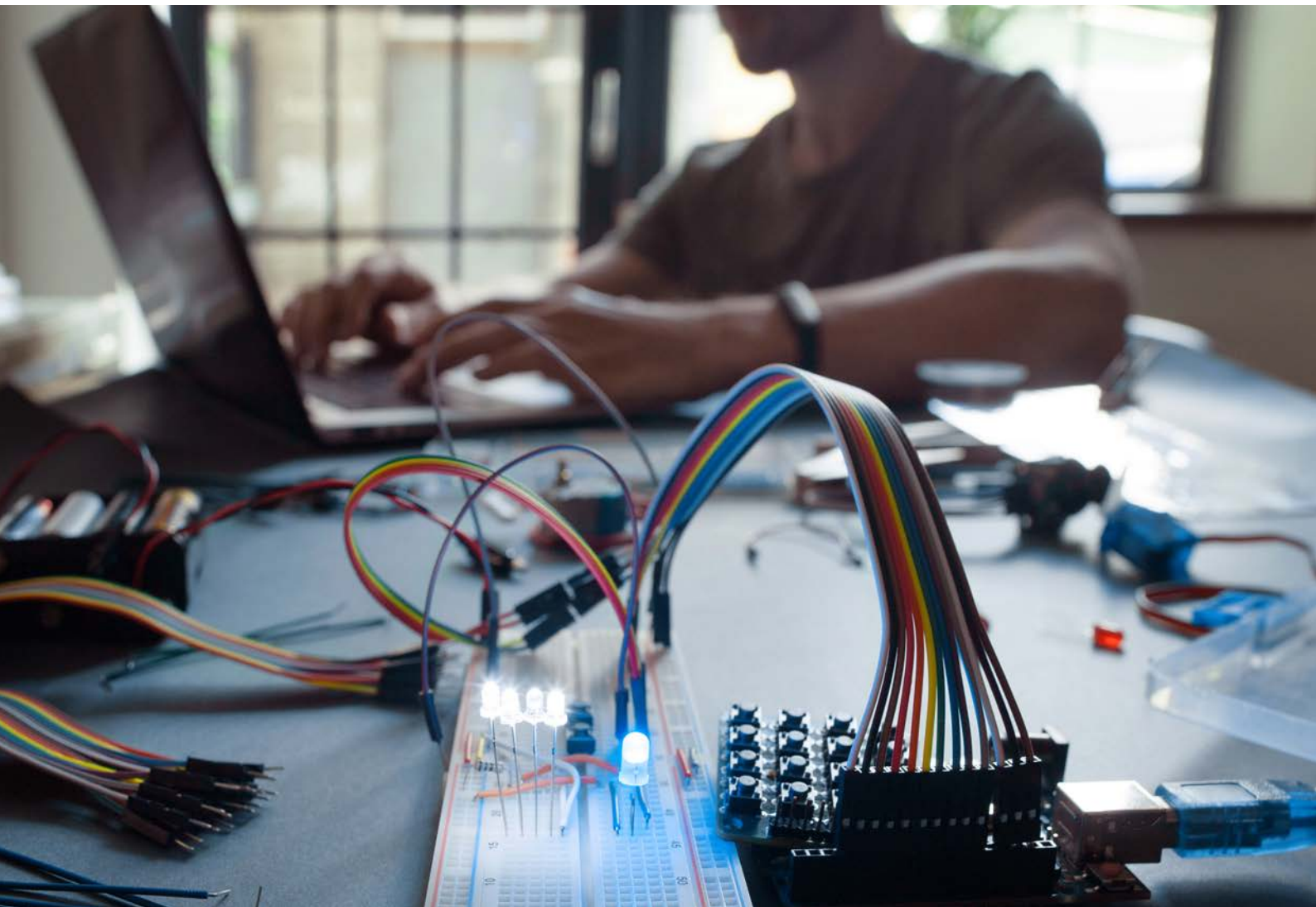
Sophisticated TTOs have responsibility for ensuring their institution's innovations are protected both in their own country and in multiple jurisdictions around the world. An experienced global funder can advise whether particular patents can be enforced in one or more global jurisdictions and craft 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. Third party litigation funding is well utilized in many jurisdictions, such as the United Kingdom, Australia and 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 authors

Robin Davis is Chief Investment Officer(US) at Woodsford, based in New York. She leads Woodsford's US underwriting and investment team for all types of litigation and arbitration as Chief Investment Officer for the United States. As a former litigator and experienced funder, she prioritizes investment in meritorious disputes where Woodsford is able to level the playing field and instill accountability by defendants while generating solid returns.

Woodsford is a recognized leader in investment in intellectual property litigation, including patent and trade secret claims. Robin's particular expertise in this area is bolstered by her prior experience as a Partner at Radulescu LLP, a boutique patent litigation firm in New York City, and as an Associate at Quinn Emanuel Urquhart & Sullivan and Hogan Lovells US.

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. Robin was recognised as one of the top 100 professionals at the forefront of the litigation funding industry in the Lawdragon Global 100 – Leaders in Legal Finance Guide, 2021, 2022 and 2023.

Dan Kesack is a Senior Investment Officer at Woodsford, based in New York. Dan is an experienced patent litigation attorney who is proficient in evaluating and understanding highly technical matters. He has advised clients in many different forums, including federal and state court, the U.S. Patent and Trademark Office, and the U.S. International Trade Commission. Dan's expertise includes counseling entities large and small in developing and executing patent enforcement campaigns.

Prior to joining Woodsford, Dan was a trial litigator at Radulescu LLP, a New York litigation firm, where he represented plaintiffs and defendants in all areas of patent litigation. Earlier in his career, Dan was an Associate at Weil, Gotshal and Manges.

Dan received his J.D. from New York University and holds a B.S. in nuclear engineering from Penn State University.

About Woodsford

Founded in 2010 and with a presence in London, New York, Brisbane, Philadelphia and Minneapolis, Woodsford is a leading ESG, access to justice and litigation finance business.

Whether it is helping consumers achieve collective redress, ensuring that investors and universities are properly compensated when Big Tech infringes intellectual property rights, or helping shareholders in collaborative, escalated engagement up to and including litigation with listed companies, Woodsford is committed to ensuring the highest ESG standards while providing access to justice.

Working globally with many of the world's leading law firms, our legal experience, investment, business and technical expertise, in tandem with our significant financial muscle, makes us a powerful partner and a formidable adversary.

For further information, visit www.woodsford.com or email Robin directly at rdavis@woodsford.com