

## Litigator of the Week: An \$82M Smackdown for the ‘New Kid on the Block’

By R. Robin McDonald  
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New York patent litigator John Desmarais persuaded a Delaware jury to award an \$82.5 million verdict to client IBM with an unlikely aid: a 30-year-old commercial.

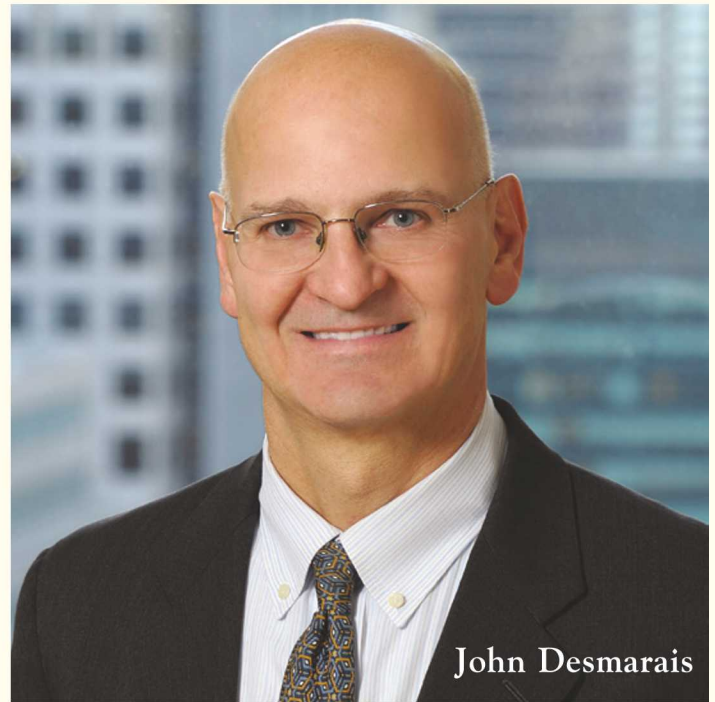
After a two-week trial that ended July 27, the jury directed Groupon to pay up, finding the online discount merchandising firm had willfully infringed four IBM patents—two of them dating back three decades.

Industry giants Amazon, Google and Twitter had earlier paid IBM licensing fees of \$49.8 million, \$35 million and \$36 million respectively for using the patents in their online commerce. But Groupon, which was represented by Fenwick & West and Ashby & Geddes, chose instead to fight.

For prevailing in the closely-watched case and convincing the jury that IBM’s patents weren’t outdated, we award Desmarais—a former Kirkland & Ellis rainmaker who went on to found IP boutique Desmarais LLP—the title of Litigator of the Week.

Two of the four patents at issue were created by IBM for Prodigy, a forerunner of the modern internet.

Patent litigation, because of the intricacy of the technology and corresponding infringement allegations, can be tricky. But Desmarais said wooing a jury “really boils down to trying to take complicated issues and tell a story about them.”



John Desmarais

“I think we had a very compelling story here.”

“The mature companies all took licenses [from IBM],” Desmarais explained. “The new kid on the block [Groupon] admits it built an e-commerce business that used inventions and ideas it didn’t come up with, and yet was unwilling to take a license to use them.”

“It’s the sort of story that’s common in human experience. The new kid on the block thinks there is some sort of entitlement to use that which others have developed for them without paying for that,” he said.

A 30-year-old commercial touting Prodigy became the perfect vehicle to make the point, he said.

Prodigy, which predated today's internet, had an online e-commerce component, Desmarais said. "You could do all the things you could do today." The ad, which heralded the 1988 launch of Prodigy and was found in IBM's archives, "showed users of Prodigy purchasing airline tickets, checking the weather, ordering food, all things you can do today."

"Everyone built on that," he said.

Groupon lawyers scoffed that IBM was trying to claim that it had "invented the internet." Rather than run from that assertion, Desmarais said he embraced it. "We're not saying we invented the internet," he said. "But we invented the same way of doing e-commerce. And, yeah, we thought of it before everybody else. And we had the ad to back it up."

The commercial also largely defused one of the Groupon lawyers' main arguments, Desmarais said—that current e-commerce applications allowed for windows to pop up inside each application. The IBM/Prodigy patent was too antiquated, they contended, to allow for overlapping windows.

Desmarais said all he had to do was roll the tape. "Let's take a look at that ad," he told the jury. The 30-year-old Prodigy ad, he said, "showed windows popping up within windows. It killed their main argument."

Desmarais said IBM had been "very patient" for years before the case went to trial, first contacting Groupon in 2011. "We had to overcome a lot of

challenges," he said. "These days there are a lot of arrows that defendants have" in seeking to dismiss a patent case.

Desmarais said he had sought twice what the jury awarded—about \$166 million. An expert economist had calculated the value Groupon received from appropriating the patents without a license. But he said that IBM's existing licensing deals were far lower than what they wanted Groupon to pay. "The jury gave us in between what the other [licensees] paid and what we asked for," he said.

Desmarais said the case isn't over yet. Because the jury found willful infringement, IBM will ask for enhanced damages, he said—they just haven't decided how much.

Desmarais said the \$82.5 million verdict came in less than two months after his namesake firm celebrated its eighth anniversary. It's one of the five top verdicts he has secured since he left Kirkland & Ellis and set up shop as Desmarais LLP on June 1, 2010 with only a secretary and a legal assistant. Within a month, there were eight people at the firm. Today, the firm has 47 lawyers. Two partners and five associates joined him in the IBM patent case.

He also has begun going head to head with other New York firms, Kirkland among them, in recruiting younger lawyers. In June, Desmarais announced he intended to boost each of his associate class salaries by \$20,000 more than the new associate pay scale set by New York's Cravath Swaine & Moore. "We want to hire the best people available," Desmarais said.