Los Angeles lawyer Margaret P. Stevens is the 2016-17 president of the Los Angeles County Bar Association.
Distinguish Yourself

Learn the Power of a Fowler Law LLM Degree

The Fowler Law LLM degree will help you develop a unique practice specialty or hone advanced legal skills to expedite your rise in the profession.

LLM OPTIONS:
- Entertainment and Media Law
- Taxation
- Business Law and Economics
- Trial Advocacy (with court residency)
- International and Comparative Law
- Self-designed LLM
- LLM/MBA (double masters)

ADVANTAGES OF A FOWLER SCHOOL OF LAW LLM DEGREE:
- Cultivate a targeted area of specialization
- Develop masters-level practice skills
- Collaborate with successful lawyers and judges
- Utilize full or part-time program options

LLM APPLICATION PERIOD IS NOW OPEN
(714) 628-2635 • llm@chapman.edu
Call or Email now to set up a consultation with an LLM advisor to see if the Fowler Law LLM is the right choice for you.

One University Drive, Orange, CA 92866
714-628-2500 • www.chapman.edu/llm
Are you tired of waiting for your current broker to pull a rabbit out of a hat for your upcoming renewal?

As a law firm insurance specialist with over 4,000 clients, we are in a unique position of truly understanding your business. We are confident that our expertise will save you time and the angst of last minute surprises. Maybe it’s time you considered Ahern Insurance Brokerage.

AHERN is the Endorsed Professional Liability Insurance Broker for the Los Angeles County Bar Association.

(800) 282-9786  I  AHERNINSURANCE.COM

XL Catlin is a financially stable, global company, currently rated “A” (Excellent) by A.M. Best and Admitted in California.
FEATURES

20 A Shameful Practice
BY WILL JAY PIRKEY
The L.A. City Attorney’s Office asserts claims under Unfair Competition Laws to enforce patient dumping ordinances

26 Fashion Sense
BY LARRY C. RUSS AND NATHAN D. MEYER
Although the law of brand protection has been stable in recent years, a case before the U.S. Supreme Court may alter the doctrine of secondary meaning

32 Forcing the Issue
BY ASA S. HAMI
Creditors considering an involuntary bankruptcy petition should first consider the risks and benefits

38 Special Section
2016 Semiannual Guide to Investigative Services

DEPARTMENTS

7 President’s Page
Renewing LACBA’s mission to the community
BY MARGARET P. STEVENS

8 On Direct
Ralph M. Terrazas
INTERVIEW BY DEBORAH KELLY

10 Barristers Tips
The advantages of being a member of the Barristers Section of LACBA
BY DAMON A. THAYER

16 Practice Tips
Evaluating the effectiveness of the inter partes review process
BY NATE DILGER AND JOHN LORD

51 Index to Advertisers

52 Closing Argument
Reflections on current choices for legal career paths
BY MARK SONNENKLAR

Los Angeles Lawyer
the magazine of
the Los Angeles County
Bar Association
July/August 2016
Volume 39, No. 5

COVER PHOTO: TOM KELLER
Los Angeles Lawyer is the official publication of the Los Angeles County Bar Association.

1055 West 7th Street, Suite 2700, Los Angeles CA 90017-2553
Telephone 213.627.2727 / www.lacba.org

LACBA Executive Committee

President
MARGARET P. STEVENS

President-Elect
MICHAEL E. MEYER

Senior Vice President
PHILIP H. LAM

Vice President
TAMILA C. JENSEN

Treasurer
DUNCAN W. CRABTREE-IRELAND

Assistant Vice President
SARAH E. LUPPEN FOWLER

Assistant Vice President
ANNALUISA PADILLA

Assistant Vice President
ROXANNE M. WILSON

Immediate Past President
PAUL R. KIESEL

Barristers President
DAMON A. THAYER

Barristers President-Elect
MARIANA ARODITIS

Chief Executive Officer/Secretary
SALLY SUCHIL

Chief Financial & Administrative Officer
BRUCE BERRA

General Counsel & Chief Administrative Officer
W. CLARK BROWN

Board of Trustees

RONALD F. BROT

HARRY W.R. CHAMBERLAIN

NATASHA R. CHESLER

REBECCA A. DELFINO

KENNETH C. FELDMAN

JO-ANN W. GRACE

JOHN F. HARTIGAN

MARY E. KELLY

LAVONNE D. LAWSON

RICHARD LEWIS

F. FAYE NIA

BRADLEY S. PAULEY

ANGELA REDDOCK

DIANA K. RODGERS

MARC L. SALLUS

EDWIN C. SUMMERS III

DAVID W. SWIFT

WILLIAM L. WINSLOW

Affiliated Bar Associations

BEVERLY HILLS BAR ASSOCIATION

CENTURY CITY BAR ASSOCIATION

CONSUMER ATTORNEYS ASSOCIATION OF LOS ANGELES

CULVER MARINA BAR ASSOCIATION

GLENDALE BAR ASSOCIATION

IRANIAN AMERICAN LAWYERS ASSOCIATION

ITALIAN AMERICAN LAWYERS ASSOCIATION

JAPANESE AMERICAN BAR ASSOCIATION

JOHN M. LANGSTON BAR ASSOCIATION

LESBIAN AND GAY LAWYERS ASSOCIATION OF LOS ANGELES

MEXICAN AMERICAN BAR ASSOCIATION

PASADENA BAR ASSOCIATION

SAN FERNANDO VALLEY BAR ASSOCIATION

SANTA MONICA BAR ASSOCIATION

SOUTH BAY BAR ASSOCIATION

SOUTHEAST DISTRICT BAR ASSOCIATION

SOUTHERN CALIFORNIA CHINESE LAWYERS ASSOCIATION

WOMEN LAWYERS ASSOCIATION OF LOS ANGELES

JUDGE

LAWRENCE W. CRISPO

(MDL)

Mediator / Arbitrator

Referee

213.926.6665
judgecrispo@earthlink.net

www.judgecrispo.com

The world’s leading immigration law firm
right here in Los Angeles

Fragomen, Del Rey, Bernsen & Loewy, LLP
444 South Flower Street, Suite 506, Los Angeles, CA 90071

A world of difference in immigration. From visas and work permits, to advisory services and corporate compliance, we work with each client to understand their business and immigration priorities. As the industry leader in immigration law, we’re here in Los Angeles working with individuals, investors (EB-5), families, small start-ups, mid-size local companies and large corporations in the state’s most promising industries.
of the righteous shall be for a blessing, but the name of the wicked shall not.” The hope is that recollections of the deceased will guide those who knew the person to live better lives in the future.

In the three years since Sam Lipsman passed away, his memory remains a blessing to me. During the time I served on the editorial board and Sam was LACBA’s director of publications, he contributed immeasurably to honing the writing skills that I had first developed at USC’s journalism school. Sam’s knowledge of the substantive law was deep and covered a broad spectrum. He also could foresee legal trends. Armed with this knowledge and a sharp wit, together with a talented publishing staff and a committed editorial board, Sam transformed the magazine into an essential reference tool for attorneys and judges. Sam’s death left a void at Los Angeles Lawyer that needed to be filled. Eric Howard, with the support of the editorial board and the resources provided by LACBA, stepped in during this difficult transition. Eric has admirably preserved the magazine’s editorial standards and sustained its well-regarded value to LACBA members.

Over the upcoming year, the challenge that all of us who are associated with the magazine will face is not just maintaining these principles. Rather, it will be keeping Los Angeles Lawyer a relevant and reliable source of legal information at a time when there are so many online resources and physical treatises and texts competing for the attention of attorneys.

In my view, as the incoming chair of the editorial board, meeting this challenge will involve, among other things, rekindling a sense of energy and involvement among the board members. During Sam’s tenure, board meetings were often characterized by a serious but equally freewheeling and sometimes irreverent discussion. In this give-and-take, Sam and the members would critique the substantive and editorial content of articles that had been published or were about to be published and identify ways in which content could be improved. The magazine also benefitted from the significant time that the board set aside at each meeting to discuss new court rulings and statutes. This practice will be resumed this year.

The board and editorial staff can certainly make great strides in meeting this challenge, but the support of LACBA members is crucial to the success of this endeavor as well. This support can be as simple as sending an e-mail to Eric Howard at lalawyer@lacba.org with a legal issue that you believe should be covered by the magazine, and perhaps a suggested author. It can also follow the time-honored tradition of members’ submitting unsolicited articles, which also can be sent to Eric. And if you have other suggestions for enhancing the content and relevance of the publication, please send those along. To borrow from the standard pitch of pilots and flight attendants at the end of every flight, we know that you have many resources available to support your legal practices. We are committed to preserving the editorial legacy of Sam Lipsman and retaining Los Angeles Lawyer’s place as the resource that comes to mind first when searching for a legal argument or identifying issues to be addressed with a client matter.
Renewing LACBA’s Mission to the Community

AFTER ALMOST 140 YEARS, now what? Is LACBA’s mission still relevant? Or do our members need something different from our organization? The last two decades have seen unprecedented changes. When I first started practicing law, I was the only attorney at my firm to have a computer—my own. I had learned to use one because I couldn’t have survived without one, working full-time while attending Loyola Law School’s evening program. The secretaries felt threatened because I did my own edits. The partners were unnerved and weren’t quite sure what I was doing in my office. The other associates just stared. I was not allowed to use e-mail to communicate with opposing counsel. There was no computer network—documents moved around on floppy disks.

The legal community was smaller, or at least it felt smaller—larger than a decade or two before, but still small enough that you probably knew your opposing counsel, or could make one or two calls for some background. Today, we don’t call; we send an e-mail to our colleagues or ask Google. We also don’t talk to each other as much—even if we have the time, we often rely on impersonal e-mail.

Another thing has changed. When I first started practicing law, we had a billing code for bar activities, because participating in the organized bar was valued and indeed often taken for granted. While there are firms that continue to value bar participation, our profession has transformed into a business in which benchmarks generally do not allow for it.

Also, there was a concept of professional courtesy and civility, the idea that you could become friends with your opposing counsel while zealously advocating for your client and undermining the opposition at every step. However, this culture of professionalism and public participation had actually been eroding for a while, and business as usual ended for good with the great recession of 2008. Predictions about our personal and professional lives have become business as usual ended for good with the great recession of 2008. Predictions about our personal and professional lives have become what? Is LACBA’s mission still relevant? Or do our members need something different from our organization? The last two decades have seen unprecedented changes. When I first started practicing law, I was the only attorney at my firm to have a computer—my own. I had learned to use one because I couldn’t have survived without one, working full-time while attending Loyola Law School’s evening program. The secretaries felt threatened because I did my own edits. The partners were unnerved and weren’t quite sure what I was doing in my office. The other associates just stared. I was not allowed to use e-mail to communicate with opposing counsel. There was no computer network—documents moved around on floppy disks.

The legal community was smaller, or at least it felt smaller—larger than a decade or two before, but still small enough that you probably knew your opposing counsel, or could make one or two calls for some background. Today, we don’t call; we send an e-mail to our colleagues or ask Google. We also don’t talk to each other as much—even if we have the time, we often rely on impersonal e-mail.

Another thing has changed. When I first started practicing law, we had a billing code for bar activities, because participating in the organized bar was valued and indeed often taken for granted. While there are firms that continue to value bar participation, our profession has transformed into a business in which benchmarks generally do not allow for it.

Also, there was a concept of professional courtesy and civility, the idea that you could become friends with your opposing counsel while zealously advocating for your client and undermining the opposition at every step. However, this culture of professionalism and public participation had actually been eroding for a while, and business as usual ended for good with the great recession of 2008. Predictions about our personal and professional lives have become difficult to make as we see the disappearance or merger of prominent businesses and law firms. Our ability to communicate has also eroded, compromised by the ever-increasing coarseness of public discourse in every arena.

In this changed world, one might wonder whether bar organizations like ours are a dying breed. That’s certainly the conventional wisdom. But it isn’t so, at least not for LACBA. If it were, why does LACBA still present 300 in-person events each year? Why do we have 26 sections and 19 committees that regularly meet in person to accomplish their goals? Why do 500 new lawyers show up at the New Admittee Reception? Why do our five pro bono projects attract hundreds of volunteers that have assisted more than 18,000 people, provided more than $3.7 million in pro bono services, and—primarily through Counsel for Justice’s efforts—raised more than a half million dollars in donations last year? I suggest that it shows that a sense of community and contribution is what lawyers need now more than ever.

So, LACBA has survived, and survived well. But how will we not only survive, but also thrive? By working together.

We will have differing views on how to thrive. This difference of opinion has generated the first contested election for trustee and officer positions since 1992. However the election turns out, we will still need to work together to answer the question, how will we thrive? We will need to bring to the table not only our divergent points of view but also a willingness to listen to one another. As Madeline Albright recently noted to a 2016 graduating class: “The great divide in the world today…is between people who have the courage to listen and those who are convinced that they already know it all.”

Some issues, for example LACBA’s continued support for court funding and inviting newer lawyers to connect with our sections, will likely garner unanimous support. Other issues may take some work: how to allocate and plan for the rising costs of presenting CLE programs and events, whether we can provide more online support and resources for our members, and whether we should expand our pro bono projects to meet the desperate needs of our greater community. This is where we will, as we have done before time and time again, define ourselves and LACBA as leaders in our community.

We can start by focusing on one sentence—LACBA’s mission statement. It’s simple, but powerful: “The mission of the Los Angeles County Bar Association is to meet the professional needs of Los Angeles lawyers and advance the administration of justice.” Only by focusing on our mission can we begin to take the steps together towards a future that will serve our members and our community. In taking my first steps as president, I am establishing two task forces on how they can access the extraordinary resources that LACBA, and particularly its sections, can offer to succeed in today’s profession.

I welcome the thoughtful input many of you have given me that is born of years of experience as well as the enthusiastic, visionary ideas of our newest members. Please continue this dialogue with me during this exciting time in LACBA’s history and future.
Ralph M. Terrazas Fire Chief of Los Angeles Fire Department

What is the perfect day? A day when we get things done.

You have been Chief of Los Angeles Fire Department for approximately two years. What are your major job duties? Our mission is to protect life and property. There is a lot to make that happen. There are labor relations, the budget, and political issues that arise.

Does LAFD have a philosophy? Hit it hard and hit it fast.

LAFD budget is $626 million. How does that compare to past budgets? This is a record setting, all-time high for our department. Back in 2011, we were in the low fives and had to close 17 companies. We did not hire for five years.

Are you hiring now? We had 13,000 applicants for 350 jobs.

What is your response time? Our average response time is excellent—approximately six minutes. We have internally developed a better model to dispatch our resources. Our call load has gone up 14 percent, and I am proud that we have maintained our response time.

Drought conditions mean a higher fire risk. What is the best thing a homeowner can do? Within the city, we have very stringent brush control ordinances. You have to have all your vegetation trimmed 200 feet away from your house.

You have 3200 fire fighters, and the starting salary is $60,552. Who is a typical applicant? A college graduate who is an EMT or paramedic, a graduate from a fire academy, and who is physically fit.

What does the written test consist of? Four hours at a testing center by a private vendor. Previous tests had an adverse impact on women, African Americans, and Latinos. I wanted a test with an even playing field.

The physical ability test (CPAT) is a timed pass or fail test with eight separate events. Which is the hardest part? Dragging a 150-pound dummy.

What percentage of applicants pass the CPAT? 91 percent.

What are you looking for in the oral test? To get a feeling for the person and whether he or she has good common sense.

LAFD has 106 neighborhood fire stations that cover 470 square miles. What kind of fire is the hardest to contain? We had a wharf fire that took a day and a half. It was heavy timber that had been covered with asphalt. Previously, those kinds of fires burned until there was no more fuel. We had to take drastic measures; the smoke was toxic.

Which is the busiest fire station? Skid Row has the busiest station west of the Mississippi. Last calendar year, they ran over 17,000 calls.

Are most fires avoidable? Yes. The best resource for a homeowner or renter is a smoke alarm. Last year, we had eleven fire fatalities within the city of Los Angeles, with a population of over four million. It was our all-time low.

What percentage do you think are arson? It’s not common, but there are significant exceptions—for example, the 2014 Da Vinci fire. That was a $100 million loss.

LAFD describes a fire fighting job as “most physically demanding.” How do firefighters maintain their health? Most work out off and on duty. With a fire, you don’t get the time to take a break.

Firefighters wear a 50-pound self-contained breathing apparatus. Any other heavy equipment? Yes, assorted tools when you’re running from the fire engine.

LAFD has been accused of bias in their hiring practices. What safeguards are now in place? I am very proud of our diversity. The one area we need to do better is in female recruitment. The biggest barrier has been the physical test. That is why we are targeting women in the military and collegiate female athletic teams.

LAFD had paid out millions in discrimination lawsuits. Any improvement? Our Professional Standards Unit was created in 2008. At our all-time high, the city paid out over $18 million. Subsequent to 2008, we have had zero litigation because of EEO issues.

You have been with LAFD since 1983. Why did you choose this profession? In the third grade, I vividly remember the firefighters coming to school and showing their equipment. They let me shoot some water and I was hooked.

What did it feel like walking into your first burning room? Adrenaline rush.

You graduated with a B.A. in Public Administration. Did that prepare you for being chief? It did. The baseline is that you have to have fitness as well as academic preparation.

You hold a U.S. patent for a brush fire rate-of-spread tool. What is that? It’s a way of calculating how fast the brush fire will move. I
was tasked with a project on how to figure this out; I went back 30 years. The patent is city property.

What was your best job? This job. I get great satisfaction from the things that we are accomplishing. I ran a relay race with a man that our paramedics brought back from death last year.

What was your worst job? I worked in a lumber yard where my uncle was a foreman. He offered me a permanent job for $400 a week. There’s nothing wrong with building lumber loads, but I did not want to do that for the rest of my life.

What characteristic do you most admire in your mother? She’s adventurous.

If you were handed $10 million tomorrow, what would you do with it? I would set up my kids with the ability to buy a house. I would donate a portion to charity, and go on a trip with the family. Everything I want, I already have.

Who is on your music playlist? The Eagles, ever since Glenn Frey passed.


What do you do on a three-day weekend? I jog, play golf, work around the house, and enjoy family activities.

What are your retirement plans? None.

If your house were on fire, what would you take on your way out? Whoever is in, is coming out with me.

How do you get your news? I have downloaded all the links for the Los Angeles Times and multiple magazines onto my iPad. I think that’s the most efficient way.

LAFD is active on Twitter. For what purpose? Public safety messages, recruitment, our stories. We also use Instagram and Facebook. Now, we are looking at Snapchat.

What are the three changes you would like to see in the world? I’ll tailor it to LA: less violence, stronger regulations to protect the environment, and people being positive role models for children.

Who are your two favorite presidents? President Obama for the Affordable Care Act—that alone has caused me to have great admiration for him. FDR—that was a challenging time for the world.

What is the one word you would like on your tombstone? Game changer.
The Advantages of Being a Member of the Barristers Section of LACBA

As the Incoming President of the Los Angeles County Bar Association Barristers, I have the distinct privilege to write about who we are and what we do, and to invite new and young attorneys to join our dynamic group. Although Barristers has been active in the Los Angeles legal scene for over 85 years, I still get asked the question “Who or what are the Barristers?” In all honesty, I asked the same question years ago when I was finishing an out-of-state clerkship and looking to move into private practice in Los Angeles. While I knew I wanted to get involved in the local legal community and start building my professional network, I wasn’t sure where to begin since the Southland is home to hundreds of bar associations and other professional groups. For me, joining Barristers ended up being a no-brainer.

Barristers is the only group in Los Angeles focused exclusively on the needs of new and young attorneys that has the backing and name recognition of one of the largest bar associations in the United States with nearly 24,000 members. At almost 5,000 members, Barristers is unique as it includes attorneys practicing in every area of the law as well as holders of J.D.s working in the business, entertainment, and political worlds. Our membership includes attorneys at big, midsize, and boutique firms as well as solo practitioners, those in government service and who serve the public interest, teach, work as in-house corporate counsel, and various others.

A core mission of Barristers is to create meaningful opportunities for new lawyers to make connections that they might not otherwise have a chance to make. Barristers hosts several networking functions every year allowing our members to meet each other, as well as potential clients, referral sources, other young professionals, and other members of the Los Angeles legal community. We recognize that knowing the right person can put a resume on the top of the pile and open the door for an interview or provide inroads to landing a client or generating business. We also know that sometimes new attorneys just need a chance to blow off steam and commiserate with peers about the 11:59 P.M. summary-judgment filing that almost did not happen or the partner who inexplicably insists on following the outdated twelfth P.M. filing. Barristers’ networking functions are often free!

Another focus of Barristers is hosting events in which new lawyers can meet judges, elected officials, and other heads of government. Our flagship bench-and-bar mixer gives members the rare opportunity to mingle with esteemed members of the judiciary in an informal setting. Barristers also hosts other types of events that have featured numerous federal and state court judges, Los Angeles Mayor Eric Garcetti, U.S. Attorney Andre Birotte, Senator Ben Allen, California State Treasurer John Chiang, Chief Deputy City Attorney Jim Clark, and Los Angeles County Sheriff Jim McDonnell. Our very popular Dinner with a Leader series provides new attorneys an intimate forum to engage prominent leaders over matters of public policy and the law, and, yes, dinner and drinks are included.

For attorneys seeking pro bono opportunities and other ways to give back to the community, Barristers also has that covered. We provide pro bono training and volunteer opportunities involving a diverse array of client groups, including immigrants, domestic violence victims, and veterans. For those looking for ways to get involved outside the legal community, Barristers has previously organized teams for the annual Los Angeles AIDS Walk, spoken to local high school students about constitutional matters, and organized various other community service-oriented events.

It doesn’t take a crystal ball to see that the leaders of Barristers today will be future leaders of the Los Angeles legal community.

As Barristers, we were all law students not so long ago and have not forgotten the value and perspective that speaking with newly minted lawyers can provide. To help the next generation of lawyers, Barristers works with local law schools through a mock interview program. We also provide networking and mentorship opportunities.

One of the final objectives of Barristers is to provide top-notch CLE programming covering hot topics and programs designed to help new attorneys refine their professional skills. Our CLE programs from this past year featured well-known names in the legal community addressing fundamental subjects such as “how to litigate your first high-profile case” and “what to expect at your first trial.”

Want to get involved? Of course you do! Any attorney is eligible for Barristers membership who is either 36 years old or younger or who has been admitted to practice for five years or less. Getting involved in Barristers can take many forms, including joining a committee, helping organize (or simply attending) our programs and events, or submitting an article relevant to new attorneys for publication. For those wanting to take on a larger role in Barristers, we invite you to apply to be a member of our executive committee or to serve as liaison to the executive committee of one of LACBA’s other sections.

It doesn’t take a crystal ball to see that the leaders of Barristers today will be future leaders of the Los Angeles legal community. Looking back at our not-too-distant past, former leaders of Barristers went on to become federal and state judges, prominent partners at Los Angeles’s best law firms, in-house counsel at some of Southern California’s most highly regarded companies, high-ranking government officials, and much more. We invite you to become a part of this proud tradition.

Damon A. Thayer, the 2016-17 President of the Barristers, is an attorney at Shoreline, A Law Corporation, where he focuses on general business litigation.
I just got served with a complaint for malpractice... I can't believe it!!!

You know what you should do?...right???

I did everything RIGHT for this client...
I got them great results!!! THIS IS CRAZYYYY!!!

No worries... just send it to your malpractice carrier... they will take care of it!

Hmmmmmm...

You don’t carry malpractice insurance??? NOW WHAT are you going to do??!!!

Being RIGHT doesn’t protect you...

CALL LMIC NOW!

Lawyers’ Mutual Insurance Company
The Premier Legal Malpractice Carrier

LMIC.COM or call (800) 252-2045
THE U.S. SUPREME COURT’S recent landmark decision, *Obergefell v. Hodges*,¹ legalized same-sex marriage across the United States. Regardless of sexual orientation, all couples now have the right to marry. However, for many, the right to marry is not complete without the right to have children. As such, many same-sex couples turn to surrogacy or adoption as a means to begin their families.

Surrogacy is the carrying of a pregnancy for intended parents. In a traditional surrogacy, the host is genetically related to the child, while in a gestational surrogacy the host is not genetically related to the child. Surrogacy is particularly ideal for couples for whom pregnancy would be risky or medically impossible. Also, it can assure couples that their genes will be handed down to their child. In adoption, the adoptive parents are genetically unrelated to the adoptee, unless the adopter is a blood relative of one of the adoptive parents. Another distinct advantage of surrogacy is that the intended parents can make the decision to bring a child into the world and are thus more involved in the procreation process.

Essentially, surrogacy is a form of assisted reproduction; accordingly, a surrogacy contract is an assisted reproduction agreement. California Family Code Section 7606 defines assisted reproduction as “conception by any means other than sexual intercourse.” Section 7962 of the Family Code requires that both the intended parents and surrogate seek separate independent counsel before entering into a gestational surrogacy agreement.

Surrogacy policies and laws vary from state to state. Same-sex couples considering surrogacy may also look outside of the United States for a surrogacy arrangement. In the United States, a surrogacy arrangement can cost up to $100,000.² This price drives many couples to look abroad for more affordable options. India and Russia, where a typical surrogacy arrangement costs approximately $40,000, are popular choices.³ However, same-sex marriage still is not universally recognized. For instance, India and Russia prohibit same-sex marriage. In fact, in both countries same-sex marriages are punishable by incarceration.⁴ Therefore, many same-sex couples may have only the United States as an option for surrogacy. Although there is limited data and reporting on the number of surrogacies in the United States, the Council for Responsible Genetics previously reported that the number of gestational surrogacies increased 89 percent in just four years, from 2004 to 2008.⁵

While gestational surrogacy in the United States has become relatively commonplace, case law offers examples of the pitfalls that may result. The possibility of third-party reproduction garnered wide attention when Baby M was born. In 1984, in New Jersey, William and Elizabeth Stern entered into a traditional surrogacy agreement with Mary Beth Whitehead.⁶ At the time, gestational surrogacy was not widely available. Mr. and Mrs. Stern reportedly based their selection of Ms. Whitehead as the surrogate by looking at her picture. Pursuant to the agreement, Ms. Whitehead was inseminated with Mr. Stern’s sperm, brought the pregnancy to term, and was to terminate her parental rights in favor of Mrs. Stern.⁷ However, when Baby M was born, Ms. Whitehead changed her mind.⁸

In 1988, the Supreme Court of New Jersey ruled that surrogacy contracts are contrary to existing statutes and public policy.⁹ New Jersey has a strong public policy against the sale of a child or sale of a mother’s right to her child.¹⁰ Therefore, the Supreme Court of New Jersey ruled that parties cannot contract to change a biological mother’s legal status with respect to the surrogate child. Rather, in determining the custody of Baby M, the court used the “best interest of the child” analysis and awarded the Sterns custody while also giving Ms. Whitehead visitation rights.¹¹

Although some states followed the New Jersey ruling, other states went a different route. In *Johnson v. Calvert*, a California court used the Uniform Parentage Act (UPA) of 1973 to resolve a surrogacy dispute.¹² However, the UPA of 1973 was repealed in 1994. In 2002, further changes to the UPA were promulgated, and the revision modernized uniform legal guidelines for determining parentage. Under the act, a mother-child relationship can be established either by giving birth or various other means, including by genetic relationship. However, when the genetic and birth relationships reside in different mothers, whichever person has the intent to bring the child into being and to raise it as her own is the mother.¹³ In *Johnson*, because the surrogate mother was not genetically related to the surrogate child, intent was determinative.

**Evie Jeang** practices surrogacy, family law, and workers’ compensation and has offices in Los Angeles, San Francisco, and New York.
However, it is not the case that in every instance in which the gestational carrier is not genetically related to the child, intent must be determinative. In the case of In re C.K.G., C.A.G., & C.L.G., the Supreme Court of Tennessee’s holding that a gestational carrier was indeed the legal mother of the children to whom she gave birth, was based on the following factors: 1) prior to the children’s birth, both the woman as gestator and the man as the genetic father voluntarily demonstrated the bona fide intent that the woman would be the children’s legal mother and agreed that she would accept the legal responsibility as well as the rights of parenthood, 2) the woman became pregnant, carried to term, and gave birth to the children as her own, and 3) this case does not involve a controversy between a gestator and a female genetic progenitor in which the genetic and gestative roles have been separated and distributed among two women, nor does it involve a controversy between a traditional or gestational surrogate and a genetically unrelated intended mother. In California’s Family Code Section 3040(d), which defines a gestational surrogate and a genetically unrelated intended mother, A different result may occur under California’s Family Code Section 3040(d), which provides:

In cases where a child has more than two parents, the court shall allocate custody and visitation among the parents based on the best interest of the child, including, but not limited to, addressing the child’s need for continuity and stability by preserving established patterns of care and emotional bonds. The court may order that not all parents share legal or physical custody of the child if the court finds that it would not be in the best interest of the child as provided in Sections 3011 and 3020.

The case is different when the surrogate mother is genetically related to the surrogate child. Generally, the law still views the surrogate mother as the legal mother. In this kind of case, the intended parents must adopt the surrogate child in order to become legal parents. However, In re Marriage of Moschetta, the court ruled a surrogacy agreement is not equivalent to an adoption agreement. Under the adoption statute, Family Code Section 8814, “birth parents’ must specifically consent to an adoption in the presence of a social worker.”

In K.M. v. E.G., the egg donor, K.M., was the former partner of the gestational mother, E.G. After the relationship ended, K.M. sued to establish parental relationship with E.G.’s twin children, conceived through in vitro fertilization. The trial court ruled:

By voluntarily signing the ovum donation form, [K.M.] was donating genetic material, her position analogous to that of a sperm donor, who is treated as a legal stranger to a child if he donates sperm through a licensed physician and surgeon under Family Code section 7613…. The Court finds no reason to treat ovum donors as having greater claims to parenthood than sperm donors…. The court of appeal affirmed the judgment, also observing that K.M.’s status was consistent with the status of a sperm donor under the UPA.

The California Supreme Court, however, reversed the decision, finding that both parties were mothers of the twin children. The court found that Family Code Section 7613(b) did not apply, because the ova were donated to produce children who would be raised in a joint home. The court did not apply an intent test, finding that K.M.’s waiver did not affect the determination of parenthood.

Gestational Surrogacy and Same-Sex Couples

In California, there is a strong public policy favoring a child having two parents rather than one. The UPA “extends equally to every child and to every parent, regardless of the marital status of the parents,” including to same-sex couples. In Elisa B. v. Superior Court, in 1993, Elisa B. and Emily entered into a lesbian relationship. They both decided they would like to give birth; however, Elisa would be the provider of the family and Emily would be the stay-at-home mother. In 1997, Elisa gave birth to Chance and, in 1998, Emily gave birth to Ry and Kaia. Elisa supported the household financially and treated all three children as her own. In 1999, they separated. Subsequently, the county filed an action to establish that Elisa was obligated to pay child support to Emily, who was receiving public assistance.

The California Supreme Court ruled that if the child was born before the marriage, and the child was not placed for adoption, the marriage is not necessary for the child to have a legal status as a child. The court stated: “One who consents to the production of a child cannot create a temporary relationship to be assumed and claimed at will, but the arrangement must be of such a character as to impose an obligation of supporting those for whose existence he is directly responsible.”

A similar point was made in Marriage of Buzzanca, a parentage by estoppel case in which a husband and wife made an agreement with another woman and her husband that the woman would carry a baby for them. The husband and wife then separated before the baby was born, and the husband tried to get out of paying support but was found to be a parent by estoppel.

Until more uniform statutes are passed, same-sex couples should thoroughly research and plan their futures before entering into a surrogacy agreement since the determination of how surrogacy is regulated depends on both the state and type of surrogacy chosen. While all states must recognize same-sex marriages, the legality of surrogacy is a separate issue, and not all states recognize surrogacy arrangements. The states that do not recognize surrogacy view it as a form of human trafficking and are guided by a moral imperative to stop the sale and purchase of babies. On the other hand, states recognizing surrogacy view it as equal to adoption. However, even in cases of adoption, same-sex couples continue to encounter difficulties. In a recent case, V.L. v. E.L., the Supreme Court reversed an Alabama court’s refusal to recognize a same-sex adoption. V.L. and E.L. were a lesbian couple, and V.L. was granted joint custody in Georgia of three children to whom E.L. gave birth. The couple, who never married and have since separated, had established temporary residency in Georgia in order to secure adoption rights for V.L. Later, after the couple separated, an Alabama court refused to recognize the adoption, ruling that Georgia had mistakenly granted joint custody to V.L. Citing the U.S. Constitution, the Supreme Court has now reversed Alabama’s unprecedented decision, ruling that Alabama must give “full faith and credit” to Georgia’s decision. Although progress is being made, there still remain issues for same-sex couples when it comes to adoption and surrogacy.

The Center for American Progress (CAP) provides detailed information on each state’s policies regarding surrogacy. For instance, CAP explains that New York forbids surrogacy and will fine those entering into a surrogacy contract up to $10,000. Michigan also forbids surrogacy, with fines up to $50,000 and up to five years in prison. Texas does permit surrogacy but requires judicial approval of surrogacy contracts. Washington permits only uncompensated surrogacy contracts.

Accordingly, because the issue of same-sex couples’ rights to have children through surrogacy has not been clearly resolved, they may want to consider choosing states favoring...
able to both same-sex marriage and surrogacy. In addition, couples need to consider whether they want a traditional surrogacy or gestational surrogacy and whether they want judicial involvement in the agreement process.

**Legal Representation and Surrogacy Agreement**

Because California same-sex couples may have limited surrogacy options in other states or abroad, their best option may be to make a surrogacy arrangement in California. This arrangement would be governed by California surrogacy law Assembly Bill 1217, which Governor Jerry Brown signed into law in 2013. In addition, Section 7962 was added to the California Family Code. The surrogacy agreement must be statutorily compliant.

For instance, Section 7962 states a surrogacy agreement must have: 1) the date on which the assisted reproduction agreement for gestational carriers was executed, 2) the persons from which the gametes originated, unless anonymously donated, 3) the identity of the intended parent or parents, and 4) disclosure of how intended parents will cover medical expenses of the gestational carrier and of the newborn or newborns.38

Among other things, Section 7962 also requires that the agreement be notarized and that both the surrogate and intended parents be represented by independent counsel of their choosing.39 A surrogacy agreement executed in accordance with Section 7962 is presumptively valid and may not be rescinded or revoked without a court order.40 On the other hand, failure to comply with Section 7962 shall rebut the presumption of validity.41

Beyond complying with Section 7962, couples interested in gestational surrogacy should also include choice of law, choice of forum, and alternative dispute resolution provisions. Having such provisions will help resolve any disputes as quickly as possible, thereby mitigating potential risks to the surrogate child.

It is also important to arrange that the surrogate will agree to: requested physical and psychological exams; the minimum and maximum number of required attempts to achieve a pregnancy; not engage in intercourse during the attempts to achieve pregnancy; not terminate the pregnancy unless her own life is at risk; not smoke, drink, or use illicit drugs during the pregnancy; not claim physical or legal custody of the surrogate child by the surrogate and her husband, if any; the term that it is in the surrogate child’s best interest to be raised by the intended parents; financial terms (including surrogate compensation, donor compensation, reimbursement, expenses, etc.); and other relevant terms depending on the particular circumstances.

**Breach**

A breach occurs when a contract obligation is not fulfilled or an express representation or warranty is untrue. Some examples of breach include: 1) termination of pregnancy without cause or consent, 2) refusal to submit to medical testing, 3) the genetic relationship of the surrogate child is not that of the intended parent(s), 4) failure of intended parents to pay, and 5) failure to comply with other material terms. This brings attention to an important question—what will a court do if the surrogate refuses to give custody of the child to the intended parents or the intended parents refuse to take custody? To determine the outcome, a court will look at the state’s surrogacy laws and the terms of the contract.

In New Jersey, the Baby M case is still precedent in this particular situation. Custody of the surrogate child will depend on whether the surrogacy was traditional or gestational. If the surrogacy was traditional, the court will invalidate the surrogacy agreement and use the “best interest of the child” test to determine custody. If the surrogacy was gestational, the court usually will issue prebirth orders in favor of the intended parents. In Johnson v. Calvert, superior court Judge Richard Parslow found that the intended parents, the Calverts, were the genetic, biological and natural parents of the child. Judge Parslow also ruled that the surrogate, Johnson, did not acquire parental rights over the child she carried.42

In California, the intent of the parties is controlling. A statutorily compliant surrogacy agreement is presumptively valid and enforceable and may not be invalidated absent a court order. In the event of a breach, having a well-drafted surrogacy agreement is critical to protection of one’s family.

With the advent of legal same-sex marriage, it is likely that same-sex couples increasingly will look towards surrogacy to build their families. However, the process is emotional, complicated, and expensive. In order to ensure a smooth process, couples should thoroughly consider the potential costs, including but not limited to medical and legal fees. Using a U.S.-based surrogacy agency may be more expensive but it allows the couple to deal with more certainty than having a surrogacy in foreign jurisdictions, particularly in light of the controversy that still surrounds same-sex marriage in some of those places. Finally, selecting and contracting with the right surrogate candidate is essential to ensure the surrogate child’s health and to ensure that custody is properly delivered.

Despite the attendant stress and complexities, many couples will still seek surrogacy...
because it offers a more personal experience of bringing a child into this world. Couples should seek counsel for advice and guidance throughout the surrogacy process. Though the journey may be difficult, the destination is worth it.

7 Id.
8 Id. at 416.
9 Id. at 421.
10 Id. at 437.
11 Id. at 453.
13 Id. at 782.
15 In re Marriage of Moschetta, 30 Cal. Rptr. 2d 893, 900 (1994).
16 Id., citing Fam. Code §8814(a).
18 Id. at 137, citing K.M. v. E.G., 33 Cal. Rptr. 3d 61, 66 (2005).
19 K.M., 37 Cal. 4th 130.
22 Id.
23 Id.
24 Id.
25 Id. at 114.
26 Id.
27 Id. at 119.
28 Id. at 124 (citing People v. Sorensen, 68 Cal. 2d 280, 285 (1968)).
31 Id. (citing U. S. Const. art. IV, §1).
33 See also N.Y. Dom. Rel. Law §§121-24.
37 Fam. Code §7962(a).
38 Id. at §7962(b).
39 Id.
Evaluating the Effectiveness of the Inter Partes Review Process

WHEN INTER PARTES REVIEW (IPR) PROCEEDINGS were first introduced with the 2012 America Invents Act (AIA), they were welcomed as an important addition to the patent system. Prior to IPR, potential infringers could only challenge a patent’s validity through federal court litigation or reexamination. Litigation required substantial time and costs, and reexamination proceedings often lasted over two years with no ability to conclude even if the parties settled. Given these significant shortcomings, Congress created IPR as a more efficient and cost-effective way for potential infringers to challenge a patent’s validity. Now, it is possible to challenge a patent’s validity before the Patent Trial & Appeal Board (PTAB) far more quickly and cheaply than through litigation. IPR proceedings, however, are subject to several important limitations. For instance, they are limited to grounds that may be raised under Section 102 or 103, and only based on prior art consisting of patents or printed publications, i.e., the PTAB will not consider prior use or prior sales of the invention, among others, as a basis for invalidating the patent.

After receiving a petition for IPR from the petitioner—or a preliminary response from the patent owner—the PTAB will determine whether the petitioner has shown a “reasonable likelihood” of prevailing with respect to at least one claim challenged. If so, the PTAB will initiate a trial and, if the proceeding is not dismissed (for example, if the parties settle), the PTAB will issue a final determination regarding the patentability of the challenged claims within one year.

Since the introduction of IPR proceedings, large companies—for example, Google, Samsung, Apple, Microsoft, and LG Electronics—have embraced IPR proceedings. Nonpracticing Entities (NPEs), a euphemism for “patent trolls,” have been a frequent target of these proceedings, with familiar names like Intellectual Ventures, Innovative Display Technologies, and Acacia showing up in the top-10 list for 2015.

The first wave of IPR proceedings saw most action occurring once the PTAB had granted the petition and initiated trial. Many patent owners did not even file a preliminary response to the challenger’s petition, likely because they were unfamiliar with the process, did not want to tip their hand too early in the process, and/or were attempting to minimize fees and expenses. Even when patent owners prepared a preliminary response, these responses rarely convinced the PTAB to deny the challenger’s petition. Indeed, in 2013 patent owners achieved a dismal success rate, with the PTAB granting 86 percent of IPR petitions. Recently, though, Patent Office statistics have shown a steady decline in the PTAB’s rate of granting IPR petitions. By 2014, the rate had dropped 12 percent to approximately 74 percent and then dropped again in 2015 to approximately 65 percent. Understanding the reasons for this decline, however, has been far from a simple task.

Some practitioners have suggested that political forces may be in play. At the October 2013 annual meeting of the American Intellectual Property Law Association, then Federal Circuit Chief Judge Randall Rader famously referred to the PTAB as “death squads killing property rights.” This characterization did not go unnoticed by the PTAB, when Chief Judge James Donald Smith, attempting to defuse the situation, responded: “I personally do not believe if by death squad you mean there’s an intention to find claims unpatentable…. Absolutely not. The board approaches its decisions in a very neutral manner.” The PTAB has not outwardly given any sign that the views of Judge Rader, which seem to echo that of many practitioners, have played a role in the increased success seen by patent owners. But the numbers certainly suggest the PTAB may be taking a more balanced approach to IPR petitions.

A more tangible reason patent owners are having greater success defeating institution decisions is their increased willingness to bring the fight earlier in the process. Patent owners are filing preliminary responses at a rate that has slowly crept up as the IPR process has matured. In 2014, approximately 80 percent of patent owners filed a preliminary response to the IPR petition. That number increased to 85.6 percent in 2015 and 83.8 percent in the first part of 2016. While the incidence of preliminary responses has certainly increased, that number alone does not adequately explain the PTAB’s declining initiation rate. For example, while the patent challenger’s success rate between 2014 and 2015 dropped 14 percent, the numbers show only a modest seven percent increase in patent owners who chose to file a preliminary response challenging the initial petition.

The decrease in granted petitions may also be tied to the type of patents now being challenged, in particular, the overall strength of those patents. The early IPR petitions appeared to focus on the weakest patents, a point that Judge Smith noted during a 2014 meeting of the U.S. Patent and Trademark Office’s Patent Public Advisory Committee. Indeed the stated goal of the AIA was to give the Patent Office a “toolbox” of new proceedings to “weed out low quality patents… including[ ] post-grant review, IPR, supplemental examination, and derivation proceedings, as well as a transitional post-grant review program for certain business methods patents.” Although the success rate of patent challengers has remained high—at least at trial—challengers have been emboldened to utilize the process, resulting in an increased number of IPR petitions and, according to many practitioners, a higher caliber of patents being challenged. For instance, patent office statistics show that the number of filed IPR petitions more than doubled between 2013 and 2014 and has remained relatively steady since then, evidencing that patent challengers have embraced the PTAB’s IPR procedures as a desired alternative to district court litigation. The PTAB has become the largest venue for patent disputes, with 461 petitions filed in the first quarter of 2016, compared with 288 filings in the same period for its nearest competitor, the Eastern
There is evidence, however, that patent owners are becoming more successful in combating IPR petitions. Specifically, patent owners increasingly are able to chip away at the challenger’s stated basis for initiating the IPR. A review of PTAB orders denying institution suggests that patent owners—now armed with three years’ worth of PTAB decisions—have learned much about what it takes to win at the PTAB, particularly when it comes to poking holes in the initial petition. These decisions provide significant guidance to the patent owner on how to effectively fight IPR challenges.

First, the patent owner should consider whether the petitioner has properly identified all real parties-in-interest. A petition for IPR “may be considered only if…the petition identifies all real parties in interest.”17 This identification must be made as part of a petitioner’s mandatory notices, required to be filed as part of the petition.18 This requirement is particularly important because a petition that fails to name all real parties-in-interest must be corrected and refiled within the one-year time limit imposed by Section 315(b) of the U.S. Code or be dismissed.19

In the context of an IPR, a real party-in-interest is generally one who “desires review” of the patent at issue and “may be the petitioner itself, and/or it may be the party or parties at whose behest the petition has been filed.”20 This issue often arises when the relationship between the parent and subsidiary companies blurs corporate lines.21 For example, in Zhejian Yankon Group Ltd. v. Cor- delia Lighting Group, the petition only identified Yankon-China as the petitioner, not its U.S.-based subsidiary Yankon-US. The PTAB found that “in view of the totality of the factual evidence of record Yankon-US “could have exercised control” over the proceeding and should have been included.22 The PTAB has found that when a petitioner and nonparty in a parent-subsidiary relationship blur the lines of corporate separation such that one could control the conduct of the IPR, the nonparty should be considered a real party-in-interest to the proceeding.23 The key inquiry concerns whether the nonparty had the opportunity to control the IPR proceedings, not whether the nonparty could exercise control over the named party.24

Additionally, the burden is on the petitioner to ensure compliance with the statute to identify all real parties-in-interest and not on the patent owner to prove noncompliance. “Where a patent owner presents evidence that reasonably brings into question the accuracy of a petitioner’s identification of the real parties-in-interest, the petitioner alone bears the burden of establishing that it has complied with the statutory requirement to identify all the real parties-in-interest.”25 Note that the petitioner’s identification of real parties-in-interest at the time of filing the petition reflects a rebuttable presumption inuring to the petitioner’s benefit; it does not, however, shift the burden of persuasion.26

Should the petition not comply with the statutory requirement to identify each real party-in-interest, the petition will be deemed incomplete and dismissed.27 Thus, even if corrected, if the earliest filing date does not fall within the one-year period specified by Section 315(b), the petition will be denied as untimely. Given the practical realities of a short one-year window, it often happens that the corrected petition may be time-barred, meaning that the petition is denied outright and no trial can be instituted.28 Thus, if the patent owner can show that the petitioner did not identify all real parties-in-interest, the PTAB will deny institution, often prohibiting the filing of a corrected petition due to the one-year time bar.

Another issue the patent owner may encounter is whether there is sufficient evidence of publication. The patent owner should consider whether the petitioner has properly provided sufficient evidence that its prior art is indeed prior art. Section 311(b) provides that a petitioner’s ground can be based on “prior art consisting of patents or printed publications.” Public accessibility has been called the “touchstone” in determining whether a reference constitutes a printed publication under Section 102(b).29

Issues regarding public accessibility often arise in litigation, especially now as they relate to electronic documents. In an IPR context, the issue is no different than in litigation. If the patent owner can show that the petitioner did not provide sufficient evidence of publication, the PTAB will deny institution on grounds pertaining to that prior art. For example, the PTAB has denied institution when the petitioner failed to offer corroborating evidence that slides were publicly presented at a conference, or made available on a website, prior to the critical date.30 The petitioner also failed to provide sufficient evidence of publication for the other pieces of prior art on which the petitioner attempted to rely.31

Because the petitioner had not shown that each piece of prior art was a printed publication and because each of the petitioner’s alleged grounds relied on those pieces of prior art, the PTAB ordered denial of the petition.32

The PTAB has found a petitioner’s evidence of publication insufficient even when supported by declaratory evidence. When declaratory evidence stated that “it was common business practice for documents to bear a printing date such as ‘1201’ indicative of a printing date of December 2001, ” the PTAB deemed insufficient an opinion that the prior art was publicly available “shortly after” to demonstrate public accessibility prior to March 2002.33 The printed publication requirement poses a problem for petitioners who often cannot gather the necessary discovery at the institution phase to meet the “publicly accessible” case law doctrine. Patent owners should use this valuable lesson to challenge petitions at the institution stage.

Patent owners have also been successful in attacking allegations of obviousness that do not properly articulate reasons underlying that conclusion. PTAB decisions have faulted petitioners for failing to provide a persuasive rationale for combining the teachings of multiple prior art references in an obviousness analysis. For example, the PTAB denied institution in Askeladden LLC v. iSourceLoans LLC, when the petitioner provided mere conclusory statements that it would have been obvious to a person of average skill in the art to combine multiple references. In Askeladden, the petitioner contended that the challenged claims were unpatentable under Section 103.34 The petitioner also provided expert testimony.35 The petitioner argued that the prior art references all “relate to real estate transactions and financing” and then explained what each reference disclosed.36 The PTAB held this to be an insufficient rationale for why one skilled in the art would have combined the specific teachings.37 The PTAB reiterated that although the U.S. Supreme Court emphasized “an expansive and flexible approach” to the obviousness question under KSR International Company v. Teleflex Inc., the Court reaffirmed the importance of determining an articulated reasoning to combine the known elements as claimed in the patent.38

The PTAB has also denied institution when the petitioner purported to rely on an expert declaration to support its obviousness showing. For example, the PTAB denied institution because the petitioner did not provide articulated reasoning with rational underpinning to combine the prior art references, and its expert declaration did “not provide any facts, data, or analysis to support the opinion stated.”39

In short, the patent owner can challenge the petition when the petitioner does not adequately explain why a person of skill in the art would have combined the elements from the specific references in the manner claimed.

Another strategy for patent holders to challenge the petition is to reduce some of the petitioner’s grounds. Even when the PTAB has sided with the petitioner and instituted trial, patent owners can win small victories that later prove significant. For example, the PTAB has a policy called redundancy, under which, at its discretion, it may “deny some or all [of a petitioner’s proposed] grounds for unpatentability or some or all of the challenged claims.”40 The PTAB has based this
policy on its regulatory and statutory mandates for “just, speedy, and inexpensive” resolution of its proceedings, explaining that “multiple grounds, which are presented in a redundant manner by a petitioner who makes no meaningful distinction between them, are...not all entitled to consideration.”41

The end result of the redundancy policy is that the PTAB tends to focus on the strongest grounds set forth by the challengers and to exclude weaker grounds from trial. Patent owners can capitalize on this by aggressively attacking these weaker grounds to exclude them from trial. As an example, a patent challenger may argue, in the alternative, that a certain piece of prior art both anticipates the claimed invention under Section 102, or at least obviates the claimed invention under Section 103. If a patent owner succeeds in having the PTAB discard the Section 102 arguments as redundant, the challenger must rely solely on Section 103 at trial. This means that the challenger must clear additional hurdles, such as proving the art is “analogous art,” establishing a secondary prior art reference to provide any missing claim limitations, pointing to an “articulated reason” for making the claimed combination, and overcoming any evidence of objective indicia of nonobviousness submitted by the patent owner.42

Patent owners can also score an important victory when a redundancy filing results in the elimination of one or more prior art references. For example, in Volkswagen Group of America v. Farlight LLC the PTAB instituted review for all seven challenged patent claims but narrowed the number of prior art references on which the petitioner could rely at trial: “[Petitioner] VGA proposes additional grounds of unpatentability for claims 1-3 of the [challenged] ’959 patent based on Muller and Naka.... The grounds based on Muller and Naka are redundant to those based on Brown. We do not authorize IPR on these redundant grounds.”43

IPR proceedings have achieved their stated goal of providing an effective and efficient way to challenge a patent’s validity. Few would argue that these proceedings have largely favored patent challengers, particularly once an IPR has been instituted. For those patents that reach final decision, patent challengers continue to enjoy a success rate that has remained at a very high level.

Patent owners thus must fight early and hard to prevent IPR institution, if possible, or at least to narrow the issues for which trial is instituted. The data collected to date and the lessons learned from past decisions make clear that it should be an exceedingly rare case when a patent owner opts against filing a preliminary response. This proves even truer given the revisions to Part 42 of the AIA rules, which apply to “all AIA petitions filed on or after the effective date [May 2, 2016] and to any ongoing AIA preliminary proceeding or trial before the Office.”44 Perhaps the most important revision is that the patent owner may now include with its preliminary response testimonial evidence attempting to rebut petitioner’s required showing. Allowing the patent owner to provide such evidence at the outset provides a valuable tool when drafting the patent owner’s preliminary response.

Preparing a well-crafted and well-supported preliminary response involves time and expense on the patent owner’s behalf, but it gives the PTAB the opportunity to make a decision based on arguments from both parties early in the process. Patent owners have powerful arguments at the institution phase, thus they should explore all these possible arguments and invest heavily at the front end. When patent owners have done so, the investment appears to be paying dividends, either in securing denial of the petition entirely or at least narrowing the issues for trial.

See generally The Leahy-Smith America Invents Act, 35 U.S.C. §§100 et seq.; Summary of the AIA, available

---

**Noriega Chiropractic Clinics, Inc.**

**Jess T. Noriega, D.C.**

*Is proud to announce the opening of our Lynwood location*

**Servicing:** Southgate • Bellflower • Cudahy • North Long Beach • Watts

**Lynwood Health Center**

11123 Long Beach Blvd.
Lynwood, CA 90262
(310) 726-8818

**Ontario Health Services**

6028 N. Euclid Ave.
Ontario, CA 91764
(909) 395-3598

**Whittier Health Services**

13019 Bailey Ave. Suite F
Whittier, CA 90601
(562) 698-2411

**Montebello Health Center**

604 North Montebello Blvd.
Montebello, CA 90640
(323) 726-8818

**South Central Health Center**

4721 S. Broadway Blvd.
Los Angeles, CA 90037
(323) 234-3100

**Highland Park Health Center**

5421 N. Figueroa St.
Highland Park, CA 90042
(323) 478-9771

1-800-667-4342

---

18 Los Angeles Lawyer July/August 2016
5 Id.
7 Id.
8 Erin Coe, PTAB Grants Lower Rate of IPRs as Patent Owners Fight Back, LAW 360 (Jan. 26, 2016), http://www.law360.com [hereinafter Coe]; see also AIA, supra note 5.
11 Coe, supra note 7.
12 Id.
13 Id.
18 37 C.F.R. §42.8(a)(1).
22 Id. at 18.
25 Id. at 8.
26 See Zhejiang Yankon, IPR2015-01420, Paper 9 at 8.
27 See 37 C.F.R. §42.106(b).
31 Id.
32 Id.
35 Id. at 3.
36 Id. at 9.
37 Id.
40 37 C.F.R. §42.108(b).
42 See, e.g., In re Kahn, 441 F. 3d 977 (Fed. Cir. 2006).
44 37 C.F.R. Pr. 42.
A SHAMEFUL PRACTICE

Despite enactment of the Emergency Medical Treatment & Active Labor Act in 1986, violations of patient dumping continue to represent a serious hazard in the city of Los Angeles.

A HEALTH facility’s1 wrongful discharge, or dumping,2 of Los Angeles’s most vulnerable citizens—the homeless, disabled, mentally ill, seniors, and dependent adults—onto the streets traumatizes the victims and their families and imposes significant financial and other burdens on communities.3 By engaging in such practices, a health facility exposes itself to administrative fines and restrictions on or loss of state licensure or Medicare and Medicaid certification, or both. Further, it also opens the door to civil actions by local prosecutors for violating the Unfair Competition Laws (UCL)4 as well as personal injury, professional negligence, and dependent adult or elder abuse lawsuits. Thus, the manner in which a health facility handles or mishandles the discharge process is critical to patients, especially those who lack the capacity to care for themselves.5

Since 2013, homelessness has steadily grown in the City of Los Angeles,6 including a corresponding increase in mentally ill, chronically homeless patients wearing hospital gowns and ID bracelets—barefoot or wheel chair-bound—wandering local streets.7 Once confined to Skid Row, these patients may now be seen throughout the city.8

Patient dumping is not a new phenomenon. In the late 1870s, The New York Times first coined the term in articles that described the practice of New York City private hospitals transporting their poor and sickly patients by horse-drawn ambulance to Bellevue Hospital.9 The jarring ride and lack of stabilized care typically resulted in the death of these patients and caused public outrage.10 More than a century later, private hospitals continued to refuse to treat the poor and uninsured in their emergency departments (ED) and transferred them to public hospitals with similar results.11 Responding to this situation, Congress enacted the Emergency Medical Treatment & Active Labor Act (EMTALA), commonly referred to as the patient dumping laws, in 1986.12 EMTALA mandates that every hospital that receives Medicare/Medicaid reimbursement to make a nondiscriminatory medical assessment of any person who enters its ED. If the assessment results in a finding of a medical emergency—including an urgent mental condition—treatment is required,13 or the patient must be stabilized and transferred to an appropriate health facility for further care.14 However, EMTALA does not cover in-patient or nonemergency ED discharge.15

Despite EMTALA, patient dumping took a more ominous turn in the early 2000’s when private hospitals stopped transferring the poor to public treatment facilities and instead discharged them directly to the street.16 In 2005, the Los Angeles Police Department (LAPD)

Will Jay Pirkey is a deputy city attorney with the Office of the Los Angeles City Attorney assigned to the Criminal Department as a Special Prosecutor for Consumer Protection handling civil law enforcement matters with an emphasis on Unfair Competition Law actions.
began a yearlong investigation into patient dumping.17 Using a video camera mounted on the Union Rescue Mission building, the “Skid Row camera” captured a year later a cab dropping off a woman at the building wearing only a hospital gown and cap and socks. The woman, Carol Reyes, wandered the streets until the Mission took her in.18 The ensuing LAPD investigation found that she was a mentally ill, indigent, homeless patient who had been dumped by Kaiser Permanente’s Bellflower hospital while she still needed acute medical care. The hospital left her with no discharge instructions or any of her personal belongings. Ms. Reyes was subsequently admitted to another hospital for pneumonia and found to be “gravely disabled” necessitating the appointment of a conservator.19

Based on this investigation, the Los Angeles City Attorney filed the first criminal and civil law enforcement action by a city in California against a hospital for wrongfully discharging a homeless patient.20 In the absence of any specific statute or ordinance outlawing this discharge practice, the city attorney used related California statutes, including Penal Code Sections 236 and 368, Welfare and Institutions Code Sections 15610.17 and 15610.57, and the Health and Safety Code Section 1262.5 as the primary legal predicates to support a UCL claim against the hospital.21 The city attorney eventually obtained a judgment against all of Los Angeles County’s Kaiser Foundation Hospitals for $550,000. The judgment also required the hospitals adopt a homeless discharge protocol, prohibited homeless patient discharge inconsistent with that protocol, and mandated training and monitoring compliance with the judgment.22 This format of seeking monetary penalties and adoption of homeless discharge protocol became the framework for all future city attorney UCL actions for patient dumping.23

Following this and other city attorney prosecutions of patient dumping cases, the Los Angeles City Council enacted Municipal Code Section 41.60 in 2008. Under the ordinance, “A health facility may not transport or cause a patient to be transported to a location other than the patient’s residence without written consent, except where the patient is transferred to another health facility following bona fide procedures in accordance with another provision of law.”24 This ordinance has become the foundation of the city attorney’s UCL actions against hospitals who engage in patient dumping and remains the only law of its kind in the state.

The ordinance contains five key terms, including health facility, transportation, patient, location, and written consent. The term “health facility” as defined by Health and Safety Code Section 1250 includes different types of hospitals, nursing homes, and licensed health care facilities. The term “transportation” is not defined but is intended to include use of any form or transportation including a hospital vehicle, taxi voucher, or Metro ticket.

For purposes of the ordinance, a “homeless patient” is defined as:

“an individual who lacks a fixed and regular nighttime residence, or who has a primary nighttime residence that is a supervised publicly or privately operated shelter designed to provide temporary living accommodations, or who is residing in a public or private place that was not designed . . . to be used as a sleeping accommodation for human beings.”25

The term “location” or “patient’s residence” means the patient’s home or for homeless patients, the place given by those patients as their principal place of dwelling.26

Finally, “written consent” means “knowingly, intelligently and voluntarily given written consent signed by the patient or the patient’s legal representative.”27 “Informed consent” is a key element and means consent given by a patient or his or her legal representative with sufficient mental capacity28 to knowingly, intelligently, and voluntarily make this decision.29 Further, by its very language, verbal consent is impermissible.

The conduct proscribed by the ordinance must be analyzed in the context of a hospital’s duties to its patients. A hospital, like other health facilities,30 is “under a duty to observe and know the condition of its patient. Its business is caring for ill persons, and its conduct must be in accordance with that of a person of ordinary prudence under the circumstances, a vital part of those circumstances being the illness of the patient and incidents thereof.”31 This duty is met by “insuring the competency of its medical staff and the quality of medical care provided” through the establishment of high standards of professionalism and the maintenance of those standards through careful selection and review of staff.32

Although the patient’s attending physician is responsible for deciding whether a patient may be discharged,33 a hospital through its medical staff bylaws34 dictates the approved discharge protocols, medical recordation requirements, and enforcement mechanisms to ensure that the physicians, support staff and employees act appropriately.35

For homeless patients with mental illness or substance abuse issues, discharge planning involves identifying and arranging services these individuals may need when they leave a health facility or custodial setting and return to the community.36 As part of a larger continuum of care, this planning can help these people reach goals of stable housing, recovery, and a better quality of life. Thus, effective discharge planning can contribute significantly to preventing homelessness.37

In contrast, when patients are discharged prematurely or placed in an environment that is incapable of meeting their medical or psychological needs, recovery may be jeopardized and projected cost-savings lost if the discharge ultimately results in ongoing and more intense use of healthcare resources, including ED or nursing facility visits.38 In addition, if the early discharge is considered “unsafe”39 or causes an “immediate jeopardy . . . to the health and safety of the patient,”40 the facility may be subject to both federal and state quality of care noncompliance investigations41 as well as civil lawsuits.

As a condition of participating (CoP) under Medicare/Medicaid reimbursement,42 as well as meeting state Health and Safety Code licensure requirements,43 hospitals must have a written discharge planning process that identifies those patients “who are likely to suffer adverse health consequences on discharge if there is no adequate discharge planning.”44 Federal and state law also requires that once there is a decision to provide a discharge plan, appropriate arrangements must be made for posthospital care.45 However, federal requirements differ in several significant respects from those imposed under California law. First, the hospital must prepare a timely discharge plan when the need for a plan is deemed necessary.46 Second, once a discharge plan is considered necessary, then the hospital must take into account “the likelihood of the patient’s capacity for self-care.”47 Finally, it must provide specific references to posthospital care options including care at home, a skilled nursing facility, or intermediate care facility and, if necessary, counseling.48

California hospitals certified by the Centers for Medicare & Medicaid Services (CMS) do not always recognize that their CoP obligations extend to satisfying all applicable federal laws, not just EMTALA.49 This includes complying with the more specific discharge requirements of timeliness, determining “capacity for self-care” and specific posthospital care options.50 Mere compliance with state law is insufficient.

A significant gap in federal and state law has been the absence of any requirement as to specific protocol language, directives, or policy considerations.51 Rather, these laws rely solely on the health care providers’ subjective judgment to determine if a patient needs a discharge plan. Acknowledging this gap, the CMS has long suggested, in non-binding comments, that a discharge plan be prepared for each patient to avoid “a screening process that fails to predict adequately which
patients need a discharge plan to avoid adverse consequences.\textsuperscript{52} With rising costs, as well as adverse consequences and readmissions, the CMS has now proposed discharge rule changes that, if adopted, will substantially limit the subjectivity as to when a discharge assessment and plan is to be made.\textsuperscript{53}

Nonetheless, discharge planning continues to lack any standardization and is frequently marked by poor quality of post-discharge care and readmission.\textsuperscript{34} Worse, professionals are reluctant to improve or coordinate system processes so that predictable, safe, and timely discharge occurs.\textsuperscript{35} Consequently, adverse consequences have resulted for patients and health facilities.

By requiring hospitals to adopt homeless discharge protocols, provide training, and undergo compliance monitoring over a period of years, there is a greater likelihood of ending patient dumping by health facilities and reducing homelessness.\textsuperscript{1}

The adverse consequences are illustrated in a few examples. In 2013, a patient was admitted to a psychiatric hospital under a 72-hour hold for observation due to symptoms of psychosis, auditory hallucinations, and suicidal ideations.\textsuperscript{37} The psychosocial assessment documented the patient was homeless, unable to care for himself, had below average learning ability and was a high risk for psychosocial problems related to his inability to perform normal everyday tasks.\textsuperscript{58} Notwithstanding the patient’s request for and the initial treatment plan’s reference to assisted or a group living home as being beneficial, the treating psychiatrist discharged the patient before the hold expired. The patient was given a one-way bus ticket out of town, a taxi ride to the station, and a three-day supply of psychiatric medications.\textsuperscript{59} Three days later, the patient was found wandering the streets of a city in which he had never before been, knew no one, and did not know what to do.\textsuperscript{60} Fortunately, strangers assisted in having him placed in an assisted living facility.

Federal and state noncompliance investigations substantiated the complaints and found both an unsafe discharge and a failure to provide statutory mandated care.\textsuperscript{61} The facility was required to provide a compliance plan, undergo monitoring, training, amend its interstate discharge protocol, and pay substantial administrative and compensatory fines.\textsuperscript{62}

In 2014, Jane Roe, a 38-year-old homeless schizophrenic, asthmatic, and diabetic woman with a history of depression, anxiety, and auditory hallucinations, was dumped in Skid Row by a hospital van bearing the name “Trinity Regional Medical Center” (Tri-City) on its side and rear doors. Jane Roe was clad only in hospital paper tops and bottoms, and had no money, identification, medication, or telephone and began to wander aimlessly through Skid Row.\textsuperscript{63}

Earlier this year, Pacifica of the Valley Hospital sent a mentally ill and often homeless woman by taxi to a nursing facility in the City; however, she went missing for three days because she never made it into the facility.\textsuperscript{64} Eventually, she was located and reunited with her family.\textsuperscript{65}

As in the case of the first example, these latter two cases resulted in administrative and public prosecutorial noncompliance investigations. One case remains in litigation\textsuperscript{66} while the other has resulted in a stipulation to enter judgment requiring a plan of correction, including upgraded transportation and discharge protocols, further training, monitoring, and payment of $1,000,000 in penalties.\textsuperscript{67} These two situations highlight how the Los Angeles City Attorney’s Office asserts claims under the city’s antipatient dumping ordinance and the UCL to obtain injunctive relief, recover significant judgments, and require hospitals to adopt specific homeless discharge protocols.

The city attorney has applied this legal strategy by filing claims against hospitals located both within and outside the city who transport patients to its streets.\textsuperscript{68} Also, the office has used UCL predicates in patient dumping cases, including California civil\textsuperscript{69} and criminal\textsuperscript{70} elder and dependent adult abuse laws. Although both address abandonment, abduction or physical and financial abuse by a care giver, the latter statutes are more effective in patient dumping cases because they prohibit placing an elder or dependent adult “in a situation in which his or her person or health may be endangered”\textsuperscript{71} such as being dumped on Skid Row.

The city attorney has developed homeless discharge protocols that have been incorporated into settlements with hospitals. These protocols address critical components for the discharge process of the homeless, including patient rights, prompt discharge planning, capacity assessment, family involvement and appropriate postdischarge social and community services. Many of the hospitals subject to the city attorney’s UCL patient dumping suits have adopted a majority if not all of these components. Unfortunately, broader use of the proposed protocols has stalled.\textsuperscript{72}

UCL actions are an effective means of addressing societal concerns,\textsuperscript{73} for example patient dumping, because modifying the behavior of health facilities and their personnel is essential to providing proper care to those who need it most.\textsuperscript{74} It has been left to public prosecutors’ civil law enforcement actions to re-focus the attention of these facilities on the need for appropriate discharge protocol and planning for these special needs patients.

\textsuperscript{1} See HEALTH & SAFETY CODE §1250.

\textsuperscript{2} See Emergency Medical Treatment & Active Labor Act of 1986, 42 U.S.C. §§1395dd et seq.; HEALTH & SAFETY CODE §1262.4; PENAL CODE §368(c); L.A. MUN. CODE §41.60.


\textsuperscript{4} BUS. & PROF. CODE §17200.
16 Id.; People v. Kaiser Found., No. 6CA022627 (L.A. Super. Ct. 2007).
20 See, e.g., Good Samaritan Hosp., No. BC 617010; Pacifica Hosp. of the Valley, supra note 7. "The number of homeless encampments, city and countywide, has jumped 85% from 2013-2015."
23 Abel, supra note 9.
24 Robert L. Schiff et al., Health Care Discharge Planning: Your Discharge Planning Checklist, in History and Health Policy in the United States: Putting the Past Back in 250, 260-66, 268 (Rosemary A. Stevens et al. eds., 2006).
26 42 U.S.C. §1395dd(a).
27 42 U.S.C. §1395dd(b)-(c).
31 Id.

52 SOM, supra note 41.


56 Thompson, supra note 55.

57 CMS Statement of Deficiencies and Plan of Corrections—Southern Nevada Adult Mental Health Services, Patient #1, March 20, 2013 (on file at the Office of the L.A. City Attorney).

58 Id.

59 Id.

60 Id.

61 Id.


66 Gardens Reg’l Hosp., No. BC 579669.


69 WELF. & INST. CODE §§15610-15610. See also Elder and Dependent Adult Abuse, California Courts, http://www.courts.ca.gov.

70 PENAL CODE §368.

71 PENAL CODE §368 (c); WELF. & INST. CODE §15656 (a).

72 See 2014 MEMBER VALUE REPORT, supra note 55.


74 Backer, supra note 37.
Preserving a clothing brand requires a carefully analyzed application of the four main instruments of protection
INTELLECTUAL property law is often a difficult concept for young companies in the fashion industry to focus on, with business and marketing issues effectively becoming all-consuming. Nevertheless, as a fashion company matures, protection of the brand becomes essential to continued success. Often, by the time a brand gains traction, foreign entities have registered the trademarks abroad or introduced knockoffs, causing avoidable headaches to the senior rights holder. Fundamental intellectual property protections are thus a necessity for the owner of a young brand. The key protections are trademark, trade dress, copyright, and design patent.

Turning first to trademarks, a trademark primarily protects against consumer confusion by protecting a word, phrase, symbol, or design that identifies and distinguishes the source of goods of one party from another. Trademarks can be words, symbols—and at least in theory, sounds or smells. Some of the more basic trademarks are obvious—Nike, Bloomingdale’s, Forever 21, and other source-denoting names all function as trademarks.

Trademarks are often symbols, such as the Nike swoosh or Burberry plaid. When it comes to denim, it is common for the stitching on the back pocket to function as a trademark. Companies such as Levi’s, Seven for All Mankind, and Citizens of Humanity use distinctive stitching to mark a set of jeans as their own. Use of some form of distinctive pocket stitching is near-universal in the industry. Other types of unique stitching on denim products have also been the subject of trademark protection, for example as with True Religion.

Because trademarks are about consumer protection (and not protection of intellectual property per se), a trademark is only enforceable if it actually serves as identifying the maker or service provider of the product or service. If consumers no longer associate the name with a specific company’s product, then the mark may become generic and undergo what some refer to as genericide. For example, Thermos was the trademark for a vacuum flask made by a specific company. However, over time, so many consumers came to associate the term “thermos” with vacuum flasks in general that Thermos lost its trademark protection, for example as with True Religion.

While creation of enforceable trademarks is relatively straightforward in the fashion industry, a company occasionally may wait too long to police its own trademark. In the early 1970s, Ugg boots, a generic term for a style of sheepskin boots, became popular in Australia and New Zealand and were sold by a range of companies. Surprisingly, the term “Ugg” was generic and underwent what some refer to as genericide. For example, Thermos was the trademark for a vacuum flask made by a specific company. However, over time, so many consumers came to associate the term “thermos” with vacuum flasks in general that Thermos lost its trademark protection.1 Genericide is rare, but it is worth mentioning, as evident in the case of Ugg sheepskin boots.

The resulting case is Ugg Holdings, Inc. v. Severn.2 Ugg Holdings merged with and was acquired by Deckers between the filing of the case and the opinion, and so the plaintiff can be described as Deckers. The court found the mark not to be generic, based its findings on key pieces of evidence, all of which offer guidance to mark holders. Notably, the Oxford English Dictionary (American edition) had described “Ugg” as a generic type of sheepskin boot; this evidence was bad for Deckers, but Deckers had written to the publisher of that dictionary and successfully demanded the definition be changed. Moreover, survey evidence showed that consumers generally viewed “Ugg” as a brand, not a “common name.”3 Advertisements referencing “Uggs” were almost exclusively from Deckers or its predecessor in interest. The fact that “Uggs” was generic in Australia did not matter.4

Ugg Holdings offers a few important lessons on brand protection. First, brand owners must monitor and protect the mark. Although it was not as vigilant as it should have been, Deckers had policed its mark by writing to the Oxford English Dictionary. In addition, brand owners should strive to be exclusive. Deckers was the only manufacturer truly advertising “Uggs” during the relevant period. Establishing exclusivity, however, goes hand-in-hand with monitoring. If a company does not police its mark, others may use it. Finally, it is essential to make consumers aware of a mark as a mark. A major point in Deckers’s favor was that a consumer survey indicated that consumers viewed its mark as a brand and not just a type of product. If there is a risk of a brand going generic, efforts to inform consumers can be essential. For example, Xerox has run advertisements stating, “You cannot ‘xerox’ a document, but you can copy it on a Xerox Brand copying machine.”5 Even if the campaign is not a commercial success, the effort may carry some weight with the U.S. Patent and Trademark Office (USPTO).

Although it is possible to sue for trademark infringement based on common law, the preferred approach is to register a mark with the USPTO. This can be done on an intent-to-use basis before a mark is even used or at any time after use, even decades later. Preuse or intent-to-use registration is most common in the context of a company’s effort to expand a mark. For example, Nike registered its mark in connection with sport balls before expanding into that line.

A registered trademark can usually be obtained relatively cheaply for a few thousand dollars and can last forever as long as the mark does not infringe on another’s mark and is properly maintained. In addition, a federal trademark registration comes with favorable presumptions and with the possibility of recovering attorney’s fees. It also allows owners to use the symbol “®” on their products, which usually has a deterrent effect in terms of infringement.

Trademark actions are generally filed in federal court, although a state action is technically permissible. Trademark-related claims have also been brought before the International Trade Commission (ITC), a separate judicial body that deals with importation. For instance, the Converse shoe company recently and successfully sought relief before the ITC to enjoin the importation of Chuck Taylor

Larry C. Russ is a founding partner and cohead of the Litigation department at the Los Angeles law firm of Russ August & Kabat. He represents apparel companies in copyright, trademark infringement, and business litigation matters. In addition, he is a co-owner of American Rag Cie, an LA-based chain of retail stores. Nathan D. Meyer is a partner at Russ August & Kabat, where he focuses his practice on general litigation and intellectual property matters, with an emphasis on the apparel industry.
lookalikes that infringed Converse trade dress.6

The standard of liability in a trademark or trade dress case is “likelihood of confusion.” In other words, whether a consumer is likely to be confused into believing that the allegedly infringing product is in some way associated by or sponsored by the senior mark.7 There are factors in determining the likelihood of confusion, which vary slightly from circuit to circuit, but the tests all involve some mix of the strength of the marks, the similarity of the marks, presence of actual confusion, intent, similarity of product lines and channels of trade, and the sophistication of customers. As with all multifactortests, it is often difficult to predict how a jury will assess the evidence.

In terms of economic damages, trademark plaintiffs may collect their own lost profits, the disgorgement of the defendant’s profits or a reasonable royalty, and request attorney’s fees in “extraordinary” cases. If the damage to the mark is bad enough, the defendant may also be forced to pay for corrective advertising. In such cases, the infringer must pay for advertising to address misconceptions stemming from the infringing actions of the defendant.

First to File

In the area of brand expansion, there are major advantages to being the first to file. Trademark rights in the United States are based on use, which comes in two forms under trademark law. The first is use in the literal sense in that the mark is actually being used. The second is created by filing an intent-to-use mark with the trademark office with a bona fide intent to use.8 Once an application of intent to use a mark has been filed and registered, the mark is deemed to have been used as of the date of filing. Thereafter, the trademark owner is allowed up to three years after its application is approved to show actual use of the mark.9

Fashion companies usually start small in size and breadth of offerings. A company may start out offering only shoes, bags, jeans, or T-shirts, with the goal of expanding into a full line if the business is successful. If the business files only an actual use mark, someone else may start using it—particularly if the name is at least somewhat descriptive or based on a semicommon given name. In addition, others may file their own intent-to-use mark in adjacent areas of commerce, making expansion difficult.

For example, imagine that two completely unrelated and non-competing companies with somewhat similar names enter the marketplace. One sells shoes and the other sells belts. Both do well in their respective markets and are considering expansion into purses and clothing. Assuming confusion is likely, who gets to use the name on the new goods? The answer is whoever uses first, either by actually creating and selling goods or by filing an intent-to-use application to register the mark with the USPTO.

The central lesson here is to think and plan ahead. If a fashion company intends to expand its brand, filing a few intent-to-use applications to register the mark is a quick, easy and relatively cost-effective means of protecting its mark. Initiating a dispute with a company that has beaten you to the trademark office is much, much harder than filing applications and can be extremely costly.

International Trademark Rights

It is not enough to focus only on trademark rights in the United States. One of the most frustrating experiences of successful small apparel companies is the challenge of registering trademarks in foreign countries. There are professional squatters in China, Hong Kong, Taiwan, Korea, the Philippines, and many other countries who monitor trademark filings in the United States. These squatters will register the same marks in their own countries with the hope of extorting money from a U.S. company when the company seeks to register marks abroad. The only sure way to avoid this problem is, at a minimum, to file applications to register core marks in countries where the company is most likely to distribute its products.

Trade Dress

Turning next to trade dress, the more general goal of a fashion brand is to protect—for lack of a better word—the “look” of the brand. This is an achievable goal in the United States, but with a very high degree of difficulty. Under the doctrine of product design trade dress, the design of an article of apparel (or any product) can be protected, but only if that design has acquired distinctiveness, commonly known as secondary meaning. “Secondary meaning” can best be described as a distinctive feature or element of a product that identifies the source of the goods without the consumer’s having to see the name of the manufacturer. The classic shape of a Coke bottle is one example, as are the three black stripes on Adidas white tennis shoes. A fairly recent U.S. Supreme Court case that highlights the challenges of proving secondary meaning in apparel cases is Wal-Mart Stores v. Samara Brothers.10

In that case, Wal-Mart copied Samara’s line of children’s clothing. Samara sued for trademark infringement, claiming that, like the Nike swoosh, its designs were inherently distinctive. The Court held otherwise, stating that “a product’s design is distinctive, and therefore protectable, only upon a showing of secondary meaning.”11 Samara was not able to and did not even try to prove that consumers could identify Samara as the source of its clothing without looking at its label. In order for a product or clothing design to have trademark protection, consumers must independently recognize the design and the source of the design. Samara’s loss notwithstanding, there have been some recent successes.

Christian Louboutin sued Yves St. Laurent (YSL) in an effort to protect Louboutin’s high-gloss red shoe soles and sought a preliminary injunction based on YSL’s monochrome shoes, which had red soles as well as red uppers. The district court ruled for YSL, stating that as a matter of law, color could never have secondary meaning.12 The Second Circuit reversed, holding that the glossy red sole was a valid trademark, based on an extensive showing that consumers (including Jennifer Lopez) recognized the shoes largely from Louboutin’s media coverage, advertising expenditures, and successful sales of lacquered red-soled shoes. However, the court limited Louboutin’s trademark rights to contrasting red lacquered soles—e.g., black shoes with red soles. In light of the narrowing of the trade dress, the Second Circuit found that YSL’s shoes did not infringe the trade dress.13

For Louboutin, this was in many ways a win from a design perspective, since it affirmed the distinctiveness of the red soles, as long as they were contrasting. The court’s finding is consistent with the way the shoes were actually advertised.14 For companies, the lesson from this case is that if consumers truly recognize a mark, courts will offer protection. For attorneys, however, another lesson is there are risks to taking an overly aggressive legal position. Louboutin may have gone too far in arguing that YSL’s monochrome shoes would cause confusion, and YSL did likewise in arguing that consumers would not recognize contrasting red soles as originating with Louboutin. Louboutin successfully reversed a ruling that its shoes had no secondary meaning, but that ruling would not have existed.
1. What is the term of a design patent filed today?
   A. 14 years from the date of grant.
   B. 15 years from the date of grant.
   C. 20 years from the filing date.
   D. 7 years from the date of grant or 20 years from the filing date, whichever is longer.

2. Trademarks must be capable of being expressed in words.
   True.
   False.

3. A brand new clothing design can have trademark protection in the United States.
   True.
   False.

4. A brand new fabric print can have copyright protection in the United States.
   True.
   False.

5. Can a clothing design (e.g. a cheerleader uniform) have copyright protection?
   A. Yes.
   B. No.
   C. It depends.

6. The International Trade Commission can prevent sale of infringing goods.
   True.
   False.

7. It is possible to “use” a trademark without actual use.
   True.
   False.

8. Product design rights vary significantly between the United States and the European Union.
   True.
   False.

9. It is possible to obtain statutory damages even if infringement begins prior to registration.
   True.
   False.

10. Which of the following can form the basis of an infringement action without registration?
    A. Copyright.
    B. Trademark.
    C. Patent.

11. What is the standard of liability for trademark infringement?
    A. Likelihood of confusion.
    B. Actual confusion.
    C. Intent to trade on goodwill.
    D. Substantial similarity.

12. Adam begins selling jeans under the mark “Shazam” on February 1, and registers on March 1. Brenda registers an intent to use a mark for “Shazam” in connection with jeans on January 1, but does not commence actual use until April 1. Who has priority?
    A. Adam.
    B. Brenda.

13. All else being equal, which of the following has the highest fees and costs?
    A. Copyright.
    B. Trademark.
    C. Design Patent.

14. A company can warehouse trademarks for a “rainy day” up to three years.
    True.
    False.

15. Even if consumers view a mark as generic and do not associate it with the mark holder, there are actions the holder can take that per se will render the mark valid.
    True.
    False.

16. If the ornamental design underlying a design patent acquires secondary meaning, it can become a trademark or trade dress.
    True.
    False.

17. Which of the following is not a potential form of relief in a copyright infringement action?
    A. Actual damages to the plaintiff.
    B. Punitive damages.
    C. Infringer's profits.
    D. Statutory damages.

18. Which of the following is not a potential form of relief in a trademark infringement action?
    A. Disgorgement of infringer’s profits.
    B. Corrective advertising.
    C. Attorney’s fees (in some cases).
    D. Statutory damages.

19. Which of the following is not a potential form of relief in a design patent infringement action?
    A. Disgorgement of infringer’s profits.
    B. Reasonable royalty.
    C. Attorney’s fees (in some cases).
    D. Statutory damages.

20. Which of the following cannot be copyrighted due to its status as a useful article?
    A. An article of clothing.
    B. The hull of a boat.
    C. An architectural work.
Another recent and significant trademark infringement decision stems from Converse’s efforts to protect the design of its iconic Chuck Taylor sneaker. Converse has been making Chuck Taylor shoes since before 1920, and there have been knockoffs for much of that period. However, in recent years, Converse has attempted to crack down on knockoffs. Converse sought and obtained a trade dress registration for its design in 2013, but rather than filing an action in court, Converse filed before the International Trade Commission under the Tariff Act, which bars importation of goods that infringe a valid trademark. In a 149-page decision, Chief Administrative Law Judge Charles E. Bullock of the ITC found the Chuck Taylor trademark enforceable. The opinion engages in a detailed analysis as to which shoe designs infringed and which did not. The judge considered Converse’s massive sales and advertisement over the years, the defendants’ deliberate copying of the design, and evidence of similar historic third-party use over the years. The history of similar third-party use was discounted on the grounds that consumers were not aware of this use. The ITC judge found that Converse’s registration was valid, albeit as a close call.

The judge then engaged in a shoe-by-shoe infringement analysis, finding some shoes to be infringing and others not. Then, based upon a showing that Converse manufactured in the United States, the judge barred importation of the infringing shoes. The ruling may be reviewed by the full ITC, and if it is upheld, the decision can be appealed to the Federal Circuit. If upheld on appeal, the ruling could lead to a broad order barring imports of the look-alike sneakers.

Although the ITC decision offers a thorough test for secondary meaning, other courts provide a more general test, with some variation among the circuit courts. In the Ninth Circuit, courts follow a seven-part test, focusing on consumer protection (surveys), extent and exclusivity of use, actual confusion, copying, and advertisement. Regardless of the outcome in Star Athletica, competitors are barred from creating works that are “substantially similar” to the copyrighted work. In the fashion industry, copyright infringement involves reasonably blatant copying, with a nearly identical print appearing on a nearly identical garment. Although the underlying garment is almost never copyrightable, the fact that the garment is identical is often strong evidence of copying and access.

The filing fee for copyright registration is inexpensive—only $55 if filed electronically, which is easily done, often without an attorney. When a design is copied, however, a lawsuit cannot be filed until the owner has applied for a copyright registration in the design—except in the Ninth Circuit, which requires the copyright application be fully processed by the Copyright Office before a suit can be filed. When a deposit is submitted to the Copyright Office in connection with registration, the Library of Congress has the option to place the deposit in its collection. Early registration is strongly encouraged, and a registrant’s preinfringement contribution to the Library of Congress is rewarded in the form of increased potential damages against infringers. If registration predates infringement, or if the copyright application for the design is filed within 90 days of publication, a copyright plaintiff that prevails can elect statutory damages and may be able to obtain attorney’s fees. Copyright lawsuits must be filed in federal court.

Community Design Rights in Europe

Another protection is community design rights, which are much easier to get in Europe. While the “look” of a piece of clothing is not protectable in the United States without a very strong showing of secondary meaning, the rules are different in the European Union. Under the law of community design, a design that has distinctiveness similar to that required for a trademark in the United States can be protected up to 25 years with registration and even be protected up to three years without a registration. For example, in 2014, a company called Karen Millen was able to successfully sue in Ireland for infringement of unregistered community designs. In the United States, these same designs would almost certainly have been held unprotectable under the holding in Wal-Mart. The Innovative Design Protection and Piracy Act marked one attempt to pass laws analogous to community design in the United States.

Copyright

One major type of fashion brand protection is copyright. Copyright covers creative original works, and with limited statutory exceptions (e.g., boat hulls and architectural works), copyright is not available for “useful articles,” such as clothing, except to the extent that the design elements are separate and independent of the useful article. For this reason the Copyright Office will reject most attempts to register copyrights in clothing designs. However, copyright protection in the fashion world has traditionally applied to 1) prints, 2) denim pocket designs, 3) lace embroidery, and 4) most decorative embellishments. The boundary between a useful article and copyrightable material, however, is currently in flux. This May, the U.S. Supreme Court granted certiorari in Star Athletica v. Varsity Brands on the issue of how to tease out design elements from a useful article. In that case, the design at issue was a cheerleading uniform. The plaintiff in that case was able to convince the Copyright office and the Sixth Circuit that the design was separately copyrightable. The Supreme Court has granted certiorari on the precise test for separating a design from a useful article. Currently, there are a number of separate tests that vary according to the circuit. A decision expected in 2017.

Regardless of the outcome in Star Athletica, competitors are barred from creating works that are “substantially similar” to the copyrighted work. In the fashion industry, copyright infringement involves reasonably blatant copying, with a nearly identical print appearing on a nearly identical garment. Although the underlying garment is almost never copyrightable, the fact that the garment is identical is often strong evidence of copying and access.

The filing fee for copyright registration is inexpensive—only $55 if filed electronically, which is easily done, often without an attorney. When a design is copied, however, a lawsuit cannot be filed until the owner has applied for a copyright registration in the design—except in the Ninth Circuit, which requires the copyright application be fully processed by the Copyright Office before a suit can be filed. When a deposit is submitted to the Copyright Office in connection with registration, the Library of Congress has the option to place the deposit in its collection. Early registration is strongly encouraged, and a registrant’s preinfringement contribution to the Library of Congress is rewarded in the form of increased potential damages against infringers. If registration predates infringement, or if the copyright application for the design is filed within 90 days of publication, a copyright plaintiff that prevails can elect statutory damages and may be able to obtain attorney’s fees. Copyright lawsuits must be filed in federal court.

Design Patents

Last on the list of significant protection in the fashion industry is the design patent, which protects ornamental characteristics on a
useful article. This type of protection is particularly common in shoes and accessories. For example, Tiek shoes with their bright blue soles, are design patented, as are Crocs.

In terms of brand protection, one interesting aspect of design patents is that it is possible to use a design patent in order to build up the protection needed for trade dress. During the 15-year term of a design patent from the time of issuance, no one can copy the design, and the patent holder has exclusive use. This period of exclusivity allows a company to develop an ornamental design, secure patent protection, patent it, and use the 15-year grace period granted by the patent process to attempt to develop secondary meaning. For instance, Moen, a faucet maker, was able to do this with one of its faucets, but the most well-known example was Bayer Aktiengesellschaft, which used the period of exclusivity in the aspirin patent to build its Bayer brand in the United States.

Patent registration is expensive, more akin to the complex process of a utility patent filing than a copyright or trademark registration. The protection offered by a patent is also relatively short. The patent application also must be filed quickly, within a year of actual notice of the infringement and continuous notice of the infringement and continuous notice of the infringement. The patent application must be filed at the USPTO, if it is proven the infringer was on notice of the patent number, it will not be able to recover any damages. If a patent owner fails to mark its products with the patent number, it will not be able to recover monetary damages, although there is an exception if it is proven the infringer was on actual notice of the infringement and continued to infringe thereafter. In patent enforcement lawsuits, the damages available are roughly equivalent to those available in the trademark context.

Future Developments

Unlike utility patent law, the legal environment surrounding brand building has been stable over the past 10 years, particularly compared to the 1990s and early 2000s. That said, there may be change on the horizon.

First, the Supreme Court will presumably soon resolve the boundary between a useful article and a design in the Star Athletica case in the coming term. Although the decision is unlikely to radically change the law, it will provide much-needed uniformity on this issue across all circuits and may shift the needle somewhat on the scope of copyrightability.

Proponents of the European-style community design protection have not given up, and there may be future legislative efforts. Converse’s somewhat successful use of the ITC to ban importation of infringing goods may also presage further use of the ITC. Overall, the key for counsel who advise fashion companies is to be well versed in the pros and cons of the core protections and to keep track of the formalities that must be followed in order to grow or protect a brand.

1 King Seeley Thermos Co. v. Aladdin Indus., Inc., 321 F. 2d 577 (2d Cir. 1963).
3 “Coke” is not generic, despite its use to refer to carbonated soft drinks generally, and “Google” is not a generic verb; most people still know each word as a brand name. A term is not generic as long as consumers also understand it designates a source. Kleenex and Xerox are generally considered borderline.
4 Ugg Holdings, 2005 WL 5887187.
7 13 U.S.C. §§1114(1), 1125(a).
8 15 U.S.C. §1051(b)(1). Bona fide means having, based on an objective view of the circumstances, a good faith intention to eventually use the mark in commerce. In other words, marks cannot be warehoused for a rainy day. M.Z. Berger & Co. v. Swatch AG, 787 F. 3d 1363 (Fed. Cir. 2015) (Swiss watch company registered [Watch without a real intent to use, and the mark was canceled].
9 37 C.F.R. §2.89. The trademark owner has six months from the issuance of a notice of allowance, but the period can be extended five times, for a total of three years.
11 Id. at 216.
13 Christian Louboutin, 696 F. 3d at 228.
14 Although Louboutin has marketed a monochome red shoe, the court held that Louboutin’s secondary meaning was associated with contrast, citing press on this point. Id.
16 Id. at 56.
17 19 C.F.R. §210.42(b) (discretionary review); 28 U.S.C. §1295(a)(6) (Federal Circuit jurisdiction). (Editor’s Note: The full ITC rule on this matter subsequent to publication of the present article.)
18 Avery Dennison Corp. v. Sumpton, 189 F. 3d 868, 876 n.6 (9th Cir. 1999).
25 Nichols v. Universal Pictures Co., 45 F. 2d 119, 121-22 (2d Cir. 1930) (Hand, J.).
26 There are dozens (potentially hundreds) of these cases filed every year in Los Angeles federal court; nearly all of them settle, and very few generate published opinions. For an example of this type of case, see L.A. Printex Indus., Inc. v. Aeropostale, Inc., 2012 U.S. App. Lexis 12033 (9th Cir. June 13, 2012).
27 This is how the Library of Congress has built up most of its collection, and it maintains copyright deposits dating back to the War of 1812.
28 Up to $30,000 per infringement if not willful, up to $150,000 if willful. 15 U.S.C. §§506(c).
31 For design patents filed before May of 2015, it was 14 years. 35 U.S.C. §173.
32 Kohler Co. v. Moen Inc., 12 F. 3d 632 (7th Cir. 1993).
33 Bayer lost the mark and all of its U.S. assets when the American government seized them and auctioned them off during World War I. Bayer AG bought the US mark back in the 1990s. See, e.g., http://www.bayer.com/en/logos-history.aspx.
34 This is the “on sale bar” doctrine. See generally 2 DONALD S. CHISUM , CHISUM ON PATENTS , §6.02 (2015).
35 Nike, Inc. v. Wal-Mart Stores, 138 F. 3d 1437 (Fed. Cir. 1998) (“In order to satisfy the constructive notice provision of the marking statute, Nike must have shown that substantially all of the Air Mada Mid shoes being distributed were marked, and that once marking was begun, the marking was substantially consistent and continuous.”).
bankruptcy is always an option for a financially distressed company. A wide array of reasons for seeking bankruptcy protection exists, including to stop an aggressive creditor from grabbing valuable assets, stay contentious litigation draining a company’s finances, avoid an impending adverse judgment, or simply restructure crippling debt. Whatever the impetus for filing bankruptcy, it is a decision the distressed company usually makes voluntarily. However, the Bankruptcy Code also grants creditors the ability to commence a bankruptcy against a company through the filing of an involuntary bankruptcy petition under certain circumstances. It is a powerful tool creditors may wield, albeit one that should be used sparingly.

Commencing an involuntary bankruptcy case is simple. Creditors file with the bankruptcy court a form that identifies the name of the entity against which the involuntary petition is being filed, the names of the parties filing the petition, the amount of the petitioners’ claims against the entity, and the chapter under which they are filing the case—chapter 7 or 11 are the only two available for an involuntary case. The period between the date the petition is filed and the date the bankruptcy court enters an order for relief—an adjudication that the involuntary bankruptcy filing was appropriate—is known as the gap period.

Threshold Considerations
Parties contemplating an involuntary petition should consider two threshold issues before taking the step to file the petition: 1) whether the alleged debtor is eligible to be an involuntary debtor and 2) whether the petitioners

Asa S. Hami is a bankruptcy attorney with SulmeyerKupetz, A Professional Corporation, in Los Angeles. He represents debtors, creditors, creditors’ committees, trustees, and other parties in bankruptcy and insolvency-related matters.
are eligible to file the petition. These issues will play a role in the bankruptcy court’s determination whether to enter an order for relief or dismiss the case.5

Section 303(a) of the Bankruptcy Code governs the first threshold issue.3 The universe of parties against whom an involuntary petition may be filed is narrower than those that may file a voluntary petition, but the class of potential involuntary debtors is still broad. With limited exception, an involuntary petition may be filed “against a person.”4 The code defines “person” expansively to include an “individual, partnership, and corporation.”5 Aside from farmers, the only “person” placed beyond the reach of an involuntary petition is “a corporation that is not a moneyed, business, or commercial corporation.”6 Courts construe this phrase to include eleemosynary exceptions not explicit in the code include: 1) a dissolved corporation (unless it still exists under state law for purposes of winding up its affairs)10 and 2) individuals barred from filing bankruptcy based on the dismissal of a prior bankruptcy case.9

Section 303(b) governs the second threshold issue.10 Who may be a petitioner varies from debtor to debtor. If the petition is filed against a corporation or individual, it could be filed by creditors holding noncontingent unsecured claims in the aggregate of $15,77511 that are not subject to “bona fide” dispute.12 If the entity has 12 or more creditors, the petition must be signed by at least three such creditors; if fewer than 12 creditors, the petition must be signed by at least one such creditor.13 If the petition is filed against a partnership, it could be commenced by fewer than all of the general partners, or if all of the general partners are in bankruptcy, by a general partner, the trustee of the general partner, or a holder of a claim against the partnership.14

Prosecuting The Petition

Once the petition is filed, the case runs much like a conventional lawsuit during the gap period in the petitioners’ pursuit of an order for relief. A summons is issued to, and served (plus three additional days if the summons was served by mail). Its response could come in one of the following forms: 1) an answer to the petition that denies or admits the allegations in the petition and asserts affirmative defenses, 2) a motion under Rule 12(b) of the Federal Rules of Civil Procedure, or 3) the filing of a voluntary bankruptcy or motion to convert the case to a voluntary case (essentially consenting to the involuntary petition). If the involuntary petition is not timely controverted, the bankruptcy court must enter an order for relief.15 However, if the petition is opposed the court conducts an evidentiary hearing to determine whether an order for relief should be entered.16 The court evaluates a number of issues in considering the petition. First, the court determines whether the “petitioning creditor” requirements are satisfied, to wit: whether the petitioners hold the amount and type of claims required under Section 303(b). Second, the court determines whether the alleged debtor should be in bankruptcy and particularly whether 1) “the debtor is generally not paying such debtor’s debts as such debts become due unless such debts are the subject of a bona fide dispute as to liability or amount,” or 2) “within 120 days before the date of the filing of the petition, a custodian, other than a trustee, receiver, or agent appointed or authorized to take charge of less than substantially all of the property of the debtor for purposes of enforcing a lien against such property, was appointed or took possession.”17 If the court finds in favor of the petitioners, the order for relief is entered, and the case progresses as would any voluntary bankruptcy case; if not, the bankruptcy case is dismissed.

Petitioners who prosecute an involuntary petition that results in the entry of an order for relief may seek a priority claim for attorney’s fees, expenses, and damages “allowable under § 303(i)” as an express condition to the appointment of an interim trustee.26

The Bankruptcy Code does not expressly permit the appointment of an interim trustee in an involuntary bankruptcy case filed under chapter 11. In fact, the code’s explicit allowance of the appointment of an interim trustee in a chapter 7 case could be construed as an implicit prohibition against such an appointment in a chapter 11 case. Nevertheless, relying on the language in Section 1104 generally addressing the appointment of a trustee in all chapter 11 cases, courts permit appointment of an interim trustee in an involuntary chapter 11 case.27 Courts, therefore, apply the standard for appointment of a trustee in a voluntary chapter 11 case, which generally requires a showing of some form of gross mismanagement or serious misconduct on the part of the person controlling the debtor.28

Risks

Filing an involuntary petition carries risks and benefits, and the pros and cons should be vetted thoroughly before taking the plunge. The most notable risk is the exposure to liability based on an unsuccessful petition. In particular, if the case is dismissed (other than through the consent of the petitioners and the debtor), Section 303(i) authorizes the bankruptcy court to award costs, reasonable attorney’s fees, any damages proximately caused by the filing of the involuntary petition, or punitive damages against the petitioners.29
With respect to an award of attorney’s fees and costs, the Ninth Circuit Court of Appeals views Section 303(i)(1) as a “fee-shifting” statute, not one imposing sanctions.30 As a result, courts faced with a request for attorney’s fees and costs under this section must consider the litigation as a whole, not whether the specific filing was well founded. This requires consideration of the “totality of the circumstances,” including “1) ‘the merits of the involuntary petition,’ 2) ‘the role of any improper conduct on the part of the alleged debtor,’ 3) ‘the reasonableness of the actions taken by the petitioning creditors,’ and 4) ‘the motivation and objectives behind filing the petition.’”31

There are only two prerequisites to awarding fees and costs: 1) the court must have dismissed the petition on some ground other than consent of all parties and 2) the debtor must not have waived its right to recovery under this section.32 Bad faith is not a prerequisite.33 Although the bankruptcy court is infused with wide discretion in determining whether or not to make the award,34 the petitioners’ risk of being hit with the judgment is high. Indeed, the Ninth Circuit has gone so far as to conclude that the Bankruptcy Code “creates a presumption in favor of an award of attorney’s fees”35 and “any petitioning creditor in an involuntary case…should expect to pay the debtor’s attorney’s fees and costs if the petition is dismissed.”36

Therefore, it behooves any creditor considering an involuntary petition to assess the propriety of the petition before filing.37

With respect to an award of damages under Section 303(i)(2), bad faith is a prerequisite.38 However, the mere finding of bad faith does not guarantee an award of punitive damages; discretion still lies with the court. Bad faith is measured by an objective test that probes what a reasonable person would have believed.39 Some courts permit an award of damages against a petitioner’s counsel.40

Aside from liability stemming directly from an unsuccessful petition, even successful petitioners who obtain an order for relief are exposed to the general risks, dangers, or hindrances that accompany every bankruptcy case. Four are of note. First, the mere filing of the involuntary petition triggers the automatic stay under Section 362(a).41 Therefore, the petitioners will no longer be permitted to engage in any collection activities to pursue their debt outside the bankruptcy case. A violation of the automatic stay is subject to the court’s contempt power and exposes the violator to damages.42

Second, petitioners must understand that a bankruptcy is a collective proceeding, not an individual debt-collection device.43 This means that by successfully placing a company into bankruptcy, the petitioners have limited any recovery on their claim to receipt of only a pro rata share of the generally limited funds available to pay all creditors pursuant to the Bankruptcy Code’s priority scheme. This could result in no payment at all to a petitioner on account of its claim. Indeed, more often than not, insufficient funds are present to pay all creditors in full. This is especially true regarding payment of claims of general unsecured creditors—in which class the petitioners’ claims necessarily fall—given that such claims rank low on the hierarchy of claims.44 And, absent a judgment from the bankruptcy court adjudicating a claim nondischargeable, the creditor will be unable to pursue collection of its claim after the bankruptcy case concludes.

Third, and compounding the risk of not receiving payment on the prebankruptcy claim that served as the impetus for filing the petition in the first instance, petitioners will incur attorney’s fees and costs preparing and prosecuting the involuntary petition above and beyond their outstanding pre-bankruptcy claim. Although they may seek to recoup those fees through a higher priority claim, the bankruptcy court may deny this request—or allow it at a significantly reduced amount or, even if allowed in full, insufficient funds may prevent payment of even this higher priority claim. In other words, in addition to receiving no payment on the claim that prompted commencement of the petition in the first place, the petitioner now has incurred additional fees and expenses it may be unable to recoup.

Finally, by filing the involuntary petition, the petitioners open the door to being hit with “preference” liability to the extent they received any payments from the debtor within 90 days before the petition was filed. The code empowers a trustee to avoid and recover as a preferential transfer any payments made to a creditor within 90 days of the filing of the petition under certain circumstances.45 As a result, in addition to risking nonpayment on its claim, a petitioner may now be compelled to disgorge payment it previously received on its claim. Creditors contemplating an involuntary petition, however, have some ability to mitigate this risk by delaying any filing to a date outside the 90-day preference period if possible.

**Benefits**

Among others, some benefits to filing an involuntary case under the right circumstances to counteract the risks include:

**Preserving Assets.** An involuntary petition could be used to avoid the loss of, and preserve, a valuable asset that could be monetized.
to pay creditors. For example, filing an involuntary petition would stop an impending foreclosure on real property or a landlord’s anticipated termination of a valuable commercial lease following a tenant’s default. Commencing the petition before the foreclosure or lease termination is absolutely necessary to preserve the asset.

Maximizing Value of Assets. An involuntary bankruptcy also could force the sale of property at maximum value for the benefit of creditors. A debtor may own an asset with significant equity that it refuses to sell to pay claims. Filing a petition will permit the appointment of a trustee with the power to market and auction the property to generate funds to pay claims.

Replacing Existing Management. At times, a company’s management is incompetent, dishonest, or otherwise mismanaging the company to the detriment of creditors. Under such circumstances, an involuntary petition could be filed to displace existing management with an independent trustee to stabilize operations or proceed with an orderly liquidation.

The ability to put a company into bankruptcy could serve as an effective tool in a creditor’s attempt to recover on an outstanding debt. Given the potential liability stemming from a failed involuntary petition, however, creditors should proceed with extreme caution and only after careful deliberation and balancing of the risks and benefits.

2 A third threshold requirement determines whether the alleged debtor is eligible to be a debtor under the particular chapter selected. See 11 U.S.C. §109. This requirement applies in voluntary cases and is not limited to involuntary cases. This is different from the first threshold identified above, which more broadly considers whether the entity subject to the involuntary petition may be an involuntary debtor under any chapter of the Bankruptcy Code.
4 Id.
5 See In re Center For Mgmt. & Tech., Inc., 2007 Bankr. LEXIS 3734 (Bankr. D. Md. Oct. 26, 2007); In re MAEDC Mesa Ridge, LLC, 334 B.R. 197, 200 (Bankr. N.D. Tex. 2005); In re Caucus Distrubrs., Inc., 83 B.R. 921, 930 (Bankr. E.D. Va. 1988). Some courts sweep all nonprofit organizations into this exception, whereas others apply a two-pronged test: 1) whether the debtor is considered an eleemosynary organization under state law and 2) whether the debtor actually conducts itself as an eleemosynary organization. See Center For Mgmt., 2007 Bankr. LEXIS at *10-11; MAEDC, 334 B.R. at 200; Caucus Distrubrs., 83 B.R. at 930. An alleged debtor must plead that it is not a “moneyed, business, or commercial corporation” as an affirmative defense in response to an involuntary petition. See Center For Mgmt., 2007 Bankr. LEXIS 3734.
7 See 11 U.S.C. §109(g).

ERISA LAWYERS

- Long Term Disability
- Long Term Care
- Health and Eating Disorder
- Life Insurance claims

We handle claim denials under both ERISA and California Bad Faith laws.

✔ State and Federal Courts throughout California
✔ More than 20 years experience
✔ Settlements, trials, and appeals

818.886.2525
www.kantorlaw.net

Dedicated to Helping People Receive the Insurance Benefits to Which They Are Entitled.
FLAT FEE LEGAL SERVICES FROM LACBA!

LACBA SmartLaw Flat Fees are an affordable way for clients to address legal issues. Clients get an affordable Flat Fee, but with the advantage of having a lawyer answer questions and complete the process correctly.

- LLC Business Formation: $800
- Trademark Registration: $500
- Uncontested Divorce: $800

Flat fee rates cover attorneys' fees related to the matter. Filing fees and other costs are extra.

More information: (866)SMARTLAW, SmartLaw.org/flatfee

Attorneys interested in receiving flat fee referrals from LACBA: (213) 896-6571
**ACCOUNTING INVESTIGATIONS**

**FULCROM INQUIRY**

888 South Figueroa Street, Suite 2000, Los Angeles, CA 90017, (213) 767-4100; fax (213) 881-1300; e-mail: dnohte@fulcrom.com. Website: www.fulcrom.com. Contact David Nolte. Our professionals are experienced CPAs, MBAs, ASAs, CFAs, affiliated professors, and industry specialists. Our analysis and research combined with unique presentation techniques have resulted in an unequaled record of successful court cases and client recoveries. Our expertise encompasses damages analysis, loss/profit studies, business and intangible asset valuations, fraud investigations, statistics, forensic economic analysis, royalty audits, strategic and market assessments, competitive surveys, analysis of computerized data, injury and employment damages, and a wide range of other financial advisory services. Degrees/credentials: CPAs, CFAs, ASAs, Ph.Ds, and MBAs in accounting, finance, economics, and related subjects. See display ad on back cover.

**KRYCLER, ERVIN, TAUBMAN, AND KAMINSKY**

15035 Ventura Boulevard, Suite 1040, Sherman Oaks, CA 91403, (818) 995-1040, fax (818) 995-4124. Website: www.ketkcpa.com. Contact Michael J. Krycler. Litigation support, including forensic accounting, business appraisals, family law accounting, business and professional valuations, damages, fraud investigations, and lost earnings. Krycler, Ervin, Taubman, and Kaminsky is a full-service firm serving the legal community for more than 20 years. See display ad on page 47.

**MARCUM LLP**

2049 Century Park East, Suite 300, Los Angeles, CA 90067, (310) 432-7500. e-mail: keith.block@marcumllp.com. Website: www.marcumllp.com. Contact Keith Block, Marketing Manager. The experts at Marcum draw from their employment and life experiences to help identify the appropriate responses. Our team of professionals includes Certified Public Accountants, Certified Fraud Examiners, Accredited Senior Appraisers, Certified Protection Professionals, licensed private investigators, former prosecutors, and law enforcement personnel. It’s time to ask Marcum.

**MAYER HOFFMAN MCCANN P.C.**

10474 Santa Monica Boulevard, Suite 200, Los Angeles, CA 90025, (310) 268-2000, fax (310) 268-2001, e-mail: chansen@cbiz.com or sfarfranklin@cbiz.com. Website: www.MHM-PC.com. Contact Coral Hansen or Steve Franklin. Experienced professionals providing forensic accounting services in fraud investigations, marital dissolutions, corporate/partnership/LLC dissolutions, economic damages, loss of earnings, malpractice defense, expert witness testimony, and business valuations. Experts include CPA, CFF, CFP, CFE, ABV, CGMA.

**WHITE, ZUCKERMAN, WARSAVSKY, LUNA & HUNT**


**ZIVETZ, SCHWARTZ & SALTSMAN, CPAS**


**ASSET SEARCH INVESTIGATIONS**

**BENCHMARK INVESTIGATIONS**

32158 Camino Capistrano, # A-415, San Juan Capistrano, CA 92675, (800) 248-7721, fax (949) 248-0208, e-mail: zimmerpi@pacbell.net. Website: www.BenchmarkInvestigations.com. Contact Jim Zimmer, CPI. National agency. Professional investigations with emphasis on accuracy, detail, and experience. Asset/financial searches; back grounds investigations; DMV searches; domestic/marital cases; due diligence investigations; mergers/acquisitions specialist; personal injury defense cases; process service; surveillance/photograph; witness location/interviews; workplace investigations—theft, harassment, discrimination, drugs;
worker’s comp cases—AOE/COE and sub rosa. Bilingual agents. Fully insured. Correspondents nationwide. CA Private Investigator license #PI 12651.

CCI FINANCIAL INVESTIGATIONS
Two locations: San Jose and Hollister, CA (831) 634-9400 or (408) 357-4114. Contact Sandra Copas, PI, CFE at scopas@copas-inc.com or Bryan Copas, CPA, PI, CAMS at bcopas@copas-inc.com. CA Private Investigator #25429. Exclusively dedicated to financial and fraud investigations, CCI is a private investigation firm with CPAs and other certified forensic accounting and fraud specialists for your civil or criminal matter. CCI serves attorneys, businesses, individuals, and professional fiduciaries throughout California. We locate, interpret, and simplify complex financial information, making it easy to understand and easy to present in a court of law. Services available: forensic accounting, financial investigations, expert witness testimony, settlement negotiations, consultations/nationwide searches for hidden assets including bank, brokerage, IRA accounts, 401(k) plans, life insurance policies, credit reports, safe deposit boxes, real property, and vehicles. Contact us today at www.copas-inc.com for information on asset searches and other services that can help win your case. See display ad on page 46.

PARRENT SMITH INVESTIGATIONS & RESEARCH
10158 Hollow Glen Circle, Los Angeles, CA 90077, (310) 275-8619, (800) 516-2448 or 805-439-2824, fax (310) 274-0503, e-mail: joanne@psinvestigates.com or nicsmith@psinvestigates.com. Website: www.psinvestigates.com. Contact Joanne Parrent or Nic Smith. PSI is a full-service investigative firm. Nic Smith has 40 years in the field conducting investigations for attorneys in thousands of civil and criminal cases. We specialize in all types of litigation support including asset searches; witness interviews; complex litigation investigations; corporate, family, and environmental cases. Nic Smith is a court-qualified expert in security and investigative standards. Joanne Parrent, formerly an author and journalist, brings her investigative research background to all matters. Offices in Los Angeles and San Francisco. Services throughout California.

SAPIENT INVESTIGATIONS, INC.
1810 14th Street, Suite 212, Santa Monica, CA 90404, (310) 399-8200, fax (310) 496-2637. Website: www.sapientpi.com. Contact David Cogan, CFE, Managing Director. Sapient Investigations, Inc., the Westside’s premier intelligence firm, has a long history of tracking and recovering assets for its clients in the U.S. and abroad. These challenging cases require a deep knowledge of how assets are hidden and an uncanny ability to follow the money trail. We have pierced corporate veils for Fortune 500 companies and traced money offshore. For a consultation, please contact David Cogan, CFE, at (310) 399-8200 or visit www.sapientpi.com.

ATTORNEY LITIGATION SUPPORT, CIVIL AND CRIMINAL
THE SPECIAL AGENT GROUP LLC
2901 West Coast Highway, Suite 200, Newport Beach, CA 92663, (213) 216-3613, fax (714) 908-2699, e-mail: rwarren@TheSpecialAgentGroup.com. Website: www.TheSpecialAgentGroup.com. Contact Robert Warren, certified fraud exam-
inor, Managing Director. The Special Agent Group is a full-service licensed and insured Private Investigation firm, CAPI License #35071. Agents served in the IRS, FBI, and LAPD for over 25 years. We are experienced in litigation, fraud, employee misconduct, forensic accounting, embezzlements, backgrounds, and criminal defense. Agents can find witnesses and assets anywhere in the U.S. within 48 hours. We have expert witnesses in IRS controversies, money laundering, fraud, and law enforcement matters.

BANKRUPTCY/TAX
FULCRUM INQUIRY
888 South Figueroa Street, Suite 2000, Los Angeles, CA 90017, (213) 787-4100, fax (213) 891-1300, e-mail: dnoite@fulcrum.com. Website: www.fulcrum.com. Contact David Nolte. Our professionals are experienced CPAs, MBAs, ASAs, CFAs, affiliated professors, and industry specialists. Our analysis and research combined with unique presentation techniques have resulted in an unequaled record of successful court cases and client recoveries. Our expertise encompasses damages analysis, loss/profit studies, business and intangible asset valuations, fraud investigations, statistics, forensic economic analysis, royalty audits, strategic and market assessments, competitive surveys, analysis of computerized data, injury and employment damages, and a wide range of other financial advisory services. Degrees/credentials: CPAs, CFAs, ASAs, PhDs, and MBAs in accounting, finance, economics, and related subjects. See display ad on back cover.

BUSINESS
FORENSISGROUP
EXPERT WITNESS SERVICES SINCE 1991
301 North Lake Avenue, Suite 420, Pasadena, CA 91101. (800) 555-5422, (626) 795-5000, fax: (626) 795-1950, email: experts@forensisgroup.com. Website: www.forensisgroup.com. Contact Mercy Steenwyk. 10,000 cases ForensisGroup has provided experts. 8,000 clients have retained experts from us. We respond in one hour or less. ForensisGroup is an expert witness services and consulting company providing experts, expert witnesses, and consultants to law firms, insurance companies, and other public and private firms in thousands of disciplines: construction, engineering, business, accounting, intellectual property, computers, IT, medical, real estate, insurance, product liability, premises liability, safety, and others, including experts in complex and hard-to-find disciplines. Let us give you the technical advantage and competitive edge in your cases. Referals, customized searches, and initial phone consultations are free. See display ad on page 39.

BUSINESS APPRAISAL/VALUATIONS
BRIAN LEWIS & COMPANY
10900 Wilshire Boulevard, Suite 610, Los Angeles, CA 90024, (310) 475-5676, fax (310) 475-5268, e-mail: brian@brianlewis-cpa.com. Contact Brian Lewis, CPA, CVA. Forensic accounting, business valuations, cash spendable reports, estate, trust, and income tax services.

FULCRUM INQUIRY
888 South Figueroa Street, Suite 2000, Los Angeles, CA 90017, (213) 787-4100, fax (213) 891-1300, e-mail: dnoite@fulcrum.com. Website: www.fulcrum.com. Contact David Nolte. Our professionals are experienced CPAs, MBAs, ASAs, CFAs, affiliated professors, and industry specialists. Our analysis and research combined with unique presentation techniques have resulted in an unequaled record of successful court cases and client recoveries. Our expertise encompasses damages analysis, loss/profit studies, business and intangible asset valuations, fraud investigations, statistics, forensic economic analysis, royalty audits, strategic and market assessments, competitive surveys, analysis of computerized data, injury and employment damages, and a wide range of other financial advisory services. Degrees/credentials: CPAs, CFAs, ASAs, PhDs, and MBAs in accounting, finance, economics, and related subjects. See display ad on back cover.

HIGGINS, MARCUS & LOVETT, INC.
800 South Figueroa Street, Suite 710, Los Angeles, CA 90017, (213) 617-7775, fax (213) 617-8372, e-mail: mhiggins@hmlinc.com. Website: www.hmlinc.com. Contact Mark C. Higgins, ASA, President. The firm has over 30 years of litigation support and expert testimony experience in matters involving business valuation, economic damages, intellectual property, loss of business goodwill, and lost profits. Areas of practice include business disputes, eminent domain, bankruptcy, and corporate and marital dissolution. See display ad on page 43.

KRYCLER, ERVIN, TAUBMAN, AND KAMINSKY
15303 Ventura Boulevard, Suite 1040, Sherman Oaks, CA 91403, (818) 995-1040, fax (818) 995-4124, Website: www.kelkopa.com. Contact Michael J. Krycler. Litigation support, including forensic accounting, business appraisals, family law accounting, business and professional valuations, damages, fraud investigations, and lost earnings. Krycler, Ervin, Taubman, and Kaminsky is a full-service accounting firm serving the legal community for more than 20 years. See display ad on page 47.

MAYER HOFFMAN MCCANN P.C.
10474 Santa Monica Boulevard, Suite 200, Los Angeles, CA 90025, (310) 268-2000, fax (310) 268-2001, e-mail: chansen@cbiz.com or sfranklin@cbiz.com. Website: www.MHM-PC.com. Contact Coral Hansen or Steve Franklin. Mayer Hoffman McCann P.C. is a full-service accounting firm with extensive testimony experience. Prior Big Four accountants. Specialties include accounting, breach of contract, breach of fiduciary duty, business interruption, business dissolution, construction defects, delays, and cost overruns, fraud, insurance bad faith, intellectual property (including trademark, patent, and copyright infringement, and trade secrets), malpractice, marital dissolution, personal injury, product liability, real estate, securities, tax planning and preparation, IRS audit defense, tracing, unfair advertising, unfair competition, valuation of businesses, and wrongful termination. See display ad on page 41.

ZIVETZ, SCHWARTZ & SALTSMAN, CPAS

CELL PHONE FORENSICS
DIGITAL FORENSIC INVESTIGATIONS, INC.
P.O. Box 1288, Costa Mesa, CA 92628, (714) 867-7286, e-mail: digital.forensic.inv@gmail.com. Website: www.dfinvestigations.com. Contact Mark J. Eskridge, CFCE, DFPC, EnCE, CBE, CCME. Digital Forensic Investigations, Inc. can offer your firm documented expertise in computer and cell phone forensics, as well as high-technology investigations. As the owner and primary forensic investigator, Mark J. Eskridge will utilize his 12 years of experience as a criminal investigator and computer forensic examiner with the Orange County District Attorney’s office to provide you with the personalized attention and responsiveness that your case deserves. Digital Forensic Investigations, Inc. services include computer forensics, cell phone forensics, and electronic discovery in the criminal defense, corporate and civil arenas.

CIVIL INVESTIGATIONS
HERNANDEZ INVESTIGATIONS & RESEARCH
P.O. Box 1567, Claremont, CA 91711, (626) 338-9992, fax (626) 701-3338, e-mail: John@HernandezPI.com. Website: www.HernandezPI.com. Contact John Hernandez. Investigative research for all matters of discovery and litigation support. Experienced in complex litigation, evasive service of process, counterfeit/grey goods merchandise, assets, backgrounds, and support services—especially those of a unique and challenging variety. With 30 years of experience, Hi&R is relied on by PI industry leaders, law firms and businesses throughout Southern California. Operation area is all of Southern California, with national and international capability on a variety of informational services per client need.

COMPUTER FORENSICS
DATACHASERS, INC.
P.O. Box 2861, Riverside, CA 92516-2861, (877) DataExam, (877) 328-2392, (951) 780-7892, e-mail: Admin@datachasers.com. Website: www.
We are experts in damages, accounting and valuation.
Don’t settle for less.

- Expert witnesses and litigation consultants for complex litigation involving analyses of lost profits, lost earnings and lost value of business, forensic accounting and fraud investigation
- Other areas include marital dissolution, accounting and tax
- Excellent communicators with extensive testimony experience
- Offices in Los Angeles and Orange County

Call us today. With our litigation consulting, extensive experience and expert testimony, you can focus your efforts where they are needed most.

White Zuckerman Warsavsky Luna Hunt LLP

Certified Public Accountants
Los Angeles Office
818-981-4226
Orange County Office
949-219-9816

www.wzwlh.com E-mail: expert@wzwlh.com
setec investigations. testimony. dealing computer-related crimes or misuse. our expertise, understanding of the legal system, and possesses the necessary combination of technical law firms and corporations. setec investigations. CONSTRUCTION 10,000 cases ForensisGroup Mercy Steenwyk.

Digital Forensic Investigations, Inc. can offer your firm documented expertise in computer and cell phone forensics, as well as high-technology investigations. As the owner and primary forensic investigator, Mark J. Eskridge will utilize his 12 years of experience as a criminal investigator and computer forensic examiner with the Orange County District Attorney’s office to provide you with the personalized attention and responsiveness that you deserve on all cases. Digital Forensic Investigations, Inc. services include computer forensics, cell phone forensics, and electronic discovery in the criminal defense, corporate and civil arenas.

Setec Investigations 8391 Beverly Boulevard, Suite 167, Los Angeles, CA 90048, (800) 748-5440, fax (323) 939-5481, e-mail: tsetefan@setecinvestigations.com. Website: www.setecinvestigations.com. Contact Todd Stefan. Setec Investigations offers unparalleled expertise in computer forensics and enterprise investigations, providing personalized, case-specific forensic analysis and litigation support services for law firms and corporations. Setec Investigations possesses the necessary combination of technical expertise, understanding of the legal system, and specialized tools and processes enabling the discovery, collection, investigation, and production of electronic information for investigating and handling computer-related crimes or misuse. Our expertise includes computer forensics, electronic discovery, litigation support, and expert witness testimony.

SAPIENT INVESTIGATIONS, INC. 1810 14th Street, Suite 212, Santa Monica, CA 90404, (310) 399-8200, fax (310) 496-2637. Website: www.sapienpti.com. Contact David Cogan, CFE, Managing Director. Sapient Investigations, Inc., the Westside’s premier intelligence firm, works with attorneys nationwide to conduct a wide variety of corporate investigations, from proxy contests to trade secrets thefts to internal fraud investigations. With more than a decade of high-level experience, Sapient Investigations, Inc. ‘s team understands the importance of conducting these investigations quickly and with precision in order to produce actionable intelligence. For a consultation, please contact David Cogan, CFE, at (310) 399-8200 or visit www.sapienpti.com.

CORROSION KARS ADVANCED MATERIALS, INC. Testing and Research Labs, 2529 West Woodland Drive, Anaheim, CA 92801-2636, (714) 527-7100, fax (714) 527-7169, e-mail: info@karslab.com. Website: www.karslab.com. Contact Drs. Ramesh J. Kar or Naresh J. Kar. Southern California’s premier materials/mechanical/metallurgical/structural/forensics laboratory. Registered professional engineers with 30-plus years in metallurgical/forensic/structural failure analysis. Experienced with automotive, bicycles, tires, fire, paint, plumbing, corrosion, and structural failures. We work on both plaintiff and defendant cases. Complete in-house capabilities for tests. Extensive deposition and courtroom experience (civil and criminal investigations). Principals are Fellows of American Society for Metals and board-certified diplomats. American Board of Forensic Examiners. See display ad on page 39.

CORPORATE INVESTIGATIONS FULLCRUM INQUIRY 888 South Figueroa Street, Suite 2000, Los Angeles, CA 90017, (213) 787-4100, fax (213) 891-1300, e-mail: dnohte@fulcrum.com. Website: www.fulcrum.com. Contact David Nolte. Our professionals are experienced CPAs, MBAs, ASAs, CFAs, affiliated professors, and industry specialists. Our analysis and research combined with unique presentation techniques have resulted in an unparalleled record of successful court cases and client recoveries. Our expertise encompasses damages analysis, loss/profit studies, business and intangible asset valuations, fraud investigations, statistics, forensic economic analysis, royalty audits, strategic and market assessments, competitive surveys, analysis of computerized data, in-jury and employment damages, and a wide range of other financial advisory services. Degrees/ licenses: Doctor of Dental Surgery, (DDS); Master of Science in Dentistry (MSD).

ECOM ONE, INC. 550 South Hope Street, Suite 800, Los Angeles, CA 90071, (213) 624-9600, e-mail: isklyar@ecomeone.com. Website: www.ecomeone.com. Contact Lisa Skylar. Econ One provides economic research, consulting, and expert testimony in many areas, including: antitrust, intellectual property and patent infringement, contract disputes, damages analysis/calculations, employment issues, and unfair competition. We offer in-house expertise in applied economic theory, econometrics, statistics, and years of experience successfully dealing with the specific demands of the litigation process. Econ One experts have testified in state and federal courts; administrative, legislative, and regulatory agencies, and in arbitrations and mediations. We understand the need for clear, accurate, persuasive answers to complex problems. See display ad on page 47.

DENTIST RICHARD BENVENISTE, DDS, MSD 19231 Victory Boulevard, Suite 256, Reseda, CA 91335, (818) 881-7337, fax (818) 881-6183, e-mail: yourgums@gmail.com. Website: www.yourgums.com. Contact Richard Benveniste, DDS, MSD. Previous three-term officer of State Dental Board of California, having ruled on all phases of dental practice. Practicing as an expert, consultant, evaluator and teacher in the treatment of TMJ, personal injury (PI), lien cases, and dental injury. Multiple distinguished service citations from California State Department of Consumer Affairs. Provider of continuing education courses on oral diagnosis, oral medicine, treatment modalities, TMJ diagnosis and therapy. Multiple long-term professional organization memberships. Degrees/licenses: Doctor of Dental Surgery, (DDS); Master of Science in Dentistry (MSD).

ECOM ECONOMICS 5700 Canoga Avenue, Suite 300, Woodland Hills, CA 91367, (818) 986-5070, fax (818) 986-5034, e-mail: smowrey@ccmcpas.com. Website: www.ccmcpas.com. Contact Scott Mowrey. Specializes: consultants to provide extensive experience, litigation support, and expert testimony regarding forensic accountants, fraud investigations, economic damages, business valuations, family law, bankruptcy, and reorganization. Degrees/license: CPAs, CFEs, MBAs. See display ad on page 39.

FULCRUM INQUIRY 888 South Figueroa Street, Suite 2000, Los Angeles, CA 90017, (213) 787-4100, fax (213) 891-1300, e-mail: dnohte@fulcrum.com. Website: www.fulcrum.com. Contact David Nolte. Our professionals are experienced CPAs, MBAs, ASAs, CFAs, affiliated professors, and industry specialists. Our analysis and research combined with unique presentation techniques have resulted in an unparalleled record of successful court cases and client recoveries. Our expertise encompasses damages analysis, loss/profit studies, business and intangible asset valuations, fraud investigations, statistics, forensic economic analysis, royalty audits, strategic and market assessments, competitive surveys, analysis of computerized data, in-jury and employment damages, and a wide range of other financial advisory services. Degrees/
censes: CPAs, CFAs, ASAs, PhDs, and MBAs in accounting, finance, economics, and related subjects. See display ad on back cover.

MAYER HOFFMAN MCCANN P.C.
10474 Santa Monica Boulevard, Suite 200, Los Angeles, CA 90025, (310) 268-2000, fax (310) 268-2001, e-mail: chansen@cbiz.com or sfranklin@cbiz.com. Website: www.MHM-PC.com. Contact Coral Hansen or Steve Franklin. Experienced professionals providing forensic accounting services in fraud investigations, marital dissolutions, corporate/partnership/LLC dissolutions, economic damages, loss of earnings, malpractice defense, expert witness testimony, and business valuations. Experts include CPA, CFF, CFE, ABV, CGMA.

WARONZOF ASSOCIATES, INC.
400 Continental Boulevard, Sixth Floor, El Segundo, CA 90245, (310) 322-7744, fax (424) 285-5380. Website: www.waronzof.com. Contact Timothy R. Lowe, MAI, CRE. Waronzof provides real estate and land use litigation support services including economic damages, lost profits, financial feasibility, lease dispute, property value, enterprise value, partnership interest and closely held share value, fair compensation, lender liability, and reorganization plan feasibility. Professional staff of five with advanced degrees and training in real estate, finance, urban planning, and accounting. See display ad on page 19.

WHITE, ZUCKERMAN, WARSAVSKY, LUNA & HUNT
15490 Ventura Boulevard, Suite 300, Sherman Oaks, CA 91403, (818) 981-4226, fax (818) 981-4278, 4 Park Plaza, 2nd Floor, Irvine, CA 92614, (949) 219-9816, fax (949) 219-9095, e-mail: expert@wzh.com. Website: www.wzh.com. Contact Barbara Luna. Expert witness testimony for complex litigation involving damage analyses of lost profits, unjust enrichment, reasonable royalties, lost earnings, lost value of business, forensic accounting, fraud investigation, investigative analysis of liability, and marital dissolution, and tax planning and preparation. Excellent communicators with extensive testimony experience. Prior Big Four accountants. Specialties include accounting, breach of contract, breach of fiduciary duty, business interruption, business dissolution, construction defects, delays, and cost overruns, fraud, insurance bad faith, intellectual property (including trademark, patent, and copyright infringement, and trade secrets), malpractice, marital dissolution, personal injury, product liability, real estate, securities, tax planning and preparation, IRS audit defense, tracing, unfair advertising, unfair competition, valuation of businesses, and wrongful termination. See display ad on page 41.

ZIVETZ, SCHWARTZ & SALTSMAN, CPAs

Confidence At The Courthouse.

Business litigation is increasingly complex. That is why we believe valuation issues must be addressed with the same meticulous care as legal issues. Analysis must be clear. Opinions must be defensible. Expert testimony must be thorough and articulate. HML has extensive trial experience and can provide legal counsel with a powerful resource for expert testimony and litigation support.

For More Information Call 213-617-7775
Or visit us on the web at www.hmlinc.com
BUSINESS VALUATION • LOSS OF GOODWILL • ECONOMIC DAMAGES • LOST PROFITS
ECONOMICS

FULCRUM INQUIRY
888 South Figueroa Street, Suite 2000, Los Angeles, CA 90017, (213) 787-4100, fax (213) 891-1300, e-mail: dnolte@fulcrum.com. Website: www.fulcrum.com. Contact David Nolte. Our professionals are experienced CPAs, MBAs, ASAs, CFAs, affiliated professors, and industry specialists. Our research and analysis combined with unique presentation techniques have resulted in an unequalled record of successful court cases and client recoveries. Our expertise encompasses damages analysis, loss/profit studies, business and intangible asset valuations, fraud investigations, statistics, forensic economic analysis, royalty audits, strategic and market assessments, competitive surveys, analysis of computerized data, injury and employment damages, and a wide range of other financial advisory services. Degrees/licenses: CPAs, CFAs, ASAs, PhDs, and MBAs in accounting, finance, economics, and related subjects. See display ad on back cover.

ELECTRONIC EVIDENCE/DATA RECOVERY

SETEC INVESTIGATIONS
8391 Beverly Boulevard, Suite 167, Los Angeles, CA 90048, (800) 748-5440, fax (323) 939-5481, e-mail: tstefan@setecinvestigations.com. Website: www.setecinvestigations.com. Contact Todd Stefan. Setec Investigations offers unparalleled expertise in computer forensics and enterprise investigations providing personalized, case-specific forensic analysis and litigation support services for law firms and corporations. Setec Investigations possesses the necessary combination of technical expertise, understanding of the legal system, and specialized tools and processes enabling the discovery, collection, investigation, and production of electronic information for investigating and handling computer-related crimes or misuse. Our expertise includes computer forensics, electronic discovery, litigation support, and expert witness testimony.

EMPLOYMENT

FULCRUM INQUIRY
888 South Figueroa Street, Suite 2000, Los Angeles, CA 90017, (213) 787-4100, fax (213) 891-1300, e-mail: dnolte@fulcrum.com. Website: www.fulcrum.com. Contact David Nolte. Our professionals are experienced CPAs, MBAs, ASAs, CFAs, affiliated professors, and industry specialists. Our analysis and research combined with unique presentation techniques have resulted in an unequalled record of successful court cases and client recoveries. Our expertise encompasses damages analysis, loss/profit studies, business and intangible asset valuations, fraud investigations, statistics, forensic economic analysis, royalty audits, strategic and market assessments, competitive surveys, analysis of computerized data, injury and employment damages, and a wide range of other financial advisory services. Degrees/licenses: CPAs, CFAs, ASAs, PhDs, and MBAs in accounting, finance, economics, and related subjects. See display ad on back cover.

EMPLOYMENT/WAGE & HOUR DISPUTE

ECON ONE RESEARCH, INC.
550 South Hope Street, Suite 800, Los Angeles, CA 90071, (213) 624-9600, e-mail: skylar@eccone.com. Website: www.eccone.com. Contact Lisa Skylar. Econ One provides economic research, consulting, and expert testimony in many areas, including: antitrust, intellectual property and patent infringement, contract disputes, damages analysis/calculations, employment issues, and unfair competition. We offer in-house expertise in applied economic theory, econometrics, statistics, and years of experience successfully dealing with the specific demands of the litigation process. Econ One experts have testified in state and federal courts; administrative, legislative; and regulatory agencies, and in arbitrations and mediations. We understand the need for clear, accurate, persuasive answers to complex problems. See display ad on page 47.

ENGINEERING

EXPONENT
5401 McConnich Avenue, Los Angeles, CA 90066, (310) 754-2700, fax (310) 754-2799, e-mail: reza@exponent.com. Website: www.exponent.com. Contact Ali Reza. Fires and explosions, metallurgy and mechanical engineering, structural and geotechnical, accident reconstruction and analysis, human factors, risk and reliability assessment, toxicology and human health, biomediences, electrical and semiconductors, aviation, materials science, HVAC, energy consulting, construction defect, environmental fate and transport, and ground water quality.

ENGINEERING/GEOTECHNICAL

COTTON, SHIRES AND ASSOCIATES, INC.
330 Village Lane, Los Gatos, CA 95030-7218, (408) 354-6244, fax (408) 354-1852, 2800 Camino Dos Rios, Suite 201, Thousand Oaks, CA 91320, (805) 375-1050, fax (805) 375-1059, e-mail: losgatos@cottonshires.com. Website: www.cottonshires.com. Contact Patrick O. Shires. Full-service geotechnical engineering consulting firm specializing in investigation, design, arbitration, and expert witness testimony with offices in Los Gatos, San Andreas, and Thousand Oaks, California. Earth movement (settlement, soil creep, landslides, tunneling, and expansive soil), foundation distress (movement and cracking of structures) drainage and grading (seeping slabs and ponding water in crawlspace), pavement and slabs (cracking and separating), retaining walls (movement, cracking, and failures), pipelines, flooding and hydrology, design and construction deficiencies, expert testimony at over 87 trials (municipal, superior, and federal); 200+ depositions; 300+ settlement conferences in southern and northern California, Nevada, Hawaii and Michigan.

ENVIRONMENTAL ENGINEER

WZI INC. (ENVIRONMENTAL ENGINEERS)
1717 28th Street, Bakersfield, CA 93301, (661) 326-1112, fax (661) 326-6480, e-mail: mwilson@wziinc.com. Website: www.wziinc.com. Contact Mary Jane Wilson. BS, Petroleum Engineering. Environmental Assessor REPA 450065. Specialties include regulatory compliance, petroleum, and power generation.

FAILURE ANALYSIS

KARS ADVANCED MATERIALS, INC.
Testing and Research Labs, 2528 West Woodland Drive, Anaheim, CA 92801-2636, (714) 527-7100, fax (714) 527-7169, e-mail: info@karslab.com. Website: www.karslab.com. Contact Drs. Ramesh J. Kar or Naresh J. Kar. Southern California’s premier materials/mechanical/metallurgical/structural/forensics laboratory. Registered professional engineers with 30-plus years in metallurgical/forensic/structural failure analysis. Experienced with automotive, bicycles, tires, fire, paint, plumbing, corrosion, and structural failures. We work on both plaintiff and defendant cases. Complete in-house capabilities for tests. Extensive de-position and courtroom experience (civil and criminal investigations). Principals are Fellows of American Society for Metals and board-certified diplomats. American Board of Forensic Examiners. See display ad on page 49.

FAMILY LAW

BRIAN LEWIS & COMPANY
10900 Wilshire Boulevard, Suite 610, Los Angeles, CA 90024, (310) 475-5676, fax (310) 475-5288, e-mail: brian@brianelewis.com. Website: www.brianelewis.com. Contact Brian Lewis, CPA, CVA. Forensic accounting, business valuations, cash spendable reports, estate, trust, and income tax services.

CCT FINANCIAL INVESTIGATIONS
Two locations: San Jose and Hollister, CA (831) 634-9400 or (408) 357-4114. Contact Sandra Copas, PI, CFE at scopas@copas-inc.com or Bryan Copas, CPA, PI, CAMS at bcopas@copas-inc.com. CA Private Investigator #25429. Exclusively dedicated to financial and fraud investigations, CCTI is a private investigation firm with CPAs and certified forensic accounting and fraud specialists for your civil or criminal matter. CCTI serves attorneys, businesses, individuals, and professional fiduciaries throughout California. We locate, interpret, and simplify complex financial information, making it easy to understand and easy to present in a court of law. Services available: forensic accounting, financial investigations, expert witness testimony, settlement negotiations, consultations, nationwide searches for hidden asset sets including bank, brokerage, IRA accounts, 401(k) plans, life insurance policies, credit reports, safe deposit boxes, real property, and vehicles. Contact us today at www.copas-inc.com for information on asset searches and other services that can help win your case. See display ad on page 46.

KRYCLER, ERVIN, TAUBMAN, AND KAMINSKY
15303 Ventura Boulevard, Suite 1040, Sherman Oaks, CA 91403, (818) 995-1040, fax (818) 995-4114. Website: www.kelkipca.com. Contact Michael J. Krycler, LICR. Litigation support including forensic accounting, business appraisals, family law accounting, business and professional valuations, damages, fraud investigations, and lost earnings. Krycler, Ervin, Taubman, and Kaminsky is a full-service accounting firm serving the legal community for more than 20 years. See display ad on page 47.

MAYER HOFFMAN MCCANN P.C.
10474 Santa Monica Boulevard, Suite 200, Los Angeles, CA 90025, (310) 268-2000, fax (310) 268-2001, e-mail: chansen@cbiz.com or sfranklin@cbiz.com. Website: www.MHM-PC.com. Contact Coral Hansen or Steve Franklin. Mayer Hoffman McCann P.C. is a full-service accounting firm providing forensic accounting, financial and fraud investigations, tax planning, business appraisal, and financial statement audits. Mayer Hoffman McCann P.C. is a member of KPMG International, the global network of independent auditing and accountancy firms. Mayer Hoffman McCann P.C. is a registered public accounting firm licensed under the laws of the State of California. Mayer Hoffman McCann P.C. is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. Mayer Hoffman McCann P.C. is a member of the American Immigration Lawyers Association. Mayer Hoffman McCann P.C. is a member of the California Society of Certified Public Accountants. Mayer Hoffman McCann P.C. is a member of the American Bar Association. Mayer Hoffman McCann P.C. is a member of the American Immigration Lawyers Association. Mayer Hoffman McCann P.C. is a member of the California Society of Certified Public Accountants. Mayer Hoffman McCann P.C. is a member of the American Bar Association.
UNITED STATES DISTRICT COURT
MIDDLE DISTRICT FLORIDA
TAMPA DIVISION

UNITED STATES OF AMERICA

v. 

JESUS HERNANDO ANGULO
MOSQUERA

CASE NO: 8:14-cr-379-T-36TGW

ORDER

This matter comes before the Court upon the Defendant’s Motion for an Evidentiary Hearing on Admission of Polygraph Evidence (Doc. 67). An evidentiary hearing was held on this matter on December 23, 2014. In the motion, Defendant sought a hearing on the admissibility of the polygraph evidence and a ruling on the admissibility of said evidence. Accordingly, the Court will construe Defendant’s Motion for an Evidentiary Hearing on Admission of Polygraph Evidence (Doc. 67) as a motion to determine the admissibility of the polygraph evidence under Federal Rule of Evidence 702. The Court, having considered the motion and being fully advised in the premises, will grant the Motion and permit the polygraph evidence to be admitted at trial.

1. Background

Defendant Angulo-Mosquera, a 53-year old deckhand and cook, was indicted on September 4, 2014 in the Middle District of Florida on charges related to the seizure of 1,700 kilograms of cocaine concealed on board a Ruleighter known as the “Hope II” in August 2014. Defendant Angulo-Mosquera is a Colombian national with no known criminal record in any country. He has never before been in the United States. Defendant Angulo-Mosquera denies any knowledge of the drugs found concealed on the Hope II and any involvement of any kind in the illegal drug trade.
nomic damages, loss of earnings, malpractice defense, expert witness testimony, and business valuations. Experts include CPA, CFF, CFE, ABV, CGMA.

WHITE, ZUCKERMAN, WARSAVSKY, LUNA & HUNT
15490 Ventura Boulevard, Suite 300, Sherman Oaks, CA 91403, (818) 981-4226, fax (818) 981-4278, 4 Park Plaza, 2nd Floor, Irvine, CA 92614, (949) 219-9816, fax (949) 219-9095, e-mail: expert@wzwlh.com. Website: www.wzwlh.com. Contact Barbara Luna. Expert witness testimony for complex litigation involving damage analyses of lost profits, unjust enrichment, reasonable royalties, lost earnings, lost value of business, forensic accounting, fraud investigation, investigative analysis of liability, and marital dissolution, and tax planning and preparation. Excellent communicators with extensive testimony experience. Prior Big Four accountants. Specialties include accounting, breach of contract, breach of fiduciary duty, business interruption, business dissolution, construction defects, delays, and cost overruns, fraud, insurance bad faith, intellectual property (including trademark, patent, and copyright infringement, and trade secrets), malpractice, marital dissolution, personal injury, product liability, real estate, securities, tax planning and preparation, IRS audit defense, tracing, unfair advertising, unfair competition, valuation of businesses, and wrongful termination. See display ad on page 41.

ZIVETZ, SCHWARTZ & SALTSMAN, CPAS

FINANCIAL STATEMENTS

MAKER HOFFMAN MCCANN P.C.
10474 Santa Monica Boulevard, Suite 200, Los Angeles, CA 90025, (310) 268-2000, fax (310) 268-2001, e-mail: chansen@cbiz.com or sfranklin@cbiz.com. Website: www.MHM-PC.com. Contact Coral Hansen or Steve Franklin. Experienced professionals providing forensic accounting services in fraud investigations, marital dissolutions, corporate/partnership/LLC dissolutions, economic damages, loss of earnings, malpractice defense, expert witness testimony, and business valuations. Experts include CPA, CFF, CPE, ABV, CGMA.

FORENSIC ACCOUNTING

BRIAN LEWIS & COMPANY
10900 Wilshire Boulevard, Suite 610, Los Angeles, CA 90024, (310) 475-5676, fax (310) 475-5268, e-mail: brian@brianlewis-cpa.com. Contact Brian Lewis, CPA, CVA. Forensic accounting, business valuations, cash spendable reports, estate, trust, and income tax services.

FULCUM INQUIRY
888 South Figueroa Street, Suite 2000, Los Angeles, CA 90017, (213) 787-4100, fax (213) 891-1300, e-mail: dnoite@fulcrum.com. Website: www.fulcrum.com. Contact David Nolte. Our professionals are experienced CPAs, MBAs, ASAs, CFAs, affiliated professors, and industry specialists. Our analysis and research combined with unique presentation techniques have resulted in an unparalleled record of successful court cases and client recoveries. Our expertise encompasses damages analysis, loss of profits, business interruption and intangible asset valuations, fraud investigations, statistics, forensic economic analysis, royalty audits, strategic and market assessments, competitive surveys, analysis of computerized data, injury and employment damages, and a wide range of other financial advisory services. Degrees/licenses: CPAs, CFAs, ASAs, PhDs, and MBAs in accounting, finance, economics, and related subjects. See display ad on back cover.

MARCUM LLP
2049 Century Park East, Suite 300, Los Angeles, CA 90067, (310) 432-7408, fax (310) 432-7502, e-mail: keith.block@marcumllp.com. Website: www.marcumllp.com. Contact Keith Block, Marketing Manager. The experts at Marcum draw from their employment and life experiences to help identify the appropriate responses. Our team of professionals includes Certified Public Accountants, Certified Fraud Examiners, Accredited Senior Appraisers, Certified Protection Professionals, licensed private investigators, former prosecutors, and law enforcement personnel. It’s time to ask Marcum.

MAYER HOFFMAN MCCANN P.C.
10474 Santa Monica Boulevard, Suite 200, Los Angeles, CA 90025, (310) 268-2000, fax (310) 268-2001, e-mail: chansen@cbiz.com or sfranklin@cbiz.com. Website: www.MHM-PC.com. Contact Coral Hansen or Steve Franklin. Experienced professionals providing forensic accounting services in fraud investigations, marital dissolutions, corporate/partnership/LLC dissolutions, economic damages, loss of earnings, malpractice defense, expert witness testimony, and business valuations. Experts include CPA, CFF, CPE, ABV, CGMA.

WHITE, ZUCKERMAN, WARSAVSKY, LUNA & HUNT
defense, tracing, unfair advertising, unfair competition, valuation of businesses, and wrongful termination. See display ad on page 41.

**FRAUD INVESTIGATIONS**

**FULCRUN INQUIRY**
888 South Figueroa Street, Suite 2000, Los Angeles, CA 90017, (213) 787-4100, fax (213) 891-1300, e-mail: dnolte@fulcrum.com. Website: www.fulcrum.com. **Contact David Nolte.** Our professionals are experienced CPAs, MBAs, ASAs, CFAs, affiliated professors, and industry specialists. Our analysis and research combined with unique presentation techniques have resulted in an unequaled record of successful court cases and client recoveries. Our expertise encompasses damages analysis, loss/profit studies, business and intangible asset valuations, fraud investigations, statistics, forensic economic analysis, royalty audits, strategic and market assessments, competitive surveys, analysis of computerized data, injury and employment damages, and a wide range of other financial advisory services. Degrees/licenses: CPAs, CFAs, ASAs, PhDs, and MBAs in accounting, finance, economics, and related subjects. See display ad on back cover.

**MAYER HOFFMAN MCCANN P.C.**
10474 Santa Monica Boulevard, Suite 200, Los Angeles, CA 90025, (310) 268-2000, fax (310) 268-2001, e-mail: chansen@cbiz.com or sfranklin@cbiz.com. Website: www.MHM-PC.com. **Contact Coral Hansen or Steve Franklin.** Experienced professionals providing forensic accounting services in fraud investigations, marital dissolutions, corporate/partnership/LLC dissolutions, economic damages, loss of earnings, malpractice defense, expert witness testimony, and business valuations. Experts include CPA, CFF, CFP, CFE, ABV, CGMA.

**SAPIENT INVESTIGATIONS, INC.**
1810 14th Street, Suite 212, Santa Monica, CA 90404, (310) 399-8200, fax (310) 496-2657. Website: www.sapientpi.com. **Contact David Cogan, CFE, Managing Director.** Sapient Investigations, Inc., the Westside’s premier intelligence firm, specializes in investigating fraud in companies and non-profit organizations, whether internal or external. We assist our clients in uncovering evidence of wrongdoing, unravel the perpetrator’s financial network and compile cases that can be taken directly to law enforcement. Our principals are registered with the National Association of Certified Fraud Examiners. For a consultation, please contact David Cogan, CFE, at (310) 399-8200 or visit www.sapientpi.com.

**WHITE, ZUCKERMAN, WARSAVSKY, LUNA & HUNT**
15490 Ventura Boulevard, Suite 300, Sherman Oaks, CA 91403, (818) 981-2246, fax (818) 981-4278, 4 Park Plaza, 2nd Floor, Irvine, CA 92614, (949) 219-9816, fax (949) 219-9806, e-mail: expert@wzwlh.com. Website: www.wzwlh.com. **Contact Barbara Luna.** Expert witness testimony for complex litigation involving damage analyses of lost profits, unjust enrichment, reasonable royalties, lost earnings, loss value of business, forensic accounting, fraud investigation, investigative analysis of liability, and marital dissolution, and tax planning and preparation. Excellent communicators with extensive testimony experience. Prior Big Four accountants. Specialties include accounting, breach of contract, breach of fiduciary duty, business interruption, business dissolution, construc-
tion defects, delays, and cost overruns, fraud, in-
surance bad faith, intellectual property (including
trademark, patent, and copyright infringement,
and trade secrets), malpractice, marital dissolu-
tion, personal injury, product liability, real estate,
securities, tax planning and preparation. IRS audit
defense, tracing, unfair advertising, unfair compe-
tition, valuation of businesses, and wrongful termin-
ation. See display ad on page 41.

INTELLECTUAL PROPERTY/PATENT DAMAGES
ECON ONE RESEARCH, INC.
550 South Hope Street, Suite 800, Los Angeles,
CA 90071, (213) 624-9600, e-mail: lsisky@econone.com. Website: www.econone.com.
Contact Lisa Skylar.
Econ One provides eco-
nomic research, consulting, and expert testimony in many areas, including: antitrust, intellectual
property and patent infringement, contract dis-
putes, damages analysis/calculations, employ-
ment issues, and unfair competition. We offer in-
house expertise in applied economic theory,
econometrics, statistics, and years of experience
successfully dealing with the specific demands of the
litigation process. Econ One experts have tes-
tified in state and federal courts; administrative,
legislative, and regulatory agencies, and in arbitra-
tions and mediations. We understand the need for
clear, accurate, persuasive answers to complex
problems. See display ad on page 47.

INVESTIGATIONS
APPLIED FACTS
901 Corporate Center Drive, Suite 104, Monterey
Park, CA 91754, (213) 892-8700, fax (213) 683-
1938, e-mail: HKupperman@appliedfacts.com.
Website: www.appliedfacts.com. Contact Henry
Kupperman.
International investigative firm pro-
viding services throughout the world. Areas of ex-
pertise include internal corporate investigations,
intellectual property matters, investigative due dili-
genence (including Patriot Act). FCFA matters; litiga-
tion support and intelligence, forensic accounting,
compliance, surveillance, security consulting, and
computer forensics. Our professional staff in-
cludes top experts from the fields of law, law en-
forcement, intelligence services, accounting, in-
vestigative journalism, computer forensics, and re-
search analysis. Assignments are performed pur-
suant to a prearranged budget.

LEGAL INVESTIGATION/LITIGATION SUPPORT
KEYSTONE INVESTIGATIVE SERVICES, INC.
530 South Lake Avenue, Suite 706, Pasadena, CA
91101, (626) 676-5170, e-mail: info@keystoneis.
com. Website: www.keystoneis.com. Contact
Kelly Cory, President/CEO. Specialties: profes-
sonal legal investigations for civil litigation, corpo-
rate/HR matters & insurance defense. Keystone in-
vestigators are experts in legal support—back-
ground & asset searches, locates, surveillance,
friday, workplace and corp. investigations, jury sur-
veys, cyber and complex investigations. Your
comprehensive research and field investigation re-
source. “More of What You’re Looking For.” Provid-
ing the competitive edge on all of your case mat-
ters. Contact our office for a consultation or com-
plimentary strategy session.

LIFE CARE PLANNERS
AMFS MEDICAL EXPERTS NATIONWIDE
6426 Christie Avenue, Suite 260, Emeryville, CA
94628, (800) 275-8903. Website: www.AMFS
.com. Welcome to AMFS where our in-house staff
of attorneys and physicians are on call to discuss
your most important medical legal matters, advise
you as to their merit, and locate/engage the best
and most suitable specialists to serve as expert
witnesses and advisors. Based in California, AMFS
has a 25-year history as the trusted medical expert
partner to thousands of law firms across the coun-
try and over 15,000 physicians, surgeons, nurses,
and related experts located in every U.S. jurisdic-
tion. Please call Dan Sandman, Esq., at (800) 275-
8903 to discuss your matter alongside one of our
medical directors for a candid assessment and
lightning-fast expert placement. AMFS: world class
medical specialists in over 5,000 areas of expert-
tise. See display ad on page 47.

LITIGATION INVESTIGATIONS
ECON ONE RESEARCH, INC.
550 South Hope Street, Suite 800, Los Angeles,
CA 90071, (213) 624-9600, e-mail: lsisky@econone.com. Website: www.econone.com.
Contact Lisa Skylar.
Econ One provides eco-
nomic research, consulting, and expert testimony in many areas, including: antitrust, intellectual
property and patent infringement, contract dis-
putes, damages analysis/calculations, employ-
ment issues, and unfair competition. We offer in-
house expertise in applied economic theory,
econometrics, statistics, and years of experience
successfully dealing with the specific demands of the
litigation process. Econ One experts have tes-
tified in state and federal courts; administrative,
legislative, and regulatory agencies, and in arbitra-
tions and mediations. We understand the need for
clear, accurate, persuasive answers to complex
problems. See display ad on page 47.

HIGGINS, MARCUS & LOVETT, INC.
800 South Figueroa Street, Suite 710, Los Angeles,
CA 90017, (213) 617-7721, (800) 275-8903. E-mail:
higgins@hmlinc.com. Website: www.hm-
linc.com. Contact Mark C. Higgins, ASA, Presi-
dent.
The firm has over 30 years of litigation sup-
port and expert testimony experience in matters
involving business valuation, economic damages,
intellectual property, loss of business goodwill,
and lost profits. Areas of practice include business
disputes, eminent domain, bankruptcy, and corpo-
rate and marital dissolution. See display ad on
page 43.

SAPIENT INVESTIGATIONS, INC.
1810 14th Street, Suite 212, Santa Monica, CA
90404, (310) 399-8200, fax (310) 399-8237.
Website: www.sapienti.com. Contact David Cogan,
CJE, Managing Director.
Sapient Investigations, Inc., the Westside’s premier intelligence firm,
works with attorneys and corporate counsel on a
wide variety of business dispute and complex litiga-
tion matters. With more than a decade of experi-
ence, Sapient Investigations, Inc.’s team special-
izes in developing hard evidence and witness testi-
mony in trade secret cases, entertainment
industry disputes and high-level insurance
matters where others have failed. For a consulta-
tion, please contact David Cogan, CJE, at (310)
399-8200 or visit www.sapienti.com.

LOSS PROFITS AND EARNINGS
WHITE, ZUCKERMAN, WARSAVSKY, LUNA & HUNT
15490 Ventura Boulevard, Suite 300, Sherman
Oaks, CA 91403, (818) 981-4226, fax (818) 981-
4278, 4 Park Plaza, 2nd Floor, Irvine, CA 92614,
(949) 219-9816, fax (949) 219-9095, e-mail: expert
witness@wwzh.com. Website: www.wwzh.com.
Contact Barbara Luna. Expert witness testimony for com-
plex litigation involving damage analyses of lost
profits, unjust enrichment, reasonable royalties, lost earnings, lost value of business, forensic accounting, fraud investigation, investigative analysis of liability, and marital dissolution, and tax planning and preparation. Excellent communicators with extensive testimony experience. Prior Big Four accountants. Specialties include accounting, breach of contract, breach of fiduciary duty, business interruption, business dissolution, construction defects, delays, and cost overruns, fraud, insurance bad faith, intellectual property (including trademark, patent, and copyright infringement, and trade secrets), malpractice, marital dissolution, personal injury, product liability, real estate, securities, tax planning and preparation, IRS audit defense, advertising, unfair competition, valuation of businesses, and wrongful termination. See display ad on page 41.

MEDICAL EXPERT WITNESSES (ALL SPECIALTIES)

AMFS MEDICAL EXPERTS NATIONWIDE
6425 Christie Avenue, Suite 260, Emeryville, CA 94608, (800) 275-8903. Website: www.AMFS.com. Welcome to AMFS where our in-house staff of attorneys and physicians are on call to discuss your most important medical legal matters, advise you as to their merit, and locate/engage the best and most suitable specialists to serve as expert witnesses and advisors. Based in California, AMFS has a 25-year history as the trusted medical expert partner to thousands of law firms across the country and over 15,000 physicians, surgeons, nurses, and related experts located in every U.S. jurisdiction. Please call Dan Sandman, Esq., at (800) 275-8903 to discuss your matter alongside one of our medical directors for a candid assessment and lightning-fast expert placement. AMFS: world class medical specialists in over 5,000 areas of expertise. See display ad on page 47.

MEDICAL LEGAL

ROUGHAN & ASSOCIATES AT LINC, INC.
114 West Colorado Boulevard, Monrovia, CA 91016, (626) 303-6333, fax (626) 303-8080, e-mail: janr@linc.biz. Contact Jan Roughan at ext. 216. Specialties: Roughan and Associates at LINC is a case management and medical/legal consulting firm. Services/products offered include: 1) Expert Testimony, 2) Life Care Plan (LCP) Construction/LCP Critique, 3) Medical Record Organization/Summarization/Analysis, 4) Medical Bill Auditing, 5) Expert Witness Identification, 6) IME Attendance, 7) Video Services (e.g., Day In Life, Settlement Brief, IME Evaluation, NDT/PT Evaluation, etc.), 8) Questions for: Deposition/Cross Examination, 9) Medical/Psychiatric Case Management. See display ad on page 49.

MERGERS/ACQUISITIONS

BENCHMARK INVESTIGATIONS
32158 Camino Capistrano, # A-415, San Juan Capistrano, CA 92675, (949) 423-7721, fax (949) 423-7722. E-mail: info@benchmarkinvestigations.com. Contact Jim Zimmer, CPI. National agency. Professional investigations with emphasis on accuracy, detail, and expedience. Asset/financial searches; background investigations; DMV searches; domestic/marital cases; due diligence investigations; mergers/acquisitions specialist; personal injury defense cases; process service; surveillance/photograph; witness location/interviews; workplace investiga-

The Best Legal Minds in the Country Talk to Us

- Southern California’s Leading Forensic/Failure Analysis Laboratory with in-house State of the Art Instrumentation
- Licensed Metallurgical Engineers/Materials Scientists/Mechanical Engineers with Advanced Degrees
- Expert Witness Services/Registered Engineers with Deposition and Trial Experience
- Metallurgical/Materials/ Mechanical Failure Analysis
- Product Liability/Personal Injury Cases
- Welding/Piping/Corrosion Failures
- Plastics, Composites, Fiberglass Failures
- Scanning Electron Microscope Examination
- Automobile/Aerospace Accident Investigations
- Failures of Metal/Plastic/Wood Chairs
- Failures of Ladders
- Paint Analysis
- Fire Sprinkler & CPVC Pipe Failures
- Failures of Glass and Ceramics
- Complete In-House Laboratory Testing & Analysis Facilities
- Identification of Foreign Particles in Food
- Mechanical Testing of Metals/Polymers/Composites
- Stress Analysis/Finite Element Modeling
- X-Ray Testing of Components

We are the industry leaders

Contact: Dr. Naresh Kar | Dr. Ramesh Kar | Dr. Nikhii Kar

KARS ADVANCED MATERIALS, INC.
Testing and Research Labs, 2528 West Woodland Drive, Anaheim, CA 92801-2636. Tel: 714.527.7100. Fax: 714.527.7189. E-mail: info@karslab.com. www.karslab.com
vestigators are experts in legal support—background & asset searches, locates, surveillance, fraud, workplace and corp. investigations, jury surveys, cyber and complex investigations. Your comprehensive research and field investigation resource. “More of What You’re Looking For.” Providing the competitive edge on all of your case matters. Contact our office for a consultation or complimentary strategy session.

MEA FORENSIC ENGINEERS & SCIENTISTS
23281 Vista Grande Drive, Laguna Hills, CA 92653, (949) 655-4632, e-mail: bradley.rutledge@meaforensics.com. Website: www.meaforensics.com. Contact Bradley Rutledge, MS, PE, Biomechanical Engineer. Bradley Rutledge conducts accident reconstruction and biomechanical analyses to assess injury causation in cases involving automobile collisions, slip/trip and fall, and sports injuries. Performs assessments of loads applied to the body, injury mechanics, and the relationship between the applied loads and accounting. Performs analyses on occupant kinematics, seat belt use and effectiveness, and slip/trip and fall potential and kinematics. Conducts research on biomechanics of injury, staged crash tests, occupant kinematics, and slip and falls.

WHITE, ZUCKERMAN, WARSAVSKY, LUNA & HUNT
15490 Ventura Boulevard, Suite 300, Sherman Oaks, CA 91403, (818) 981-4226, fax (818) 981-4278, 4 Park Plaza, 2nd Floor, Irvine, CA 92614, (949) 219-9816, fax (949) 219-9095, e-mail: expert@wwwh.com. Contact Barbara Luna. Expert witness testimony for complex litigation involving damage analyses of lost profits, unjust enrichment, reasonable royalties, lost earnings, lost value of business, forensic accounting, fraud investigation, investigative analysis of liability, and marital dissolution, and tax planning and preparation. Excellent communicator with extensive testimony experience. Prior Big Fours accounted for includes insurance defense, breach of contract, breach of fiduciary duty, business interruption, business dissolution, construction defects, delays, and cost overruns, fraud, insurance bad faith, intellectual property (including trademark, patent, and copyright infringement, and trade secrets), malpractice, marital dissolution, personal injury, product liability, real estate, securities, tax planning and preparation. IRS audit defense, tracing, unfair advertising, unfair competition, valuation of businesses, and wrongful termination. See display ad on page 51.

ZIVETZ, SCHWARTZ & SALTSMAN, CPAS

PLASTIC AND COSMETIC RECONSTRUCTIVE SURGERY
STANLEY P. FRILLECK, M.D., F.A.C.S.

JEFFREY L. ROSENBERG, MD

POLYGRAPH
JACK TRIMARCO & ASSOCIATES
4945 Wilshire Boulevard, 6th Floor, Beverly Hills, CA 90212, (310) 247-2637, e-mail: jack@jtrimarco.com. Contact Jack Trimarco. Former manager of the Federal Bureau of Investigation’s polygraph program in Los Angeles. Former Inspector General Polygraph Program—Department of Energy. Nationally known and respected polygraph expert. I have the credentials you would want when you have a client polygraphed, a case viewed, or a motion made regarding polygraph. My unique background allows me to bring the highest levels of service and expertise to any polygraph situation. Current member of the Ethics Committee, California Association of Polygraph Examiners (CAPE). Hundreds of appearances on national TV, including Dr. Phil, Oprah, Greta, Nancy Grace, O’Reilly Factor, and Hannity and Colmes. Degree/license: BS Psychology, Certified APA, AAPP, CAPE, AAFE. See display ad on page 45.

PRIVATE INVESTIGATIONS
BENCHMARK INVESTIGATIONS
32158 Camino Capistrano, # A-415, San Juan Capistrano, CA 92675, (800) 248-7721, fax (949) 249-0208, e-mail: zimmerpi@pacbell.net. Website: www.BenchmarkInvestigations.com. Contact Jim Zimmer, CPI. National agency. Professional investigations with emphasis on accuracy, detail, and expedience. Asset /financial searches; background investigations; DMV searches; domestic/marital cases; due diligence investigations; mergers/acquisitions specialist; personal injury defense cases; process service; surveillance/photograph; witness location/interviews; workplace investigations—theft, harassment, discrimination, drugs; worker’s comp cases—AOE/COE and sub rosa. Bilingual agents. Fully insured. Correspondents nationwide. CA Private Investigator license #PI 12651.

REAL PROPERTY
FORYR LAW GROUP; FORRY REALTY GROUP INC.
15501 San Fernando Mission Boulevard, Suite 309, Mission Hills, CA 91345, (818) 361-1321, fax (818) 365-6522, e-mail: craig@forrylaw.com; forryrealestate@aol.com. Website: www.forrylaw.com. Contact Craig B. Forry, JD, GRI, Realtor. Expert witness/consultant, broker/agent standard of care, escrow, real estate damages, foreclosure, real estate disclosure, HOA, landlord-tenant, leases, mortgages, transactions, residential and commercial, business agent/broker standard of care, and legal malpractice. Available for consultations, depositions, and courtroom testimony. Degree/license: BA, JD; California attorney for 31 years. California broker for 11 years, Realtor; Graduate Realtor Institute. Memberships: National and California Association of Realtors; Southland Regional Association of Realtors; California State Bar; LACBA.

TITLE CONSULTING
PETRU CORPORATION
250 Hallock Drive, Suite 100, Santa Paula, CA 93060, (805) 933-1389, fax (805) 933-1380, e-mail: tim@PetruCorporation.com. Website: www.PetruCorporation.com. Contact Tim Truwe. Title searching, title engineering, title claims and research, rights of way, water rights, oil, gas, mineral, geothermal, mining rights consulting, regulatory compliance, subdivision map act consulting, and expert witness. Seen on Enterprises TV, Fox Business Network.
The next time you visit LACBA, be sure to stop by the new Member Lounge, located adjacent to the visitor reception area on the 27th floor. LACBA’s Member Lounge is open Monday through Friday during regular business hours from 8:45 a.m. until 5:00 p.m.
Reflections on Current Choices for Legal Career Paths

PRACTICING LAW IS NOT WITHOUT ITS CHALLENGES. Whether you practice at a big firm or small firm, as a solo practitioner or in-house counsel, you may feel that the grass is greener on the other side. I have been on all sides of that beautiful green pasture since I began my career in 1996 as a real estate lawyer at a medium-sized regional law firm in Chicago. In 1998, I moved to Los Angeles and took a position in the Corporate Finance Department of Morrison & Foerster LLP. Five years later, I decided to start my own firm. I was a solo practitioner for about six months until a real estate lawyer friend from law school joined me as a partner and we simultaneously added an associate from Gibson, Dunn & Crutcher LLP. My biggest client at the time, an Idealab company, had engaged me as their outsourced General Counsel, and I was going to their offices in Pasadena three to four days a week.

Our firm did not have a centralized office—each lawyer found his or her own office space—and used independent contractors rather than salaried employees. The savings created by this vast reduction in overhead compared with traditional law firms were passed along to the clients in the form of lower hourly rates. At the same time, our firm’s partners consistently pocketed about 90 percent of their books of business.

By 2010, the firm had grown to nine attorneys. However, that growth came to a halt over the next two years. Not seeing a path to further expansion, my real estate partner decided to move his practice to a bigger firm, and we were forced to shed several of our associates in the process. Finally, my remaining corporate finance partner left the firm on December 31, 2015, leaving me and the same associate and who I want as partners. I haven’t had to manage a lot of overhead and staff, which has minimized my time spent on tedious firm administration. I have had partners who helped me develop myself as a lawyer, marketer, and business strategist.

As I reflect on the past 13 years, I realize how empowered and satisfied I have been. I have had the good fortune to choose my clients, what I wear, when I go into the office, when I come home, and how much billable work I want, what type of work I want to do, and who I want as partners. I haven’t had to manage a lot of overhead and staff, which has minimized my time spent on tedious firm administration. I have had partners who helped me develop myself as a lawyer, marketer, and business strategist.

Although the recent shrinkage of my firm indicates that small-firm practice is not without its risks, if you are confident in the ability to develop a book of business that supports your lifestyle, the opportunities for a small-firm lawyer abound. I could have chosen to build my firm back up by recruiting new partners with a similar vision to mine, or I could have joined one of the many successful, boutique transactional firms looking for synergies with new partners. Several of the firms with which I met earlier in 2016 offered me a position as a partner. In the end, I decided to join a boutique corporate law firm called Baer & Troff, LLP, because it is aligned with my values and offers me the best opportunity to take my practice to the next level. As I reflect on where I have been and where I want to go, I am genuinely excited to explore with other attorneys and clients how to build a better mousetrap that maximizes value for clients and fulfills me and my partners.

I had come full circle and had to determine what was next for this corporate lawyer in his mid-40s.

Mark Sonnenklar is a business transactions and outsourced general counsel attorney with Baer & Troff, LLP in West Los Angeles.
Helping law firms get paid.

IOLTA guidelines and the ABA Rules of Professional Conduct require attorneys to accept credit cards correctly. We guarantee complete separation of earned and unearned fees, giving you the confidence and peace of mind that your transactions are handled the right way.

www.LawPay.com/lacba | 866.376.0950

LawPay
CREDIT CARD PROCESSING
Clients don’t care about... almost... winning

The financial advisor you use can affect the ultimate result.

We deliver better results through:
▲ Investigative capabilities that discover hidden evidence
▲ Experience-directed research and analysis that delivers right answers the first time
▲ Depth of professional resources to deliver on near-term deadlines
▲ Technology that provides responsive, cost-effective answers
▲ Persuasive visual presentations which follow our proven methodology

Because of this, we have an unequalled track record in successful court testimonies and substantial client recoveries.

Call us when you need analysis or expert testimony regarding:
▲ Commercial damages
▲ Bankruptcy & restructuring analysis
▲ Business & asset valuations
▲ Injury & employment damages
▲ Economic & market studies
▲ Fraud & other investigations
▲ Forensic accounting & audits
▲ Statistics & econometric modeling

Fulcrum Inquiry

To avoid mistakes, follow the online advice at www.fulcrum.com, or call us at 213-787-4100 to get a free consultation.