

MINNESOTA LAWYER

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ATTORNEYS OF THE YEAR



DAVID J.F. GROSS:

HELPED KEEP A SECRET WORTH BILLIONS



By Mark A. Cohen

Lawyers who successfully defend trade secrets are rarely recognized. After all, it's hard to trumpet a victory when your major accomplishment is to keep something quiet. But sometimes the win is so big that word is bound to get

out. Such is the case with *Wyeth v. Natural Biologics Inc.*, decided in September 2003.

At stake for Wyeth was \$2 billion a year in profits from a hormone replacement therapy drug called Premarin and a process that had been a closely guarded secret for 60 years. Despite many efforts,

Born: June 10, 1963, St. Paul

Education: Harvard Law School, J.D., magna cum laude, 1989; University of Minnesota, B.A., summa cum laude, Phi Beta Kappa, 1985.

Professional Experience: Partner, Faegre & Benson LLP, 1995-present; Skadden Arps Slate Meagher & Flom, 1993-95; Covington & Burling, 1991-93; Trial Attorney, U.S. Department of Justice, 1990-91; Law Clerk, the Honorable Levin H. Campbell, 1st U.S. Circuit Court of Appeals, 1989-90.

Professional Activities: Adjunct Professor of Law, University of Minnesota; American Intellectual Property Law Association (AIPLA); Minnesota Intellectual Property Law Association (MIPLA); Intellectual Property Owners Association (IPO); Practicing Law Institute (PLI); Federal Circuit Bar Association; Minnesota Continuing Legal Education; Co-author, The Power Trial Method (NITA).

Bar Admissions: Minnesota, 8th U.S. Circuit Court of Appeals, Federal U.S. Circuit Court of Appeals.

Community Service: Past President, University of Minnesota College of Liberal Arts Alumni Society; Member, Minnesota Dance Theatre Board of Directors; Youth Coach, Basketball and Soccer.

Personal: Wife, Teresa Marie; three children

PHOTO: BILL KLOTZ

competitors had been unable to replicate the process Wyeth uses to extract the estrogens needed to produce the drug.

In 1997, Natural Biologics, a small start-up company in Albert Lea, Minn., began producing the key ingredients used for Premarin. Wyeth, suspecting that its secret process had been misappropriated, retained the Minneapolis firm of Faegre & Benson LLP.

Minneapolis attorney David J.F. Gross, together with co-counsel Calvin Litsey, took the lead in the subsequent trade secrets action, asking the court for an injunction barring Natural Biologics from producing its product.

In September 2003, U.S. District Court Judge Joan Erickson granted the injunction, writing a scathing opinion that took Natural Biologics to task for its "brazen and unconscionable conduct" during the litigation and discovery process. It was a tough blow for Natural Biologics, which now found itself enjoined from making its only product.

"The remedy is a dramatic remedy," Gross acknowledges. "But as the judge said in her opinion, this was a company that was founded on misappropriation. If you accept what the court has found, it is a compelling case for a permanent injunction."

FATAL PHONE CALL

David Saveraid and his brother founded Natural Biologics in 1993. David Saveraid served as the president.

In 1994, while the company was still a start-up with few assets, it began looking into producing the ingredients needed to manufacture a generic form of Premarin. In 1998, soon after Natural Biologics began producing those ingredients, Wyeth sued.

Faegre and Benson had a team of lawyers and paralegals pouring over the discovery records, looking for any connections between Wyeth and Natural Biologics whereby Natural Biologics might have become privy to Wyeth's secret process. A break came when a paralegal discovered a phone record connecting David Saveraid to a former Wyeth scientist. When this call was brought to the judge's attention, she ordered Natural Biologics to produce all of its phone records that had previously been redacted. This led to the discovery of 17 hours worth of calls between Saveraid and the former Wyeth scientist. A connection had been established.

In arguing the case before Ericksen,

Gross pointed what he describes as a series of "unlikely coincidences" connecting the Natural Biologics process to Wyeth's process. "It consisted of damaging internal documents, damaging phone records, an apparent cover-up, the absence of a technical development record, and the fact that [Saveraid] just happened to have several hours of conversation with an ex-Wyeth scientist at a critical time," he explains. "When you have a series of damaging documents, missing documents, and unlikely coincidences, combined with the fact that nobody has duplicated this process in 60 years, we thought we had a compelling case of trade-secret misappropriation."

Ultimately, Gross believes the case came down to a credibility determination by the judge. "And her opinion is pretty clear what road she went down," he says.

KEEPING SECRETS SECRET

As is the case in most any trade secret case, the public nature of the trial proceeding posed a challenge for Wyeth.

"One of the things that made this case different from other cases is that we were suing over a trade secret that was so sensitive that we had to make sure in suing over it, it did not get disclosed," Gross observes. "We did not want to win the battle, only to lose the war."

Gross says that Erickson was extremely sensitive to the trade secret issue. She issued a strict protective order that required that super-sensitive documents be viewed in a special room with a guard.

"It was one of the strictest protective orders ever used in a trade secret case," Gross observes, adding that the trial was also closed to the public.

Gross says another major challenge in trying the case was figuring out how to best present the science. "The dilemma is that if you define the process at a high level, say in a couple sentences, a fact finder could say, 'If it is that easy to describe, anybody could do it,' which would be completely wrong. At the same time, if you go into too much detail, the fact finder could have difficulty understanding what the process is, and what is important about it. We spent an enormous amount of time on this issue. It took years to come up with the best way to present the science with graphics and demonstratives and animations and those kinds of things."

SENSING A PATENT HERE

Gross describes himself as something of a rarity — a lawyer who loves to try cases and loves patent law. His practice is composed mostly of patent litigation, with some trade secret work as well. He says his lack of a technical background has been a plus because it makes him think how a layperson would view the science in complex patent cases. He notes that his firm has about 60 lawyers in its IP department, roughly half of whom are on the technical side, with the other half of the practice composed of trial lawyers who litigate the cases.

Gross acknowledges that IP as a field of litigation practice has grown exponentially in the last decade. He attributes the growth to companies recognizing the value of their IP as an asset and the importance of protecting it. Deciding whether to litigate an IP claim involves a company answering a simple question: Will it get a higher return on its IP with or without the litigation? Gross says many companies are coming to the realization that the highest return often involves the litigation option.

Like other areas of the law, most patent cases settle well before trial. "But if you have taken the time and spent the money to prepare a true trial strategy and you have really thought through how the trial is going to go — even if the trial is not for two years, we are finding that the settlement value goes up dramatically," Gross notes. "If the other side believes that you are ready to go to trial, and if you believe, you can typically get a better settlement than if you hadn't thought about trial and you are two months away, worrying about what is going to happen if you go forward."

MENTORING OTHERS

When he is not preparing a complex patent case for trial, Gross likes teaching law students or speaking on the continuing legal education circuit. He loves sharing his experience with others and providing guidance to other lawyers who may be in need of a mentor.

"It also improves my speaking skills and forces me to stay current on the law," he says, adding that that is also why he co-authored a book, "The Power Trial Method."

He also enjoys spending time with his family. He has known his wife Teresa Marie since grade school. (They were high school sweethearts.) They have three children. 

