

I've Been Accused Of Patent Infringement. Now What?

There are many wrong ways to handle this setback. Here's the right way.

By Jeff Woller

Your company successfully launched a new product that is receiving media attention and accolades everywhere. Leaving your office for a celebratory lunch, you notice a letter in the in-box with an unfamiliar return address. It looks like a law firm. You open the letter and can't believe the news: your product is being accused of patent infringement. How do you handle this?

Respond to the allegation. You will likely be notified of patent infringement in one of three ways: (1) a cease-and-desist letter asking you to stop your allegedly infringing activity; (2) an offer to license the patent; or (3) a summons notifying you that you have been sued for infringement. Under federal case law, someone with actual notice of another's patent has an "affirmative duty to exercise due care" to determine whether or not the patent is infringed.

A cease-and-desist letter or a license offer often provides a response deadline. If the deadline is several weeks away, you have plenty of time to evaluate the patent. If the deadline is within a week, which is more likely, send a response acknowledging receipt of the letter, informing the patent owner that you are investigating the matter and providing a date when you will respond. Give yourself about two weeks to properly evaluate the patent, which also avoids the appearance that you are merely stalling. The patent owner will likely wait for your response.

To evaluate the patent, you need a copy of the patent and its file history. A patent's file history is the paperwork generated by the U.S. Patent & Trademark Office and a patent applicant during a patent application's examination. You also need copies of the "prior art" the patent examiner considered. This consists of patents and other documents technologically related to an invention, and are typically listed on the front page of a U.S. Patent under the section "References Cited." Copies of patents, file histories and references cited may be obtained from companies such as MicroPatent® (www.micropat.com) or websites such as <http://www.pat2pdf.org>.

Next, inquire within your company whether anyone was previously aware of the patent. If so, determine whether any documents regarding the patent were created. Review any related documents to determine whether a patent attorney's opinion exists providing reasons why the patent is invalid or reasons why you do not infringe the patent. Determine how recent this opinion is and whether the products or processes it discusses are the identical products or processes accused of infringing. If the opinion is current, and the product or process is the same, then use it as the basis for your response.

If no one was previously aware of the patent, or if you do not have a legal opinion for it, now is the time to have a new one drafted. While federal case law does not require an opinion, obtaining one is a good idea because the intricacies of patent claim construction do not readily permit understanding a patent's scope. There is a vast body of case law that patent professionals are familiar with which details how to interpret patent claims in order to determine their scope. Without understanding a patent's scope, it is nearly impossible to determine whether you infringe.

A patent attorney will review the documents you collected and your accused product or process. This review evaluates the patent and applies patent law to interpret the likely scope of the patent claims, whether the patent is valid and whether you infringe the claims as interpreted. A patent attorney performs the same analysis a court uses to assess infringement when rendering an opinion. It is therefore necessary to have an attorney familiar with patent law formulate the opinion. Otherwise, it will be difficult for you to assert that you formed a good-faith belief that the patent was invalid or not infringed as the opinion may be viewed as not competently rendered.

Once you have reviewed the patent opinion, respond to the cease-and-desist letter or license offer on or prior to your stated response date. Your response should account for: (1) whether your company deliberately copied the ideas or design; (2) the results of your investigation concerning the scope of the patent and whether you, in good-faith, believe that the patent is invalid or that you do not infringe it; (3) any remedial action your company has taken since becoming aware of the patent; and (4) whether your company attempted to conceal deliberate copying of the design or idea. If you uncovered evidence of (1) or (4) you should seriously consider licensing, or figure out how soon you can stop making your current product.

For a patent infringement lawsuit, do not respond directly to the patent owner. Patent infringement is governed by federal law, therefore the lawsuit will be filed in a federal district court. Your response is generally due within thirty days, and must be made to the federal district court in

which you were sued.

One option is to deny that you infringe the patent, but you need a factual basis for such a denial. Prior to filing your answer to the infringement allegations, determine whether you have an opinion for the particular patent or have one rendered. You should also undertake a company review as described earlier and quickly forward the review results to your attorney responsible for responding to the lawsuit.

When you obtain an opinion, keep in mind that you may need to, or want to, show the opinion to a jury, judge or other company. When you show the opinion to an outside party, you destroy the attorney-client privilege and communications related to the opinion are potentially available through a court process called discovery. For this reason, companies often have patent attorneys from a separate law firm who do not conduct patent litigation for the company render opinions. This way, you reduce the possibility of opposing counsel demonstrating or alleging that trial strategy or other trial related items are connected to the opinion, and are therefore discoverable.

Jeff Woller founded Draftinghouse P.C., a firm providing patent drafting and related services. He was formerly an examiner at the U.S. Patent & Trademark Office and an associate with McDermott Will & Emery LLP. Jeff can be reached at 503.313.4193 or jwoller@draftinghousepc.com.