

Patent Infringement: How to Avoid a Nightmare

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During my thirty years of specializing in patent law, I have seen many product launches unfold like a thunderstorm rolling over an outdoor party. It starts with excitement, then turns to hope as the skies darken and then despair as the party ends and everyone runs for cover.

A recent case illustrates my point. A small business in the Midwest developed what they thought was a unique roll up window shade. They invested in tooling to make the shade and marketing to sell the shade. They had immediate success. Then the skies darkened, they received a cease-and-desist letter from a very upset patent owner, who was also a competitor. The patent owner demanded that they stop selling the product and pay damages for their sales. The business owner ignored the letter and the skies got darker. The patent owner filed a lawsuit to stop sales and collect damages. The competitor was determined to bankrupt the small

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business by making them spend money they didn't have defending themselves in court. A good way to eliminate a competitor as far as the competitor was concerned.

The sun did come out. With our help, they were able to prove to the patent owner that their patent was invalid and they dropped their lawsuit. We established that the competitor should not have gotten a patent because the invention was previously shown in other patents. We found these patents by searching patent offices throughout the world from the comfort of our office. The key patents to winning our argument were German patents, but they were good to prove that the United States patent was not valid. A huge success considering the money that would have been spent, the frustration, aggravation and sleepless nights; and the considerable time away from what our client should be doing — growing its business.

This scenario plays out regularly, and with different solutions along the way. Once you get a letter accusing you of patent infringement you have a few options: (1) You can prove that you are not doing anything wrong — either by showing that the patent is invalid like in the case above or showing that you are not infringing; (2) You can stop making and selling the product and pay the patent owner damages; (3) You can attempt to get a license from the patent owner; or (4) You can defend the patent infringement charges.

I have represented clients in each of the above scenarios. The least desired option is a trial. For example, I represented a client through trial and appeal because we couldn't settle the suit. The client was committed to the product and unwilling to stop. Although we eventually won the lawsuit, the client spent several hundred thousand dollars to win. Money they would not have had to spend if they had consulted us earlier, preferably before the infringing use began. If they had, we could have discussed several potential re-designs that would have clearly avoided infringement.

How can you avoid this nightmare? It is not as difficult as you may think. Below are some tips to help you to avoid patent infringement:

1. You need to know what patents may cover your product as soon as possible. Preferably at the time you have the idea and definitely before you decide to invest in developing the idea. A good patent lawyer can investigate patents and applications in the United States and most foreign countries to determine if you have any potential patent issues before you invest time and money into the product.

2. Have a patent attorney do a quick search of your competitors or companies known to sell similar products. All relevant patents and applications that are publicly available can be located and are generally available 18 months after they are filed. Most patent attorneys have access to sophisticated searching software that makes these searches quick and inexpensive. If nothing is found, a broader search using various search techniques can be performed. With the search capabilities available to patent attorneys, it is highly likely that any potential patent

will be located. If nothing is found, you are free to proceed.

3. Evaluate the patents located. A patent infringement charge can typically be challenged in two ways. One is to challenge the scope of the claims and argue that you are not infringing the claims as written. The other is to challenge the validity of the patent, to argue that the patent should not have been issued.

In the United States, challenging the patent charge based upon non-infringement is legally easier than challenging a patent on invalidity. To determine whether there is infringement, the scope of the claims is determined and then the claims are compared to the accused product. In the initial stage of product development, this provides an opportunity to design around the patent claims. With the assistance of patent counsel, the claims can be interpreted and changes to the product can be made to avoid the patent. If the product is determined to be outside the scope of the patent, this provides a very strong position to any charges of patent infringement. In many cases, the concern of patent infringement can be completely avoided.

4. If patent infringement cannot be avoided, the next step is to determine if the patent is invalid. This step requires a thorough investigation of the prior art. Prior art includes sales of products, written descriptions of similar products and public uses of similar products before the patent was filed and preferably more than a year before the patent was filed. United States patent law requires that a patent be filed more than a year before the patent was publicly disclosed, described in a printed publication or offered for sale. If there are public disclosures, printed descriptions or offers for sale more than a year before the patent was filed, the patent is invalid.

5. If neither non-infringement nor invalidity can be established, there is a possibility of a license. A patent owner may be amenable to granting a license for their patent. This is what ultimately resulted in the trial and appeal case for our client. After the appeal, the patent owner came to my client with a very low, almost negligible license proposal which we accepted, instead of returning to court on minor issues of validity. If a license is not available, at least you are aware before the investment of time, money and reputation that there is a strong potential for patent litigation relating to the product and informed decisions can be made. However, in many cases, the decision is not to proceed. The costs and risks associated with patent litigation may far outweigh the value of putting the product on the market.

As my mother always said, "look before you leap". It is always better to have a good solid understanding of the potential risks you're facing before you proceed. The cost is very low to fully understand the potential for patent infringement and know what you are facing. The key to avoiding problems is to know that a potential problem exists. You really cannot hide from patent problems and it is always better to face them head on and early on.

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