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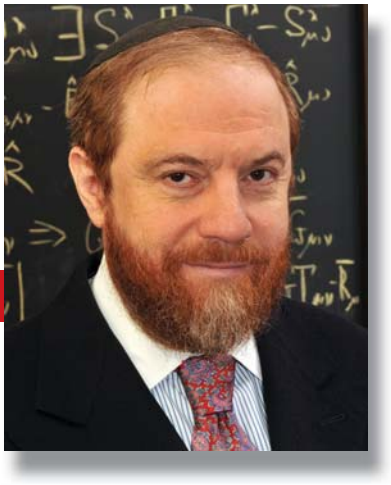
# Patent Enforcement

*What to do and what not to do*



> BY ALEXANDER POLTORAK

You worked very hard developing a new product that was supposed to give your company a competitive edge. You've done everything right: You hired a competent patent attorney, filed a patent application on your new product and, at long last, the patent was issued. You bring your patented product to market and, you think, you now have a monopoly on this product and your patent will keep the competitors at bay.

One day, you visit a local retail store and you see an eerily familiar product on the shelves. Or, perhaps, you see a strangely similar product advertised in the pages of a trade magazine. You have a sinking feeling that a competitor is infringing your patent. After you get over the initial shock, what do you do? Yes, you have a patent monopoly. But this monopoly does not come with its own police. Your first instinct may be to contact the infringer. You may be inclined to send them a Certified Letter demanding that they cease and desist from manufacturing or offering for sale the infringing product. Ironically, this may, in fact, be one of the worst things you could do!

The DOs and DON'Ts of patent enforcement don't always run with the current of common sense. Frequently, the best practices of patent enforcement may initially seem counterintuitive. If you wish to produce innovative technology on which you can grow your business, you need to know how to protect that technology, and how to enforce it once you've secured a patent.

In short, every business owner and manager needs to know the DO's and DON'Ts of patent enforcement. Since discretion is the better part of valor, let's begin with the DON'Ts:

## Don't Assume You Have to Practice Your Patent in Order to Enforce It

If you own a patent, but you do not use the patented invention in a product or service, you are still entitled to enforce your patent. You are known in the world of patents and patent enforcement as a "non-practicing entity" or "NPE" -- or more rudely put, a "patent troll." But did your patent come with a marketing degree or knowledge of manufacturing methods that would enable you to practice the patent? Despite what others may say or the names they may call you, once you own a patent, you absolutely, positively have the right to enforce it against infringement, whether or not you are using that patent to produce a product or service!

## Don't Contact a Company You Believe May Be Infringing Your Patent

As much as you are tempted to put the infringer on notice, this is not a good idea for a couple of reasons. First, it may actually give the infringer an excuse to sue you, and do it in its own backyard -- bringing what's known as a declaratory judgment ("DJ") action, asking the court to declare your patent invalid, unenforceable and not infringed. This preemptive strike will make the infringer the plaintiff rather than the defendant in the ensuing lawsuit, giving the infringer certain tactical advantages, such as choosing the time and venue for the lawsuit that is most favor-

able to the infringer. It will put you on the defense, scrambling to quickly find a law firm to defend you. You may even need to find a second law firm to act as local counsel if the declaratory judgment action is filed in another state. If the case comes before a jury, statistics show that juries may be somewhat biased in the plaintiff's (in this case, the infringer's) favor, automatically assuming that the party bringing the lawsuit is in the right.

Second, if you put the infringer on notice explicitly or implicitly threatening a lawsuit, but then you fail to act on your threat, you may run into estoppels problem preventing you from enforcing your patent rights against this infringer. "Estoppels" is an equitable doctrine that prevents you, the patent owner, from holding an infringer in a limbo. If you threaten to sue, you must sue. If you don't, the infringer might rely on your inaction as giving up your rights. In this case, if you decide years later to finally bring a lawsuit, it may be too late. These are all complicated questions which have to analyzed and weighed by an experienced intellectual property (IP) attorney. So do not contact the alleged infringer until you have consulted with competent legal counsel! And this does not mean your brother-in-law or a neighbor, or the real estate lawyer who did the closing on your house. Patent litigation is a very complicated and specialized area of law. Seek a competent attorney with significant experience in patent litigation or contact a patent enforcement firm.

## Don't Sit on Your Patent Rights Idly

You might think that because you can't put the infringer on notice without running the risk of being sued, isn't it better to do nothing? This is not an option either. Another equitable doctrine called "laches" dictates that if you sit idly on your rights without enforcing them, you will eventually forfeit those rights. The test for laches is "if you knew or should have reasonably known of infringement, but failed to act..." Lack of money to hire a law firm to enforce your patent is not an adequate defense against laches. Prolonged inaction is not an option. So what do you do, if you indeed don't have the millions of dollars it can take to enforce your patent? You must either hire a law firm that will work on a contingency basis or partner with a patent enforcement company that will fund and manage the litigation.

## Don't Leave Yourself Unprotected

In other words, practice safe innovation. It is much smarter and cheaper to patent a new technology before you discover that a competitor has copied it or re-invented it. A patent attorney can help you in this regard. Once you succeed in patenting a technology, you have options: If you are practicing the invention, you can exclude others from using your patented technology, or you can license your patented technology to other businesses, and to just those businesses that you want to be able to use your patented technology.

Without a patent, your only option is to protect your innovation as a trade secret. In this case, however, if a competitor reverse engineers your invention -- that is, your competitor independently reinvents your invention -- you have no recourse. The re-inventor of your invention is free to use it. Trade secrets are only protected against theft of the technology. A patent, on the other hand, gives you a limited monopoly -- the right to exclude others from practicing your invention even if they happen to have reinvented it!

## Don't Try to Enforce Your Patent Yourself

Many inventors think that if they are smart enough to invent something, they are certainly smart enough to write a patent application. Although the law allows you to prosecute your own patent application in the Patent Office, this is a very bad idea -- roughly similar to performing brain surgery on yourself by looking at the mirror. I've seen too many patents prosecuted "pro se" (by the inventor) which turned out to be completely unenforceable. More than a few fortunes have been lost because an inventor tried to save money by drafting and prosecuting his own patent application. A patent is really nothing but a license to sue those who infringe the patent. It is not enough to get the patent issued by the Patent Office. A poorly drafted patent will not stand up in court, and you will have accomplished nothing!

Additionally, do not even think of representing yourself in court. Among all types of civil litigation, patent infringement litigation is among the most complex and the most expensive. Trying to find the least expensive attorney to enforce your patent -- let alone doing it yourself -- is the ultimate example of "penny smart and pound foolish!" If you can't afford to hire a competent law firm to enforce your patent, there

are patent enforcement companies that specialize in assisting patent owners whose patents have been infringed, and these companies work on a contingency basis, managing and financing the entire patent enforcement campaign.

## And Now for the DOs:

Do Mark Your Product with Your Patent Number(s)

The law says that you can only recover past damages from the time of "notice." A notice can be actual or constructive. You can put an infringer on notice by sending a cease-and-desist letter, but we already discussed the possible repercussions of such an action. Another way to put the infringement on notice is to file a lawsuit. However, there is a constructive notice you can give to the public which may still entitle you to collect past damages: Marking the patented product with the patent number(s). Doing so is safe and, unlike writing letters to infringers, will not result in declaratory judgments filed against you (barring any other actions on your part that might provoke that). It is not enough to put patent numbers in a manual or other paperwork accompanying the patented product. The product itself must be physically marked with the patent number(s) unless this is impossible or not practical. In this case, consult a patent attorney who can advise you how to mark your product.

## Do Remove the Patent Marking Once Your Patent Expires

There is a relatively recent trend of individuals (mostly patent attorneys) seeking out products marked with expired patent numbers, and then filing what are called "qui tam" lawsuits, supposedly on the government's behalf. A patent runs for 20 years from the date of filing. If a product is still on the market two decades down the road, and the patent(s) has expired, you need to remove the patent number(s) from the product or risk being sued for false marking.

## Do Apply for a Patent at the Right Time

Don't wait until you see competitors using your technology to try to patent it. While you cannot apply for a patent on just an idea, before you have conceptualized the complete invention, you also do not have to wait until the invention is finalized and ready for market. A patent attorney can advise as you work through the concept-to-new product process as to when you have an enabling disclosure and you can begin the patent application process. It is important, however, to remember that you have only one year from the date of first disclosure of the invention or the date of first sale of the patented product to file the patent application. If you sold a product on which you seek to obtain a patent more than a year before filing the patent application, you are barred from receiving a patent. It is called the "on sale bar."

## Do Think of Your Patents as Assets

They may not show up on your balance sheet, but patents are valuable assets. If you practice your invention, patents will give you a limited monopoly. Even if you don't practice the patented invention, you may be able to monetize these assets by licensing or selling the patents you don't use.

The best tip of all? If you don't have first-hand experience with patent strategy and enforcement, get professional help. Although these tips can warn you against some of the most blatant mistakes, patent enforcement is not for amateurs - and the wrong move can cost you a fortune. So get an expert to guide along the way and play it safe!

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