Discovering — and protecting against — adversely held patents

Many business managers understand the competitive advantages gained by protecting their key products, processes, software and methods of doing business with a portfolio of patents. This article briefly explores the flip side of that coin — a business's pre-litigation options to discover whether its new technology will inadvertently infringe the patent rights of others and minimize damages in that event.

Clearance opinion

Ideally, before a business deploys new technology or incorporates new ideas into its products or processes, it should obtain a clearance — or "freedom to practice" — opinion from competent patent counsel. Generally, a patent attorney will discuss the ideas with the employees most familiar with them and will perform or commission a search of the relevant art areas in the U.S. patent database, including published patent applications, to discover patents on the same or similar ideas. If none are found that claim the idea, the business may proceed to develop and market its products with confidence.

However, one or more patents may be discovered that "read on" the proposed idea. That is, the idea squarely meets each and every limitation or one or more of the patent's claims. At this point, the attorney may advise the business how to design around the patent, typically by omitting at least one limitation recited in the patent's claims from the business's products or processes.

A clearance opinion is typically a written report, identifying the relevant patents discovered during the search, in many cases discussing each independent claim and detailing why the business's proposed idea does not infringe. The cost of a clearance opinion varies, depending on the patents discovered during the search, but typically ranges from $6,000 to $10,000.

Infringement analysis

A patent discovered during a clearance search, or one that the business otherwise becomes aware of, that reads on some idea or technology in the business's current or planned products may warrant an infringement analysis. Typically, this involves a thorough assessment of the identified patent in light of the potentially infringing idea or technology. The patent attorney will first order the prosecution history of the patent, the written record of all communications between the applicant and the U.S. Patent and Trademark Office, from the time the application was first filed until the patent was issued.

Often, through amendments to the initially filed claims and through written arguments presented to the examiner to explain or clarify the subject matter of the application, the scope of the claims — that is, the precise metes and bounds of the patentee's rights — may have changed. In particular, the scope of the claims in an issued patent may actually be narrower than a literal reading of the claim language would indicate if the patentee disclaimed a certain interpretation in arguing for patentability.

Most amendments made to the claims and many arguments in the record invoke the doctrine of prosecution history estoppel, which limits the patentee's ability to assert infringement by a product that does not literally meet the claim's limitations but is close enough that a court may find infringement. Based on the issued patent and its prosecution history, the patent attorney will come to a conclusion as to infringement, often expressed as a probability of a court finding infringement. The attorney may communicate this conclusion to the business in a written report or orally. The cost of an infringement analysis is in the general range of $6,000 to $10,000.

The cost of not assessing infringement

The possibility always exists that a business may be named as a defendant in a patent infringement lawsuit. If the court finds infringement, the business will be liable for damages (typically, the patent holder's lost profits and at least a reasonable royalty for all infringing products sold). A finding of *willful* infringement, however, allows the court to award up to three times the damages, plus reasonable attorney fees. Contrary to many business managers' assumptions,

willful patent infringement does not equate to intentional infringement, in the sense that the infringer had a specific intent to infringe a particular patent in disregard of the patentee's rights. Rather, the courts have stated that the law imposes an affirmative duty of care to avoid infringement of the known patent rights of others. The courts have held that one way to discharge this duty is to seek and obtain competent legal advice before engaging in activity that may result in infringement.

Thus, the willful element of infringement may be found in a business's mere failure to investigate whether its products infringe a known patent. Though the law does not *require* an opinion of noninfringement by a patent attorney to escape a finding of willfulness, the court may instruct a jury that it may form two inferences from the failure of a patent infringement defendant to offer an opinion of counsel into evidence: either that the defendant did not seek and obtain such an opinion (implying that it failed to discharge its duty of care to avoid infringement) or that it obtained an opinion that was unfavorable (implying willful infringement in the traditional sense of deliberately proceeding with an activity it knew to be improper). Hence, a competent infringement opinion by a patent attorney is a business's best prophylactic against the potential for treble damages and attorney fees, in the event that a court finds that the business infringed the valid patent rights of another.

Invalidity opinion

As an alternative to mounting a patent infringement defense (or in addition to one), a business may attack the validity of a patent asserted against it. The first step is to obtain an invalidity opinion from a patent counsel. The patent attorney again begins with the written history of the patent's prosecution before the Patent and Trademark Office.

In addition, the patent attorney will conduct or commission a thorough prior-art search — typically, one that far exceeds the scope and quality of the search performed by the patent examiner during the patent's prosecution. This search may extend to all forms of prior art, including articles in technical journals and other printed publications, past products embodying the idea or technology and associated literature such as owner's manuals or advertising materials and the like.

An accused infringer's own archives may be the best source of prior art (to the extent that they include material that was published or publicly available). A novel method of obtaining invalidating prior art is provided by the Web site bountyquest.com, where potential or actual patent infringement defendants post the details of patents they seek to invalidate and solicit prior art from the public, offering a cash reward for supplying invalidating prior art. Typically, in a written invalidity opinion, a patent attorney will detail the most relevant prior art and demonstrate why it anticipates or renders obvious each limitation of the patent's independent claims.

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While prior art is the most common method of invalidating prior art, the patent attorney may also conclude that the patent is invalid due to noncompliance with the patent law (such as having been sold or made the subject of an offer for sale more than a year prior to the filing date of the patent application), for inequitable conduct before the Patent and Trademark Office or for other reasons. The cost of an invalidity opinion is difficult to estimate, as the scope of the prior-art search that will be required is unknown. Costs may range from $8,000 to $25,000 or more in some cases.

Conclusion

A patent infringement lawsuit is never welcome news. By taking care to investigate its freedom to practice new ideas and technologies without infringing the patent rights of others, a business may greatly reduce the chances of that unpleasant experience. In the event that it does occur, a favorable invalidity opinion may avoid the lawsuit by demonstrating that the patent is unenforceable. Finally, if litigation proceeds and the court finds infringement, by having obtained a prior noninfringement opinion a business may avoid the significant additional expense of treble damages and attorney fees.