



**Karich &
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Intellectual Property Law

Enforcing Patents - without going to Court

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Once you have filed and/or received a patent, it is necessary to be able to enforce your rights against your competitors. While this can sometimes be accomplished through litigation, there are many instances where litigation is not a preferred option. These techniques are especially useful for smaller companies that do not have a large budget for litigation expenses; however, they are also useful for larger companies when litigation is simply not cost effective, such as when the competitor is located overseas, or when the competitor does not have any substantial assets.

The first line of defense is almost always a “cease and desist letter.” The purpose of the letter is to alert the other party to the infringement, and to start negotiations towards either licensing the patent, or halting production of the infringing products. As simple as these letters may seem, there are many important legal considerations to keep in mind. You must be careful not to take any actions that may expose you to a lawsuit, such as a suit for Declaratory Judgment. Also, the timing of the letter can be critical -- be sure to send the letter only when you are ready, when they are most vulnerable, and in a manner that maximizes potential damages.

If your patent has not yet issued, you might consider requesting that the application be published prior to the standard publication date. Once published, it is possible to begin accruing damages against an infringer even before the patent has been granted. This is sure to increase the pressure on a recalcitrant infringer.

If progress is not made in this manner, you still do not have to run straight to the courthouse. Look at the marketplace and look for opportunities to exploit your rights. One powerful tool you can use is to send “cease and desist letters” to reps, retailers, catalogs, and other middlemen – who are all liable for the sale of the infringing products. While a manufacturer operating in China might dare you to try to sue them, these middle men definitely do not want the potential liability. In many cases you can get them to drop the product, and potentially replace it with your product. In this manner, your patent becomes your best salesman, converting your competitor’s sales into your own best accounts.

Another opportunity may lie in forming an alliance with “the enemy of your enemy.” If a large company is trying to roll over you, you may be able to work out a deal with a “white knight” who is a competitor of that large company. They may want to purchase your company, or at least acquire rights to the patent, and use you as a weapon against their enemy.

If an infringer is not afraid of a lawsuit against them, entice them with an offer to buy the patent for themselves. A large competitor with a powerful legal team may feel confident that they can wear you out in court, but at the same time they may want to acquire your patent to use against other competitors. Your patent offers a monopoly on the product, and they may be willing to pay for that advantage.

If none of these alternatives work, the next best option is just to wait for a better time to take action. As long as you are careful taking action that could give rise to defenses of

latches or estoppel, you can often wait for years without prejudicing your ability to bring a lawsuit at a later time. Damages will accrue in the meantime, and your case will only get better. As time goes on, you could potentially lure in investors to finance your lawsuit, or convince a patent attorney to bring the suit on contingency.

Patent holders have many options when determining a patent enforcement strategy. If the need arises, think creatively, and you will surely find a way to make the most of your patent rights.

Patent Seminar

“Enforcing Patents – Without Going to Court”

Join us for a brown-bag lunch seminar from 12-1pm on June 16, 2004. Mr. Eric Karich will discuss various methods of enforcing a patent without the expense of litigation. See the related article on page 3 of this newsletter.

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