Intellectual Property Strategies for the 21st Century Corporation

Summary of Chapter 8: When to Litigate: Rise of the Trolls

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There exists a class of patent holders who do not practice their patented invention. Nonpracticing patent holders [also non-practicing entities or "NPE"] are also referred to by many as "patent trolls," or in short, simply "trolls." To some, the term troll evokes an emotional response because the term is seen as unfairly disparaging—conjuring up an image of a medieval creature jumping out of nowhere, demanding a costly fare to allow passage. [Our focus] is primarily to provide context and discuss the legal options available to a company for defending against an NPE. … Our goal is to help you and your company make a sound business decision based on prudent legal options and an awareness of the scope of the NPE issue.

Let's assume your company has come up with a great new product called Product X. After doing the requisite homework to determine whether similar patents exist, and determining there are none, you release the product. However, a company now claims you are infringing its patent, despite your hard work in determining there was no similar patent. This company has never used its patent, never released a product or service, and you have never even heard of it. Despite this, you received a threatening phone call or letter. What do you do?

First, you should prepare defenses in the event the NPE brings an action against you. You should determine whether your Product X actually infringes the NPE's patent, because non-infringement is the best defense to a patent infringement claim. Determining whether there is infringement can be an arduous task, the analysis of which depends on the subject matter, level of detail, and how familiar you are with making patent infringement determinations. Because the patent holder must prove that every element of a single claim is found in your product, there may be a good argument that you are not infringing the patent if your product does not encompass every element. This determination requires a detailed, intricate comparison between your product and the opponent's patent. This will likely require a patent attorney or expert in the applicable field of technology or science.

If you determine a non-infringement defense is unavailable, other important defenses may still be at your disposal, include the following:

- Invalidity of opponent's patent claim — This renders the claim invalid
- Inequitable conduct by opponent during prosecution — This renders the patent unenforceable
- Prosecution estoppel, if opponent conceded and narrowed claims during prosecution — This would preclude the expansion of those claims
- Laches, if opponent waited too long — This would preclude opponent from asserting its rights

Additional considerations include whether it is more appropriate to take action now, later, or never. There are numerous options, including re-examination at the patent office, declaratory

judgment proceedings, or doing nothing. The PTO re-examination is perhaps the cheapest option while still pursuing a line of action, and the threshold for re-examination is relatively low. The declaratory judgment can be useful, though if your goal is to delay proceedings, it is not recommended.

To determine which avenue is best, a variety of factors must be weighed.

Determining your overall strategy is key. Is it better to get a license from your opponent, or should you litigate against them? This is similarly dependent on a complex analysis of factors. Costs of litigation can be very high, even without trial, which may incent potential infringers to license rather than litigate. In addition, you may work for an employer who philosophically prefers to "never give in … to trolls." Generally, these decisions should be made on a case-by-case basis rather than subscribing to one tactic to the exclusion of all others.

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