Protect Your IP

Patents, pending patent applications and notice letters

BY EDGAR GONZALEZ

WHETHER YOU ARE A PATENT APPLICANT with a currently pending application or an established company with a portfolio of patented products available on the marketplace, you may encounter competitors with a product that appears to infringe your patent or your currently pending patent application. A potential first step to protect your intellectual property is to send a letter to the potential infringer. But what type of letter should you send? What risks do you face by sending a letter? What issues may arise with a letter for a pending patent application versus an issued patent? This article briefly describes broad issues to consider when taking the first steps to communicating with a potential infringing competitor.

The purpose of sending a letter to the potential infringer is generally to stop the infringement and/or protect pre-suit damages. The preferred way to protect pre-suit damages is through patent marking, including virtual patent marking. In the absence of patent marking, notice letters serve two purposes: (1) to protect pre-suit damages; and (2) to build a case of enhanced damages under willfulness.

One risk to consider when drafting a letter is creating a "substantial controversy" that triggers declaratory judgment jurisdiction under the Declaratory Judgment Act, 28 U.S.C. § 2201 et seq. This means that the substance of your letter may provide the competitor with a sufficient basis to file an action for declaratory judgment in its preferred forum in order to get a ruling that your asserted patent is not infringed, is invalid and/or is not enforceable. The competitor may be seeking a "home field" advantages, such as a convenient geographical location or having a desired jury pool. With this risk, you must be prepared to litigate the matter with fully developed infringement contentions that can withstand a declaratory judgment action.

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WHAT TYPE OF NOTICE LETTER SHOULD YOU SEND? WHAT RISKS DO YOU FACE BY SENDING SUCH A LETTER? WHAT ISSUES MAY ARISE WITH A LETTER FOR A PENDING PATENT APPLICATION?

What language in a letter may be construed as a substantial controversy that triggers jurisdiction? If you send a general notice letter merely informing the competitor of your issued patent and perhaps requesting information, you likely do not trigger declaratory judgment jurisdiction, but you would at least put the competitor on notice of the patent. However, if you send a cease-and-desist letter asking the competitor to stop using, selling, offering for sale, etc. the accused product due to infringement of your patent, declaratory judgment is likely triggered. Also, licensing discussions may or may not be considered a substantial controversy. Therefore, to mitigate the potential of creating substantial controversy, any letter should avoid having any analysis, infringement determination, or offer to license your patent.

What if you have a pending patent application? Assuming the application is not related to any previously issued patents, your pending patent application is not enforceable. While you can still send a pre-issuance notice letter informing the potential infringer of your pending patent application, you may not gain any significant advantage in future litigation since monetary damages for infringement are primarily available after the patent issues. If you do sue for infringement after your patent issues and seek monetary damages, a

pre-issuance notice letter could allow you to collect a reasonable royalty for the competitor's infringement prior to the issuance of your patent based on "provisional" patent rights under 35 U.S.C. § 154(d). This statute requires that the patentee provide the infringer with actual notice of the pending patent claims (i.e., a pre-issuance notice letter) while the application was pending. Collecting pre-issuance damages may be challenging because this damages period is only available (1) if the invention as claimed in the published patent application is substantially identical to the invention as claimed in published patent application; and (2) for the time period between the publication date and the issuance date of the patent application. 35 U.S.C. § 154(d). If the claims of the published patent application were amended during prosecution, such claims may differ significantly from the claims of the published patent application.

REGARDLESS OF YOUR STRATEGY TO PROTECT YOUR INTELLECTUAL PROPERTY, THE CONTENT AND TIMING OF NOTICE LETTERS ARE IMPORTANT ISSUES TO CONSIDER BEFORE GIVING NOTICE.

Once the pending patent has issued, there are some timing considerations with regard to sending letters. There are different ways to challenge the validity of a patent, including a post grant review (PGR) or an inter partes review (IPR). You may want to wait nine months after issuance to send a letter to avoid PGR, which is typically a more powerful proceeding for a petitioner, because it allows the petitioner to raise more grounds of invalidity than an IPR, which is available nine months after issuance of the patent. Another timing consideration is the product life cycle of your patented product. Subject to some caveats, a patentee can generally seek up to six years of past damages when suing for patent infringement (assuming the patent issued at least six years prior to the filing of the patent infringement lawsuit). If the product life cycle is between two to six years, you may consider issuing a notice letter or cease-and-desist letter on or close to the issue date in order to maximize the potential monetary damages.

Your follow-up actions after sending a notice letter are also important. Sending a letter and failing to sue for a period of time could give the competitor additional defenses in an eventual suit. If you send a notice letter to the competitor and do not file an action within six years (or do not reply to a competitor's response), the competitor may raise a laches or equitable estoppel defense against you, which may eliminate pre-suit damages or all damages.

You may decide not to send a letter at all. Rather than sending a letter to protect your pending patent rights, you might consider strategic prosecution of your patent application to ensure your claims cover the accused product (assuming the accused product came after you filed your patent application). Regardless of your strategy to protect your intellectual property, the content and timing of notice letters are important issues to consider before giving notice to potential infringing competitors.

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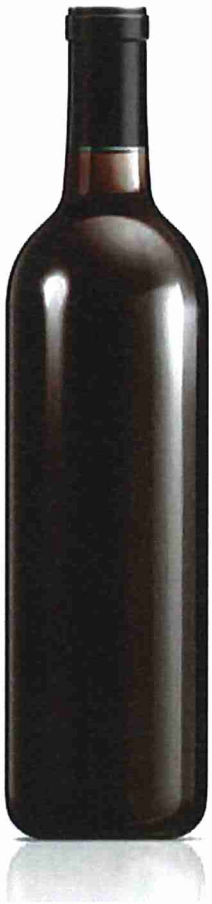

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