

## What Are The Hidden Patent Infringement Risks Associated With A Company's Launch Of Products?

### What You Should Know to Protect Your Business

Even if you have patents covering your innovative new product, patents owned by others may limit your right to commercialize that product. The last thing any business executive would want is to successfully launch a new product, and then be sued by a competitor for infringing the competitor's patents. It is therefore critical to perform a thorough patent analysis (also known as a "freedom to operate" analysis) prior to commercialization and to maintain an awareness of potential risks that may develop after commercialization.

The first step in this process is to develop an understanding of the patent landscape in your technology area and to identify any in-force patents owned by third parties that may impact your company's ability to use a technology. A search of in-force patents can identify those patents that may present a risk. In addition to patents specifically directed to the technology, it is also important to identify broad generic patents that "inadvertently" encompass the technology, as well as patents that cover methods of manufacture or methods of use associated with the technology. No patent search, however thorough, is foolproof. There is always a risk that pertinent patents will not be identified. You must balance budget constraints against the extensiveness of the search. In general, the more extensive the search, the more expensive the search will be to conduct, and the more expensive it will be to analyze all of the patents identified.

Patents are territorial, so a patent in one country does not necessarily mean that similar patents exist outside of that country. Because a patent has a limited lifespan, it may be advantageous to delay commercialization until after the expiration of a patent, or to market your products in a country where patent protection has not been secured. Many countries also require that fees are regularly paid to maintain a patent in force. Your intellectual property counsel can advise you as to whether a patent has been maintained in force, or has lapsed and no longer presents a risk.

Once you have identified patents that may present a risk, you can work with IP counsel to develop an effective strategy for managing the risk. It may be advantageous for counsel to prepare a legal opinion for any patent identified as a possible risk. In preparing a legal opinion, counsel analyzes the patent, the body of literature related to the technology ("prior art"), and the technology itself. After conducting this analysis, counsel may conclude that the patent is invalid or not infringed by your product. Alternatively, counsel can offer suggestions for modifying certain features of the product so as not to infringe the patent. This is called "designing around" a patent.

After consulting with counsel, you may conclude that your position as to invalidity and/or noninfringement of a particular patent is strong, and proceed with launching your product. Alternatively, you may wish to modify your plans so as to strengthen your position before going forward (for example, by modifying your product). Despite the strength of your position, there is no guarantee that the patent owner will not file a lawsuit alleging infringement. To address

the risk of being sued in a geographically inconvenient court, you may be able to file a request with a local U.S. District Court for a declaratory judgment of noninfringement or invalidity of the patent. This does, however, initiate a litigation proceeding.

If a patent presents a risk and is available for licensing or purchase, the risk can be eliminated by licensing or purchasing the patent. Cross-licensing may also be an option if you have a portfolio of patents that may be of interest to the owner of the patent presenting a risk. In certain cases, licensing may be available through a patent pool, wherein two or more companies practicing related technologies put their patents in a pool to establish a clearinghouse for patent rights.

A patent portfolio may strengthen your position in the marketplace. You may license the technology to third parties, or you may assert a claim of infringement against a competitor. By asserting a claim against a competitor, you may be able to secure an injunction that prevents them from using a technology that infringes your patent rights, or you may secure money damages for the infringement. Alternatively, a defensive publication, which discloses the invention to the public so that no one else is able to patent it, may offer you some protection for your technology.

After you have begun your commercialization plans, you should continually monitor the patent literature for any newly granted patents that may impact your ability to market your products. By monitoring published patent applications, you may identify applications that could present a risk if granted.

On a final note, even if no patent has been identified that presents a risk, it is important to be aware of other barriers to marketing your products. For example, government regulations may prevent or hinder your ability to market a food or pharmaceutical product. Certain types of technology may be governed by regulations preventing sale or export to other countries. Antitrust laws may limit your ability to engage in certain practices in the marketplace.

Considering possible patent infringement risks early in the process of product development may go a long way in preventing headaches and liability for your company. Adding a patent analysis to your pre-product launch checklist will ensure that these risks are properly evaluated.



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