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Keeping Patent Litigation at Bay

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Greater awareness of patent law could be the difference between commercial success and costly litigation

When inventors and scientists begin working on a new project, seeking a patent will most likely be at the top of their to-do list. Almost everyone has heard of patents and understands that they are an essential part of creating a new product but it is our experience that people are often unaware of what protection patents provide or the impact that third party patents can have on their business. Put simply, the fundamental principle underlying patents is: a patent does not give you the right to use your own invention; rather, it gives you the right to stop other people using your invention commercially.

There are three core elements that are considered a prerequisite for gaining the exclusivity granted by a patent. If your product is new and inventive and is capable of industrial application, you will be able to get a patent. In the event that the patented invention turns out

to be especially useful or popular it may well be sought by other companies who wish to integrate it into their products and as the holder of the patent, you are in control of licensing. Whether you choose to grant a licence for use, and under what terms, is entirely up to you. You may want payment in a lump sum or royalties on sales, or perhaps even a licence to produce a product in return. Provided you do not break any laws, including onerous European competition laws, you can settle on whatever terms you wish.

Infringing a third party patent – unintentionally or otherwise – can have dire consequences. In the UK, inventor and entrepreneur James Dyson famously received damages of £4m from Hoover who were deemed to have infringed his patents on dual cyclone technology for vacuum cleaners. While a giant corporation such as Hoover can withstand the legal onslaught that

comes from infringing a patent, litigation against a small business could have a devastating impact on its survival.

In order to manage this risk it is crucial to build an awareness of third party patents into your company's patent strategy. Although the prospect of finding a potentially problematic patent is daunting, it is an important part of taking a product to market. Once you have decided to take the plunge to seek out possibly relevant third-party patents or to undertake a costly freedom-to-operate study, a thorough search needs to be carried out. There are many components and processes that could be the subject of patents so the study should not be limited to only the most obvious sectors. All areas where there might be relevant third party patents which could be problematic should be investigated and you should be ready to tackle the issues head on.

Another issue is deciding which countries you will be operating in. Patents are national so if you are operating in the UK, you need only consider UK patents. But if you intend to export to the US, for example, you will need to consider the patents of that country as well. To complicate matters further, patent laws and patent renewal arrangements differ from country-to-country so you will need to keep on top of legal developments and the different renewal fee payment requirements to keep abreast of your legal position on the commercial market in each country of interest.

So, if you do encounter a problem patent, what can you do about it? Well, there are a number of avenues open to you. You might change the design of your product or process to avoid the patent; if possible, you might attack the patent and try to knock it out; a more drastic option would be to relocate your business to another country; or you might even choose to abandon the project completely. Often, though, the most productive solution is to simply seek a licence from the patentee.

As a final note of caution: be careful what you put in writing about third party patents. If you are unlucky enough to be involved in litigation over a patent you may have to disclose all relevant documents to the court and the complainant. If you write something which could prejudice your case, this could become public knowledge. In certain circumstances even "privileged" documents can lose their status as such, which is why your advisers will generally be very careful about what is committed to writing.

On face value, the patent process seems fraught with risk and unpredictability, but by combining due diligence with a healthy dose of third party patent awareness you can avert any potential disasters. Be aware of what a patent does and does not do. It does not give you the right to use your own invention commercially but it does give you the right to stop other people making commercial use of your patented invention. This principle should form the core of your patent strategy.

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