Developing a Patent Infringement Risk-Assessment Strategy

How to plan for being accused of infringement

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Given the growing prominence of patent-litigation-related stories in the media, it is not surprising one of the first questions new or prospective clients ask is some variation of "How can I tell if my new product infringes someone else's patent?"

Unfortunately, the reality is that asking whether you infringe a patent is the wrong question. You are almost certainly doing something that a patent owner can merely accuse of patent infringement, and that accusation alone will force you to spend money you do not want to spend. This is a non-negligible risk for anyone doing business in this country today. Instead, businesses should be asking their patent counsel how to reduce the chances of being accused of infringement in the first place.

Working with patent counsel to establish an infringement risk assessment strategy in order to assess and account for the risk of a new product or a feature being targeted with an infringement accusation can be an extremely important investment. This assessment is most valuable when it's done intelligently and in a way that is optimized in view of your business' particular commercial goals. However, there are several generalizations that should always guide such a strategy's development:

1. It should account for the context of the larger commercial market your company and your product will be competing in. If you want truly meaningful advice from your patent counsel, you must be willing to invest in educating him or her about your business, not just your product. Very few of your potential accusers will make the decision whether or not to assert their patent rights against you based merely on an objective, black-and-white assessment of whether your product actually infringes. It follows that a meaningful infringement risk assessment should account not only for how your product works, but how it fits in with your company's larger strategic plan and how you expect it to disrupt existing markets.

2. It should enable you to proactively identify and avoid potential sources of risk before they identify you. This means bringing your patent advisor into the product development process early. For a product under development, identifying potential sources of infringement allegations early in the development process can inform a broad spectrum of downstream decisions, from the product's design, to its pricing and marketing strategy, to whether it is even worth bringing to the market in the first place. For example, your advisor may be able to identify licensing opportunities. In addition, they may be able to work with your engineers and product managers to identify potential design changes that can have a substantial risk-mitigation effect.

3. It should not require an investment that is out of proportion to the security it provides. Make your advisor aware of your economic expectations for the product. Just like any other investment, conducting an infringement risk assessment analysis should strike a balance between risk and reward. For example, in some contexts it may make economic sense to perform an extensive, in-depth search and analysis of how a new product or feature reads on the patent portfolios of multiple competitors and patent assertion entities. In others, it may be more advisable to focus the risk assessment analysis on a smaller universe of patents deemed to be particularly high-risk. By quantifying the values that different assessment strategies can bring to the project, your advisor can help you select a strategy that provides the most meaningful analysis possible at a cost that is proportionate to the value it adds.

There is nothing your patent counsel, or anyone else, can do to eliminate the risk of your company being accused of patent infringement. However, by acknowledging the risk early and planning for it intelligently, the uncertainty associated with it can be reduced to manageable levels.

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