

Take Another Look at Your Cease and Desist Strategy

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Preliminary patent enforcement strategies are particularly susceptible to becoming outdated over time. After all, such strategies can seem straightforward and, for some, crystalize into “plug and chug” exercises as years pass. Many companies establish detailed and streamlined processes for putting infringers on notice of patent rights – for example in an effort to trigger accrual of damages, to extract a license, and/or to simply stop the infringer from infringing – and fail to update those processes for many years. Nonetheless, recent changes in state law should be a clear signal that it’s time to shake the dust off your clients’ strategies to ensure they aren’t subjected to unnecessary risk.

One strategy for putting infringers on notice of patent rights, in addition to “marking” patented products and the like, is sending cease and desist letters. Such letters are often derived from stock templates, traditionally outlining the properties at issue, the allegedly infringing process(es), machine(s), manufacture(s) and/or composition(s) of matter, available remedies, and actions the alleged infringer is requested to take. At least until 2007, you may have occasionally tailored such a template letter to soften the language, principally in an effort to avoid a declaratory judgment action by preserving the argument that the letter did not create a “case or controversy.” The language may be adjusted to remove a rigid response timeline requirement, remove any “cease and desist” language and replace it with a request for further conversation, remove reference to the gamut of remedies your client may be entitled to, or employ other similar “softening tactics.”

After the 2007 *MedImmune, Inc. v. Genentech, Inc.*, case,¹ however, it has been more difficult to avoid federal jurisdiction arising from a standard cease and desist letter, making it unlikely that such “softening tactics” will do much more than make a cease and desist letter sound less aggressive. But many attorneys still use “softening tactics” like those listed above to adjust for specific circumstances and infringers. Laws passed over the last year or so in more than a quarter of the United States should, however, give you cause to reconsider whether and which such “softening tactics” should be avoided going forward.

Since 2013, roughly sixteen states have passed laws prohibiting communications from patent owners containing “bad faith” assertions of infringement, and twelve more states have bills pending on the subject.² These laws are under the principles of unfair competition. Similar provisions are being considered at a federal level. Thus, in a growing number of states, use of “softening tactics” no longer merely increases the risk that a cease and desist letter might fail to give proper notice, but could additionally present increased risk of unfair competition claims brought by the alleged infringer.

A number of links to public webpages containing certain of these states’ statutory or proposed unfair competition language are provided at the end of this article. To highlight the issues arising from the recent statutory changes, the following table illustrates counterbalancing considerations of traditional “softening tactics” by listing a number of factors determined by courts to weigh toward a “case or controversy” versus factors that weigh toward a finding that a “bad faith” assertion of infringement has been made. Attorneys seeking to revamp their cease and desist strategies may find these resources a useful start in framing the issues that govern properly balanced language for use in clients’ cease and desist letters.³

¹ 549 U.S. 118 (2007).

² Data current as of September 2014.

³ Of course, counsel should balance these risk factors along with other factors in deciding which approach to take. Other factors may include the readiness of the patentee to go forward with litigation, if necessary, ethical obligations and those obligations owed to the court and adverse party(ies), court rules, and strategic

Examples of Risky “Softening Tactics”

Risk Factors for Declaratory Judgment Action	Risk Factors for Unfair Competition Violation
Listing specific patent properties	Not listing specific patent properties
Identifying potentially infringing products	Not identifying potentially infringing products
Indicating that an infringement analysis has been performed	Failing to make an infringement analysis; not making specific fact allegations regarding how products infringe particular claims
Sustained contact and conversations with potential infringer on subject	Not responding to requests for specific information from potential infringement
Assertions of infringement toward potential infringer (or, in some states, asserting that a potential infringer might benefit from a license or any “similar assertion”)	Not making a good faith effort to establish infringement of potential infringer
History of similar patent enforcement	History of unsuccessful patent enforcement
In direct competition with potential infringer	Not in competition with potential infringer (i.e., non-practicing entity)

Links to New Statutes and Bills

<http://alisondb.legislature.state.al.us/acas/searchableinstruments/2014rs/PrintFiles/SB121-int.pdf>

<http://www.legis.ga.gov/Legislation/20132014/143216.pdf>

<http://www.legislature.idaho.gov/legislation/2014/S1354.htm>

<http://www.ilga.gov/legislation/BillStatus.asp?DocNum=3405&GAID=12&DocTypeID=SB&SessionID=85&GA=98>

<http://www.legis.la.gov/legis/BillInfo.aspx?s=14RS&b=HB564&sbi=y>

<http://pub.bna.com/ptcj/MELD1660.pdf>

<http://mgaleg.maryland.gov/webmga/frmMain.aspx?id=sb0585&stab=01&pid=billpage&tab=subject3&ys=2014RS>

<http://www.house.mo.gov/billsummary.aspx?year=2014&bill=HB%201374&code=R>

<http://www.gencourt.state.nh.us/legislation/2014/SB0303.html>

<http://ncleg.net/gascritps/BillLookUp/BillLookUp.pl?Session=2013&BillID=H1032>

<http://www.oklegislature.gov/BillInfo.aspx?Bill=hb2837&Session=1400>

<http://gov.oregonlive.com/bill/2014/SB1540/>

<http://legis.sd.gov/docs/legsession/2014/Bills/SB143ENR.pdf>

<http://pub.bna.com/ptcj/TNHB2117.htm>

<http://le.utah.gov/~2012/bills/hbillint/hb0117.htm>

<http://www.leg.state.vt.us/docs/2014/Acts/ACT044.pdf>

<http://lis.virginia.gov/cgi-bin/legp604.exe?ses=141&typ=bil&val=hb375>

<http://docs.legis.wisconsin.gov/2013/related/acts/339>

considerations such as whether a “soft” approach may simply be better suited for clients’ goals. This article is not intended as exhaustive but merely illustrative of a subset of factors having recent developments.