

# KEEP CALM AND CARRY ON



## AN APP DEVELOPER'S GUIDE TO PATENT DEMAND LETTERS

Your first patent demand letter can be a scary experience. They look very official and are usually hard for anyone other than a seasoned patent attorney who is fluent in patent-ese to decipher.

A patent demand letter is basically someone demanding money from you for conduct they say is infringing on their patent. This letter is not from a government agency.

Start with the following steps to determine your next move.

### STEP 1: READ IT

It may seem obvious, but shoving the letter in a drawer unread is not a good option. Read it and see what they're saying. These letters can be infuriating, so unless immediate action is needed, you may want to take some time to calm down and read it again later to determine exactly what the demand letter is saying. You may even want to have a trusted friend or colleague go through the letter with you.

Here are the key elements you should be looking for:



- ✓ A patent number (i.e. the identification number for the patent they say your company is infringing on)
- ✓ The name of the patent owner/licensing entity (note the entity claiming patent infringement and the patent owner/licensing entity can be two distinct parties)
- ✓ The date the letter was sent
- ✓ The name of the law firm or agent (if any) listed
- ✓ The name of the recipient organization (i.e. your business name)
- ✓ A description of what the patent covers
- ✓ A description of how you likely have an infringing used
- ✓ If licensing is a solution, a description of general terms for obtaining such license

### STEP 2: RESEARCH



Research whoever sent you the letter and the patent(s) they claim you are infringing. If it is a known patent troll, chances are they have sent thousands of almost-identical letters regarding the same patent to would-be infringers across the country.

#### Are You In Good Company?

See if anyone has discussed receiving a similar demand letter from the same company. If you find other companies who have been sued under the same patent, you can reach out to them to find out how the suit is going and see if they have any information which could help you decide what to do about your demand letter.

#### Are You The Developer or User?

If you are an end-user (i.e. a customer that purchased the manufactured good, like an application, printer, copier machine, glasses, or anything you are using but did not build) check that you are using the manufactured goods in a way that actually infringes on the patent. For example, if infringement means you are using element A with element B and that use occurs over the internet, check to see if you are really using both elements AND using them on the internet. Remember, a patentee (i.e. the owner of the patent) must prove infringement – not just assert it.

Regardless of whether you seek advice from an attorney or not, such information will be important in making your decision on how to handle the demand letter.

### STEP 3: CALL A LAWYER

Consult a patent attorney. Patent law is a highly specialized area of law. Patent applications are written with highly technical language and an attorney who is well versed in the lingo can help you better understand the patent you are being accused of infringing.

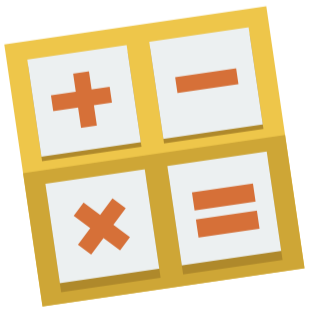


The Patent and Trademark Office's website has a great page that can help you find a patent attorney: <https://oedci.uspto.gov/OEDCI/query.jsp>.

The better understanding you have of the situation, the better for your attorney to determine how best to handle your case. Consult with your attorney to find out if in fact you do infringe the patent. There may be reasonable steps to avoid infringement, such as stopping the use or the modification of a particular piece of technology or software. If you are using a piece of software that is infringing, you may want to consult an attorney about contacting the manufacturer of that software to determine if they can assist and/or indemnify you. Further, if you are using that piece of software or technology as part of a contract, the contracting partner may also assist or indemnify you.

Be sure to give your attorney any information you have on others who have received demand letters under the same patent. It may be possible to combine resources with other defendants.

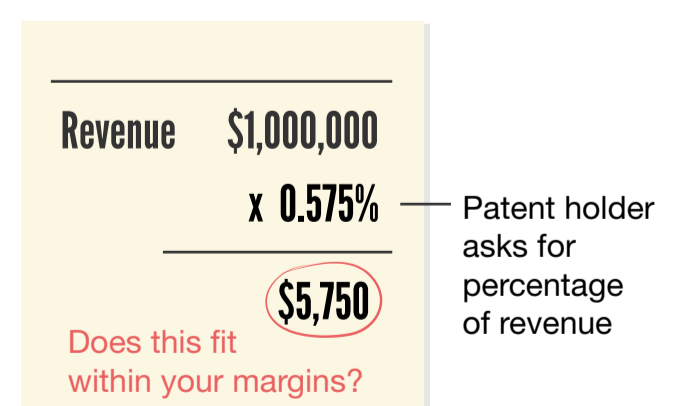
### ALTERNATIVE STEP 3: DECIDE YOUR BOTTOM LINE



While we advocate seeking the advice of an attorney, retaining an attorney is not in everyone's budget. You can make the determination of whether to agree to pay a licensing fee yourself. In most cases, demand letters will not state the amount they are requesting from your company on the letter, but will state that they "look forward to working with you on an appropriate license agreement." In many cases, the company that owns the patent is asking for 0.575% of U.S. revenue until their patent expires.

After looking at the claim itself, evaluate your bottom line from a business angle. If your business is making \$1 million in revenue, that's \$5,750—does that fit within your margins? If you do choose to enter into a licensing agreement, make sure it is for the life of the patent and that it covers all of the United States and other territories in which you operate.

Some developers choose to not answer the demand letter at all if they believe the person sending the demand letter will not follow up. However, if you do this you risk the patentee filing an infringement action against you in federal court.



### CONCLUSION

Dealing with demand letters can be intimidating but does not need to be inscrutable. The above steps are not legal advice, but can set up a clear way to deal with any patent infringement claims and allow you to go back to running your business.

There's a lot of patent reform talk and action that impacts your small business in Washington these days. If you'd like to keep up on the news and influence change, get in touch with Sara Kloek, ACT's director of outreach, at [skloek@actonline.org](mailto:skloek@actonline.org)