

Patent Dispute Primer —Part 2

Defending Against a Patent
Infringement Claim

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This second article in a three-part series describes common approaches that patent holders use to initiate infringement claims and explains how to respond to infringement allegations.

Being accused of infringing someone else's patent can be disturbing. Not only are the stakes high, but the mere insinuation that a company's technology really belongs to someone else can be distressing and even hurtful. Moreover, many companies and their in-house counsel may be unfamiliar with patent litigation and lack an established plan for responding to infringement allegations. But it is in this moment that companies and their counsel must keep their composure, act deliberately, and aggressively defend their innovations—all while exploring licensing options, design-arounds, and other resolutions. This process can be exceedingly difficult. In this second part of a three-part series, we discuss general strategies for how to respond to allegations of patent infringement.

The Patent Holder's Initial Approach

There are several ways that a company can learn that it is being accused of patent infringement. Often, the company receives an unsolicited letter that seeks to open a licensing negotiation. Sometimes these letters are direct and make it clear that the sender has patents that it believes the company must license in order to avoid infringement. Other times, the letters are less explicit; they appear on their face to be friendly descriptions of the sender's technology and depict a potential license as a benefit the sender is willing to bestow. Either way, the point of the letter is to initiate a licensing negotiation under the express or implied threat of an infringement dispute.

A company receiving such a letter should be especially wary of—and recognize the significance of—the identification of specific patent numbers. When a patent holder identifies specific patents that it claims a company requires a license to use, it can be a covert way of attempting to put the recipient on “notice” of the infringement allegations. If the dispute

subsequently proceeds to litigation, the sender may attempt to argue that the company was notified of the specific patent, and that its choice not to take a license amounted to willful infringement—thus exposing the company to treble damages.¹

Sometimes the letter will not only identify patents but also include a “claim chart” that maps the patent to the recipient's products or services. The inclusion of a claim chart is a direct and unambiguous way to put a recipient on notice of specific infringement allegations. Moreover, when a sender provides claim charts, it is attempting to signal that its infringement claims are well reasoned and need to be taken seriously, and that the sender is willing to invest time and resources to pursue their infringement claim.

Still, there is no requirement that a plaintiff reach out by letter, or attempt to negotiate a license, before filing a lawsuit. Indeed, the first time a company may learn of a patent is when the plaintiff files and serves a lawsuit. Patent infringement is a question of federal law, and a patent infringement lawsuit cannot be brought in state court. Rather, patent infringement must be asserted in federal district court or in the federal government's International Trade Commission (ITC).²

A patent lawsuit can be filed in any federal district where the defendant is subject to personal jurisdiction and the venue is proper. Notably, patent infringement cases are subject to a unique venue statute.³ At a high level, for domestic companies, venue for patent litigation is proper where the company is incorporated or in any district where the company has engaged in any infringing actions and has a regular and established physical location.⁴ Foreign companies, on the other hand, are subject to venue in any federal district court.⁵ As a result, companies can find themselves immersed in patent litigation in locations where they do not perceive themselves

as having strong ties. Moreover, plaintiffs can usually control where the litigation will occur, and they tend to prefer certain courts that have favorable rules for patent holders and procedures that can promote fast trials.

Developing Defenses

When faced with patent infringement allegations—especially when a lawsuit has been filed—it is critical for a company to work with experienced counsel who understands the nuances of these disputes. Patent litigation is a world of arcane rules, and there are many traps for companies and inexperienced attorneys who attempt to navigate a patent litigation on their own.

Responding to a patent holder's approach generally involves two simultaneous processes: developing substantive defenses and exploring resolutions. These two processes should complement and inform one another. For example, the stronger the non-infringement defense, the less likely it is the plaintiff will prevail—and that should factor into any assessment of potential liability and exposure. That, in turn, should play an important role in a company's analysis of what settlement terms would be fair.

A common mistake that inexperienced counsel makes at this early stage is relying too much on the client's engineers' initial assessment of the patents and infringement claims. Often, the people who developed the technology accused of infringement were previously unaware of the asserted patent and, understandably, may feel defensive of their own innovations. They thus may struggle to objectively analyze the infringement claims. Moreover, many engineers have little experience with the rules of interpreting patents and how to assess the degree of risk in a patent case. So, while the client's engineers are an important resource when developing defenses, it is often a mistake for attorneys to be overly deferential to their initial analyses.

Non-Infringement Defenses

The first defense that an attorney should explore is non-infringement. This requires a thorough analysis of the patent language and investigation into the client's accused technology, with the ultimate goal of assessing whether the accused product actually practices all of the limitations contained in an asserted patent claim. The plaintiff bears the burden to prove, by a preponderance of the evidence, that an accused product practices every limitation of a claim in order for there to be a finding of patent infringement.

Occasionally, a non-infringement defense will be straightforward. If, for example, the patent covers a feature that was never built into the accused product, a defendant may be able to persuasively explain to the patent holder that it does not infringe. Or it may be that the patent assertion involves steps taken by a variety of different entities, not working in concert, such that there is no entity that could directly infringe the claims. But, more frequently, there is a bona fide, fact-intensive dispute over whether the accused product practices everything in the patent's claims. Over the course of a litigation, the record regarding non-infringement will need to be built through document discovery, fact witness depositions, expert reports, and more. Additionally, certain defensive arguments may depend on the court's interpretation of the patent's language (i.e., "claim construction"). As a result, while it is critical to build and analyze non-infringement defenses, they rarely drive a fast or inexpensive resolution of the case.

Therefore, it is important to explore other defenses and strategies from the outset, as non-infringement arguments may not be persuasive to a plaintiff until later in the dispute.

Patent Invalidity

Another line of defense is patent invalidity—that is, an argument that the patent cannot be enforced or should not have been granted in the first place. There are several varieties of invalidity defenses.

Prior art invalidity. The first is "prior art" invalidity, which involves arguments that the substance of the patent was already invented

before the patent was applied for—so the patent does not claim anything new and protectable. If the prior art evidence "teaches" what is claimed in the patent being asserted, then the patent should not have been granted. The court can then declare the patent invalid and unenforceable. Notably, unlike non-infringement defenses where the burden of proof is on the plaintiff, the burden is on the defendant to prove its invalidity defenses.

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There are two types of prior art invalidity: "anticipation"⁶ and "obviousness."⁷ A patent claim is "anticipated" when a single prior art reference (e.g., an earlier patent, publication, or product) teaches or embodies every aspect of a patent claim.⁸ A patent claim is "obvious"

when, even though no single prior art reference teaches everything in the patent, the differences between the prior art and the patented invention would have been obvious "to a person having ordinary skill in the art to which the claimed invention pertains."⁹

To develop prior art arguments, counsel should review the patent's prosecution history, analyze other proceedings and litigations relating to the patents, study the company's own advancements and products over time, and talk to engineers (and even expert witnesses) about what was known in the art at the time of the patent application. It also is common to commission a "prior art search" by one of the many third-party vendors that scour worldwide publications to identify potential prior art. If the matter proceeds to litigation, a defendant will also need to retain an expert who is a "person having ordinary skill in the art," who will explain how these prior art references meet the limitations of each claim.

Prior art invalidity can be adjudicated in court, but a defendant also has the option of pursuing certain prior art invalidity arguments directly in the US Patent and Trademark Office (USPTO) through a post-grant review or *inter partes* review proceedings. These proceedings involve a lower burden of proof for the defendant than in district court, typically advance at a fast pace, and have historically led to higher invalidity rates for certain types of patents (although these advantages may be changing soon with some of the changes in legislation and USPTO's leadership¹⁰). The choice of the venue in which to assert invalidity defenses must be carefully considered, as the defendant may be estopped from raising certain arguments in one forum that it has already raised (or could have raised) in another forum.

Other invalidity arguments and defenses.

There are other types of invalidity arguments. Several relate to the patent being impermissibly vague or incomplete. For example, a patent claim can be invalidated as "indefinite" if the claim language does not define the scope of the claim with reasonable certainty.¹¹ An "enablement" defense arises if the specification portion of the patent does not contain sufficient information to enable a person

having ordinary skill in the art to make and use the claimed invention.¹² Additionally, a “written description” defense exists if the patent specification does not describe the claimed invention in sufficient detail that one having skill in the art can reasonably conclude that the inventor had possession of the claimed invention.¹³

Another defense that has become a hot-button issue over the last decade is patent ineligibility under 35 USC § 101. Claims involving software, artificial intelligence, apps, websites, and biotechnology are routinely challenged through this defense. By statute, patents may be obtained only for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.”¹⁴ The US Supreme Court has read exceptions into § 101: for example, laws of nature, natural phenomena, and “abstract ideas” are ineligible to be patented.¹⁵ However, defining whether a particular patent falls into the exceptions, and is therefore ineligible, has proved to be an inconsistent and confusing exercise. In 2014, the Supreme Court set forth a two-part test to determine if patent claims are an ineligible abstract idea in *Alice Corp. Pty v. CLS Bank International*.¹⁶ But most practitioners agree the test does not give enough predictability and clarity.

Additional defenses to evaluate include:

- “Patent misuse,” which takes place when the patentee has impermissibly broadened the “physical or temporal scope” of the patent granted with anticompetitive effect.¹⁷
- “Inequitable conduct,” which occurs when a patentee knew of a material prior art reference or prior commercial sale of the invention while the USPTO was examining the patent and made a deliberate decision to withhold it from the USPTO during prosecution.¹⁸
- “Unclean hands,” which can apply when there has been misconduct by the patent holder. This defense may be relevant where, for example, the patent holder obtained patents based on knowledge it should not have had,¹⁹ or has engaged in some sort of litigation misconduct,

such as depriving the court of relevant information during claim construction.²⁰

- Principles of estoppel that prevent or limit patent enforcement. For example, “equitable estoppel” may arise if the patent holder makes a misleading communication to the defendant, who relies on that communication to its detriment. “Prosecution history estoppel” and “judicial estoppel” can limit a patent claim’s scope in certain situations where the patent holder’s current positions differ from those it took during patent prosecution or in other judicial proceedings, respectively.²¹

Although certain invalidity and unenforceability arguments are fact-intensive, those that are strong enough can influence a company’s initial response to a patent assertion. If, for example, a defendant has identified strong prior art, they may be able to persuade a plaintiff not to pursue its infringement claims because of the risk of an invalidity finding. This is especially true when the accused product is itself prior art (i.e., when the plaintiff is asserting the patent against a product that was released before the patent). Unlike questions of infringement, which inherently involve product functionality questions that are difficult for the parties to analyze early, persuasive invalidity defenses can lead to an early resolution.

Analyzing Risks and Exposure

Often economic and damages issues are put on the back burner while resources are devoted to building substantive defenses. That is a mistake. At the end of the day, patent disputes are driven by business interests on both sides—and business decision makers must understand the scale of what is in dispute. This is true not only for evaluating the amount of an appropriate settlement, but also for analyzing the pros and cons of investing substantial resources into litigation. Patent infringement can be very expensive, burdensome, and distracting for a company. To make an informed decision about how to proceed, and whether to invest in fighting against a patent assertion, a company needs to understand what is at stake if it loses. This should occur early and be revisited often.

In the first article in this series, we discussed how damages are typically calculated in a patent infringement case.²² In the context of litigation, damages arguments are generally supported by a combination of fact witnesses and expert witnesses (e.g., economists). To present an effective damages case, an attorney must first gather, produce, and take discovery that will support the arguments. Discovery can include highly sensitive financial data, knowledgeable witnesses, past license agreements, and other market data. Notably, clients sometimes resist sharing sensitive financial information, but courts generally favor financial disclosures. Moreover, non-disclosure comes at a strategic risk. As the case progresses, the same clients often want to make the frequently strong argument that the accused product’s success is attributable to factors other than the patent, but they can be precluded from doing so if they did not disclose the supporting information early enough in the case.

In the event the case proceeds to trial, the defendant’s attorney will need to make strategic decisions about how to present the damages case. Some attorneys believe that when damages issues are front and center, the jury may lose sight of the technical non-infringement or invalidity arguments—or they may be misperceived as a concession that the defendant owes money to the plaintiff. So, they downplay damages arguments. This can be risky, especially where the substantive defenses are relatively weak. Striking the right balance is a judgment call that an experienced attorney must make.

Trials also carry the risk that the defendant will be enjoined from selling infringing products. Preliminary injunctions may be entered at the beginning of a case, and at the conclusion of a case the court may enter a permanent injunction forbidding sale of the alleged infringing product for the duration of the life of the infringed patent.²³ This is an extreme remedy that carries serious risks for a defendant—risks that are more pronounced in cases between two competitors.

Since 2006, when the US Supreme Court issued its decision in *eBay Inc. v. MercExchange, LLC*, injunctions have been less common, particularly in cases brought by non-practicing entities. Under *eBay*, in addition to proving

infringement, a patent holder must satisfy the well-known four-factor test for injunctions in other contexts.²⁴ Practitioners should be aware that a currently pending congressional bill is intended to overturn *eBay* by making injunctions a presumptive remedy for patent infringement.²⁵ This would represent a significant change from the current jurisprudence, and a meaningful escalation in the degree of risk that infringers face.

Exploring Settlement and Other Forms of Resolution

When faced with patent infringement allegations, a company may want to consider whether to redesign its product so there can be no argument that it practices the patent—a so-called “design-around.” However, this option should be explored only with the advice of counsel, as there are privilege waiver risks to communications relating to design-arounds.

Another consideration is whether indemnification from a third party is appropriate. This may be particularly relevant in situations where a third party provides the part of the product that is accused of infringement, such as a component or software used.


At some point, a patent holder is likely to present the defendant with a proposal to settle the dispute by entering into a license agreement for the patents. When evaluating a license, carefully analyze its terms and economic effect. Licenses come in many varieties and flavors. Sometimes they are robust and represent a lasting, global peace between the parties. Other times they are quite limited. Factors to consider when evaluating a license offer include, among things, whether the license

- requires a single-lump sum payment or an ongoing royalty;
- applies to all of a patent holder’s patents, or just a subset;
- covers all of a defendant’s actual and anticipated products and alleged uses of the asserted patents;
- applies to all relevant geographies;
- lasts for the duration of the patents’ life or will need to be renewed; and
- covers a licensee’s past, present, and future affiliates and business partners.

And, obviously, the amount a company may be willing to pay should be informed by an analysis of the amount at issue, the likelihood of success, the cost of litigating, the burden on the company, reputational risks, and more.

Conclusion

There are many factors that play into an effective strategy to defend against a patent infringement case. A company approached with

allegations of patent infringement will want to ensure that it is appropriately evaluating these factors and developing an effective response strategy that takes into account all of the potential avenues to success. Additionally, the best defense can be a good offense. In our third and final article, we will discuss how a company can go on the offense and develop its own patent portfolio and related licensing strategies. 



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NOTES

1. For a more detailed discussion about avoiding patent infringement, see Manno and Caixeiro, “Patent Dispute Primer—Part 1: Patent Infringement Basics All Attorneys Should Know,” 54 *Colo. Law.* 44 (Apr. 2025), <https://cl.cobar.org/features/patent-dispute-primer-part-1>.
2. Only exclusion orders and not money damages can be sought at the ITC.
3. 28 USC § 1400.
4. 28 USC § 1400(b).
5. *In re HTC Corp.*, 889 F.3d 1349, 1354 (Fed.Cir. 2018).
6. *See* 35 USC § 102.
7. *See* 35 USC § 103.
8. *See* 35 USC § 102.
9. *See* 35 USC § 103.
10. The advantages may be changing soon with some of the changes in legislation and the USPTO’s leadership. *See* Caixeiro and Manno, “The Trump Administration’s Approach to Patent Rights and Enforcement Comes Into Focus,” *Westlaw Today* (Apr. 15, 2025), <https://bit.ly/3SyH8cj>.
11. *See* 35 USC § 112.
12. *Id.*
13. *Id.*
14. *See* 35 USC § 101.
15. *See, e.g., Diamond v. Diehr*, 450 U.S. 175, 185 (1981).
16. *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208 (2014).
17. *See Princo Corp. v. Int’l Trade Comm’n*, 616 F.3d 1318, 1328 (Fed.Cir. 2010).
18. *GS CleanTech Corp. v. Adkins Energy LLC*, 951 F.3d 1310, 1324 (Fed.Cir. 2020).
19. *Gilead Scis., Inc. v. Merck & Co.*, 888 F.3d 1231, 1240–41 (Fed.Cir. 2018).
20. *Luv n’ Care, Ltd. v. Laurain*, 98 F.4th 1081, 1096 (Fed.Cir. 2024).
21. *See, e.g., Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002).
22. Manno and Caixeiro, *supra* note 1 at 45–46.
23. *See* 35 USC § 283.
24. *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391–94 (2006).
25. *See* SB 708, Realizing Engineering, Science, and Technology Opportunities by Restoring Exclusive Patent Rights Act of 2025 (RESTORE) (introduced Feb. 25, 2025).