



Patent Trolls: The New Litigation Peril

By Brice Recker

Q: I received a letter claiming my business violated someone else's patent. Should I be concerned?

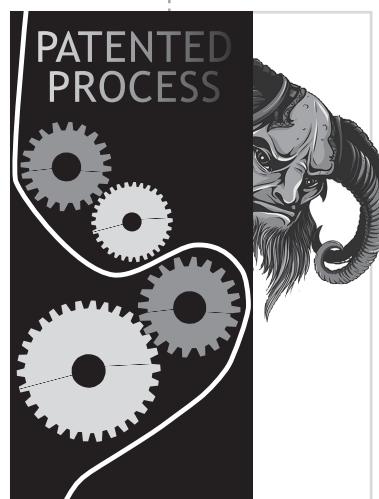
A: Yes. Your letter may have come from a "non-practicing entity" (sometimes called a "patent troll"). Such a person or company attempts to collect licensing fees for patent violations, but does not actually manufacture products or supply services based on the patents in question. (Patent law does not differentiate between non-practicing entities and companies that produce actual products or services.) The patent infringement case is conducted as

any other lawsuit in federal court, and the cost of defending such a lawsuit is often high. If a "patent troll" brings a suit against your company, you will have to retain an intellectual property attorney to help you respond properly to the lawsuit.

Q: How might my company infringe someone's patent?

A: If your company markets, as its own, a product or method that includes each and every element or method step used in a patented product or method, then your company has literally

infringed someone else's patent rights. But, if there is even one element or method step that does not match the patented product or method, then you have *not* literally infringed that patent.



However, your company also might be found guilty of patent infringement if it has an "equivalent" for every element of the patented product or method that doesn't exactly match.

If the patent owner can prove that your company makes, uses or sells the patented invention, your company can be liable for patent infringement.

Death and the Digital Age

By Alan Wernick

Common sense says you should have a will to protect your family and personal assets, including digital assets, when you die. An increasing number of business assets also reside in digital form, so plans must be made for what will happen to those digital assets when an owner, officer or key employee of your business dies.

Digital assets include business financial information (e.g., bank and credit card accounts), documents, email, social media websites, photographs, trade secrets and other items not meant for public disclosure such as employee medical and financial information.

If the person who managed these digital assets dies, access most likely will require at least knowledge of the user name and password and possibly possession of a working security token or encryption key.

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Q: How would a patent holder prove infringement?

A: The patent holder must bring a legal action and:

- show proof of patent ownership, usually by providing a copy of the issued patent from the USPTO, along with any assignments of the patent;
- prove that someone has imported, made, used, sold or offered to sell the patent holder's invention or a product derived from the patented process;

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■ prove that this infringement harmed the patent holder (by depriving the patent holder of revenue, for example).

However, a “non-practicing entity” or “patent troll” that does not actually produce a product or service, but still owns a legitimate patent for the product or service, may bring a lawsuit against your company. Some companies aggregate many types of patents, intending to sue parties that might be prone to settle quickly. The “troll” might have bought the patents from the original inventor or even invented the product or service, even though it is not currently being produced or used. The law does not discriminate against patent owners that have yet to produce a product. The law aims to protect the innovator, but the non-practicing entity can be viewed as unfairly exploiting the law. Because patent/trademark litigation is expensive, defendants may settle to avoid the cost of a lawsuit.

Q: What if my small business is found guilty of infringing a patent?

A: A court can order your business to stop infringing the patent, and your business also may have to pay thousands or even millions of dollars in damages.

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You Should Know...

By Douglas L. Anderson

Under the Affordable Care Act, small businesses with 50 or fewer employees may shop for insurance for employees on the new health insurance Marketplace at

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If a single person controls the business, and that person dies, his or her business assets, including the digital assets, may not be readily known or accessible. Those with an interest in the business’s digital assets (e.g., family members, employees, shareholders, business partners, creditors and claimants to intellectual property rights owned or used by the business) may not even be aware of their existence and location(s). A business could fail if the appropriate people cannot get timely access to the business’s digital assets.

Some states have passed statutes providing executors of a deceased person’s assets a right to take control of certain digital assets. However, these statutes are not uniform in language and scope, and current federal law does not adequately address these issues.

What steps can your business take to protect itself and its digital assets?

While not exhaustive, the following is a list of proactive steps to consider taking:

- Consult with an attorney experienced in estate planning and laws affecting digital assets.
- Consider using a digital assets estate planning service for a technological solution to handling digital assets, but consult with a knowledgeable attorney first. The terms of use of such services may not be uniform

www.healthcare.gov. The Marketplace will offer a variety of plans employers can choose from and employers can decide how much to contribute. Small businesses can begin to shop online at the Marketplace on November 1, 2013. Although small employers are not

and may open your company to legal risks. Be aware that the terms of use governing websites containing your business’s digital assets may stymy your control over those assets.

A business could fail if the appropriate people cannot get timely access to the business’s digital assets.

For instance, the heirs of a key employee may not be able to access that employee’s social media presence. If heirs want the decedent’s social media presence to be promptly removed, they will have to work through the terms and conditions of the social media website provider. Or, let’s say your company’s website developer registered your business’s domain in his or her own name. If that person dies, it could be very difficult to get access to your business’s website, and if a renewal payment to maintain domain ownership (URL) is missed, your business’s website domain could be lost.

■ Be aware of possible copyright infringement. For example, if your company’s digital assets include a collection of e-books whose copyright rights are owned by a third party, copyright rights may be infringed if multiple copies of an e-book are created and distributed to multiple heirs or shareholders.

Like most things in life and in business, a little planning may go a long way in preserving and protecting a digital legacy.

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required to offer coverage, the Marketplace is a new option they should consider.

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