

IP Portfolio Management in the Downturn: What Outside Prosecution Counsel Can Do



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How to ask a question

The screenshot shows a software interface for a webinar. At the top, there is a menu bar with 'File', 'View', 'Tools', and 'Help'. Below the menu, there are several panels:

- My Details:** Shows the name 'Anson Barr (Ma)'.
- Webinar Info:** Contains the title 'Give Punch to Online Presentations', a URL 'https://qa1.webexmeeting.com/jgqater/100345110', 'Webinar ID# 100-345-110', and 'Dial 805 772 3322, access code 106805420'.
- Question and Answer:** A panel with a 'Question and Answer Log' and a text input field labeled 'Enter a question for the staff.' with a 'Send' button below it.

To the left of the 'Question and Answer' panel, there is a 'Submit Question' section with the text: 'Type your question and click Send to submit it to the organizer'. A line connects this text to the 'Send' button in the interface.

Responding to client needs

- ✧ **“What do I pay?”: the price of prosecution**
- ✧ **“What do I get?”: the deliverables**

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“What do I pay?”: The Price of Prosecution

- ✧ **Hourly rates are one measure of price, but do not tell the whole story of what a client pays**
- ✧ **What does it cost to prepare a US patent application? —a response? —a US trademark application?**
 - The client wants to know
 - Fixed price arrangements can be worked out
 - *Will adjustments be made for complex matters?*
 - *Tiered pricing based on complexity or agreed level of attention*

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Strategies to lower the price: less work or less profit

- ✧ **Less profit:**
 - Simply receive less for the same work
 - Delivery of legal services as a zero-sum game
- ✧ **Less work:**
 - Deliver an inferior work product?—sometimes acceptable if it still confirms to agreed standards
 - Work more efficiently—sometimes possible
 - Delegate work to the client that can be done by the client
 - *Requires up-front planning, a sophisticated client, and an agreed work-sharing arrangement*
 - *Seldom explored, but sometimes a viable solution*

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“What do I pay?”—the art of the budget

- ✧ **Even fixed prices for each item of work do not inform a client about costs of representation**
- ✧ **Constructing a portfolio budget**
 - Is possible
 - Requires intimate knowledge of the portfolio
 - Benefits by knowledge of past charges for the portfolio
 - Requires thoughtful analysis of kinds of events likely to require attention over the next twelve months

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Constructing a budget

- ✧ **Begin with events that are known to require services over the next three months: responses (US and foreign), new US applications (provisional, conversions from provisional, continuations, CIPs) , new PCT applications, national phase entries from PCT, issuances, validations in Europe, oppositions, reexaminations, reissues, clearance opinions**
- ✧ **Estimate cost of handling each event**
- ✧ **Multiply by four!**

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Refining the budget

- ✧ **Trademarks can be handled analogously: consider responses (US and foreign), new US filings, new foreign filings, new Madrid Protocol filings, renewals, oppositions, cancellations**
- ✧ **Use real data, where possible, for going beyond the first quarter**
- ✧ **Validate your model with historical data: for estimates of activity, for charges for items of work, for ratio of fees to costs, and for aggregate charges**

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“What do I get?”: the Deliverables

- ✧ **Cost should not be the sole basis for managing a portfolio**
- ✧ **One must consider quality in relation to price —value!**
- ✧ **Quality should be reflected in the portfolio as a whole**

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What makes a portfolio valuable?

- ✧ **For accounting purposes, patents and trademarks are assets, not expenses**
- ✧ **Developing patent and trademark assets requires wise investment**
- ✧ **Patent and trademark assets have value when they support the company’s business strategy**
- ✧ **In other words, an IP portfolio has value when it supports the company’s business strategy**

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What goes into the IP portfolio to add value?

- ✧ Determine how the business will look like five years from now
- ✧ An application filed today defines what protection the business has five years from now
- ✧ What products and processes will the business be selling (and using)?
- ✧ What products and processes can we expect the competition to be selling and using?
- ✧ Filing strategy should aim to cover client's planned products and services as well as potential work-arounds by competitors

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What goes out of a portfolio to make it more efficient?

- ✧ —Things in it that do not relate to the long-term business strategy
- ✧ — Things in it that matter less to business leverage of the company
 - Evaluate foreign prosecution costs carefully
- ✧ **Each change in strategy requires re-evaluation of the portfolio**
 - Some items may no longer have relevance to the company's mission
 - Other items may take on new prominence

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Achieving portfolio discipline

- ✧ **Focus on objectives for the portfolio**
- ✧ **Fine-tune the portfolio in meetings among masterminds of business and IP managers: patent counsel and general counsel, heads of business development, marketing, and technology development**

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IP Portfolio Meetings

- ✧ **Use a patent portfolio listing**
 - Place new inventions on it, and indicate timing for filing
 - Place existing filings on it, with filing data, pertinent product lines, and status
- ✧ **Review and update the listing in meetings, so the listing also becomes an agenda**
- ✧ **Have patent counsel update the listing between meetings**

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IP Portfolio Meetings (cont'd)

- ✧ **Items on the portfolio listing can be adjusted in relation to the business strategy**
- ✧ **The business strategy can be adjusted in relation to items on the portfolio listing**
- ✧ **The adjustments must take into account competition, developments in the market, the technology, legal proceedings involving the portfolio and the company, and the budget**

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Competitive intelligence affects portfolio design

- ✧ **Knowledge of filings of competitors**
- ✧ **Knowledge of business direction of competitors**
- ✧ **Prior art searching has new prominence in the post-*KSR v. Teleflex* environment**
 - *Smart claiming strategies, informed by the prior art, can lead to significant efficiencies in prosecution—and better patents!*
 - *Use new knowledge of prior art to re-evaluate older properties in light of KSR*
 - *Rehabilitate (via reissue or reexamination) the weak properties or else cull them*

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Conclusion

- ✧ **Price matters, but value matters more**
- ✧ **Delivering value in IP prosecution requires honing the portfolio to deliver intellectual property supporting the company's business strategy**
 - Know the company's downstream market offerings
 - Know the prior art
 - Craft claims that are smart to begin with
 - Avoid and eliminate patent properties outside of the company's mission

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Deliver value.



Good luck!

IP Litigation Management in the Downturn



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CAUTION PREVAILS

- ✧ **Economic Downturn**
- ✧ **Reluctance to Commit Resources**
- ✧ **Budgeting Essential**

CANDID ASSESSMENT – A JOINT ENTERPRISE

- ✧ **In-House Counsel Must Work With Outside Counsel To Assure Development of a Candid Assessment**
- ✧ **Strength of Case**
- ✧ **Weaknesses, Obstacles**
- ✧ **Resources Required**
 - Budget Dollars
 - Management Time
 - Company Resources, e.g., IT
- ✧ **Remedies Available, Time Line**

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Must We Litigate?

- ✧ **Goals Must Be Realistic**
- ✧ **Achievable Objectives**
- ✧ **Limited Predictability**
- ✧ **Expense Assessment**
- ✧ **Decision Matrix**

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Litigation Essential

- ✧ **Protect Market Position**
- ✧ **Revenue Stream**
- ✧ **Future of Company**
- ✧ **Defend Key Line of Business**
- ✧ **Defend Against Questionable Claim**

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LITIGATION POTENTIALLY AVOIDABLE

- ✧ **Not Worth the Expense**
 - Lack of Staying Power
- ✧ **Buy-Out, Acquisition**
- ✧ **Cross License**
- ✧ **Alternative Business Approach Available**
 - Different Marketing
 - Work-Around
 - New Product Line
 - Joint Venture

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Shadow-Boxing

- ✧ **Business Discussions**
- ✧ **License Negotiations**
- ✧ **Declaratory Judgment Issues**
 - *Medimmune* Eliminates Reasonable Apprehension of Suit Test
- ✧ **Sue But Do Not Serve**

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ALTERNATIVE FORUM

- ✧ **Mediation**
- ✧ **Arbitration**
- ✧ **Reexamination – Inter Partes**
- ✧ **Trademark Opposition, Cancellation**
- ✧ **International Trade Commission**

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COURT CASE

- ✧ **Good Assessment Critical**
- ✧ **What are the Odds?**
- ✧ **Realistic Budget**
- ✧ **Relative Staying Power**
- ✧ **Prospects for Business Settlement**

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LITIGATION TO TRIAL

- ✧ **Theme of the Case**
- ✧ **Build and Maintain Momentum**
- ✧ **Aggressive Pursuit**
- ✧ **Eliminate Issues, Simplify Matters in Contention**
- ✧ **Seek Early Exit When Available**
- ✧ **Tell Your Own Story**

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LITIGATION CONTROLS

- ✧ **Quarterly Budget**
- ✧ **Frequent Strategy Meetings with In-House Counsel and Management**
- ✧ **Employ Available In-House Resources**
- ✧ **Strong IT Resources**
- ✧ **Outsource Routine Tasks Where Possible**

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TRIAL

- ✧ **Tell Your Own Story**
- ✧ **Strong Presentation Values**
 - Persuasive Trial Counsel
 - Quality Graphics
- ✧ **Well-Prepared Witnesses**
- ✧ **Experts Who Are Leaders and Teachers**
- ✧ **Deflect and Defuse Adversary Tactics**

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Control Risk Where Possible

- ✧ **Eliminate Issues, Simplify Case**
- ✧ **Limit Loss with Good Settlement, Where Available**
- ✧ **Resolve Risk By Win At Trial, On Appeal**

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NO SURPRISES



- ✧ **Candid Risk Assessment**
- ✧ **Realistic Budget**
- ✧ **Careful Planning, Frequently Updated**

Managing IP Portfolios in the Current Economic Climate



Costs versus Benefits

- Patents and Trademarks are assets of the company.
- The asset must provide sufficient benefit to the company to justify the costs of creating and maintaining the asset.
- The first step is understanding what the asset is.

Assessing Benefits

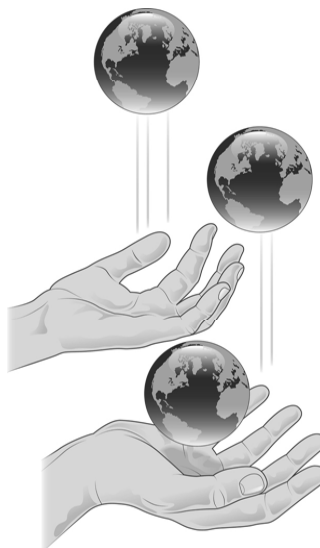
- Will the asset protect a commercial product? Annual sales?
- Will the asset protect the next-best-thing to the commercial product?
- Is the asset sufficiently robust that it can be enforced?
- Will the asset help the company achieve a different goal? Increase company reputation?

Assessing Costs

- Money.
- Time spent by attorneys, paralegals, inventors and managers.
- Yet another record and file to be managed.
- Diverting attention, resources and money from tasks which 'move the needle' for the company.

Tips & Tricks – General

- Relationships, relationships, relationships.
- Communicate with client and outside counsel clearly and consistently.
- Don't wait for information to come to you.



Tips & Tricks – US Patent Procurement

- Understand how the invention benefits the company.
- Select a protection strategy to achieve the benefits.
- At each stage, ensure that claim scope still achieves the benefits originally identified.



Tips & Tricks – Foreign Patent Procurement

- Selection of Countries.
- Don't delay prosecution unless the additional annuities justifies the benefit of the delay.
- Clear instructions can reduce fees.
- Enforcement



Tips & Tricks – Portfolio Management

- Annual Portfolio Review v. Ongoing Review
- Questions to ask in Cost/Benefit Analysis
 - Is this asset still relevant?
 - Is this asset enforceable?
 - Has the business focus shifted?
 - Licensing possibilities?



Tips & Tricks – Freedom to Practice Opinions

- Cost/benefit analysis – one of the keys is the value of the product/process the opinion will cover.
- Flat fees for opinions are a financially successful possibility for law firms and the company, if managed correctly.

Tips & Tricks – Outside Counsel

- Enable your law firms to work more efficiently and effectively by consolidating for technology expertise and volume.
- Be firm and reasonable.
- Don't tolerate unhelpful behaviors.
- For foreign counsel, understand the differences between “attorney” and “agent” in different jurisdictions.



Summary

- Utilize a cost-benefit analysis to help make good decisions.
- Involve your business in the analysis.



Thank you!