

5 Tips For Managing A Complex Patent Portfolio

By Julie Zeveloff

Law360, New York (July 09, 2010) -- Patent portfolio management is tricky at the best of times, but it can become downright onerous as struggling companies cut legal resources. These insider tips on maintaining a complex patent portfolio — from speeding up a patent prosecution to organizing a massive patent collection — are sure to be appreciated by clients, and may even save them a buck or two.

1. Track Your Client's Competitors

The savviest patent portfolio managers will monitor rival companies' moves in the intellectual property arena to maintain a competitive edge, identify cross-licensing opportunities and protect their clients against potential litigation.

Todd Landis, a partner in Akin Gump Strauss Hauer & Feld LLP's intellectual property practice who oversees the patent portfolios of major players in the oil and gas and telecommunications industries, said his paralegals check monthly to see whether his clients' competitors have filed any new patent applications.

He also scans new patent litigation on a daily basis to see if his clients' rivals are suing — or being sued — over technology that could potentially expose his clients to liability.

By tracking patent applications and litigation, “we can give clients a heads-up and see what their exposure is along the same technology lines,” Landis said. “If you can catch it early and get into a defensive posture, things will go a lot more smoothly.”

He added that his clients also use their knowledge of competitors' IP information to pursue cross-licensing deals and even acquire small companies with valuable patent portfolios.

For companies that prefer to use their intellectual property as a sword, keeping tabs on the competition is crucial.

Jack Barufka, firmwide leader for Pillsbury Winthrop Shaw Pittman LLP's intellectual property practice, suggested that companies seek out patents that cover their competitors' innovations as well as their own or pursue patents in product areas it may plan to enter down the road.

“Filing patent areas to cover [future] subject matter would be very good for reserving exclusivity in that area for you to pursue in the future,” Barufka said. “Or, if a competition comes up with a product in the nearer term, you will have the right to go after them for royalties or damages.”

2. Get (And Stay) Organized

There are scads of ways to keep a sprawling patent portfolio in check. Here are some of our favorites:

For companies that churn out thousands of inventions, implement a system to rate the importance of applications, suggested Robert A. Kalinsky of Merchant & Gould PC, a Minneapolis-based IP boutique.

The system — his clients rank applications by “high,” “medium” and “low” — lets prosecuting attorneys decide how to best use resources and how hard to fight for broader claims before the patent office.

“It’s a way for the client to communicate efficiently to us the importance of each case,” Kalinsky said. “For clients filing thousands of applications a year, using this simple system instantly gives us an idea of how we should treat each action.”

Barufka’s clients also rate their innovations, but his scale helps a client determine whether it’s worthwhile to pursue patent protection for a particular invention.

“We come up with certain standards for each innovation and give them each a score,” he said. “Each innovation has to meet a certain threshold before a decision is made on whether or not to file an application.”

Marshall, Gerstein & Borun LLP’s Jeremy R. Kriegel has avoided major hassles by keeping a spreadsheet that lists every named inventor on each patent application.

That way, it’s easy to identify patent application documents that still need to be signed if an inventor leaves the company, he said.

“The application must name the true inventors, and the Patent Office doesn’t care that an inventor has left the company,” Kriegel said. “They still require that person’s signature on the appropriate documentation.”



Jeremy R. Kriegel, Esq.

While a company can petition the U.S. Patent and Trademark Office to proceed without an inventor’s signature, that process can be cumbersome and costly — and it’s easily avoided if inventors are properly accounted for, he said.

Ann G. Schoen, who chairs Frost Brown Todd LLC’s intellectual property department, said she uses the firm’s Extranet as a comprehensive patent portfolio management tool.

Some clients use the program as a repository for pending applications and issued patents, while others use it to follow any patent-related actions and to submit invention disclosure forms, she said.

“We try to manage the patent portfolio so it makes sense, holistically, for the company’s business,” Schoen said. “It’s not just inventors who are sharing drafts — if a marketing manager wants to know if the company has claims that cover a certain technology, he can do that.”

The searchable system also allows portfolio managers to track patent expiration dates and the status of IP across jurisdictions.

“The Extranet allows a lot of people to access a broad scope of information so they don't have to make decisions in a vacuum,” Schoen explained.

3. Take Advantage of USPTO Programs To Speed Patent Prosecution

The USPTO has a growing arsenal of programs intended to expedite the patent prosecution process. Know them and use them, experts advise.

One of the USPTO's newest initiatives is Project Exchange, a program that lets patent applicants abandon an unexamined application in exchange for the expedited review of another one. The patent office extended the program to large entities in June, giving all applicants the chance to participate through Dec. 31, 2010, when the incentive expires.

“The program allows a company to get a patent sooner, which can be advantageous for an important invention,” Kriegel said.

The Patent Prosecution Highway, an initiative among the patent offices of various countries, is intended to speed up patent prosecution in a second office of filing.

The U.S. launched its first PPH with Japan in 2006, but the program has since expanded to include the European Patent Office, Australia, Korea, Canada and a handful of other countries.

“There can be significant savings of time and money for patent filers that use this program,” said Michael Friscia, a partner at McCarter & English LLP. He added that patent examinations in the second country can happen in as little as two or three months after the first filing is made.

Applicants can also make use of a “petition to make special,” which allows for expedited patent examination if an inventor is in poor health or over the age of 65.

Examinations can also be expedited under an initiative aimed at design patents to ensure they are protected while they are still in vogue and under a pilot program for patent applications related to green technology.

The latter program, which was recently expanded to include a broader array of green technologies, offers accelerated examinations to the first 3,000 applications, Friscia said. Applicants to that program must file by Dec. 8, 2010.

4. Use Uniform Prosecution and Licensing Procedures

Standardized procedures for patent prosecution and licensing can save both time and money, especially for companies dealing with thousands of patents and scores of royalty deals.

According to Akin Gump's Landis, clients with set invention disclosure forms have a far easier time prosecuting patents.

“Having uniform intake forms tremendously expedites the process — you don't have to sit down with the inventors and ask when they started working, when the product was sold and when it was used,” Landis said. “We help clients create and implement forms and then train their employees — that can all save a client a ton of money going forward in patent prosecution.

Standardized forms are also handy when it comes to licensing, Landis said.

He said many of his clients use a license template and then make any necessary changes in an appendix or “critical terms” page.

Uniform license agreements allow companies to wield power in license negotiations, Landis said. They can also be especially useful for foreign corporations that are used to a different legal system, he added.

While standardizing procedures seems like a general good business practice, Landis said he was surprised by the number of companies, including major corporations, that failed to do so.

“I’ve found that a lot of times, these practices are just not used,” he said. “Sometimes a client doesn’t want to have to pay someone to tell it what to do, or doesn’t have the legal department in place to deal with it.”

5. Unload Unused Patents

Patent maintenance fees are steep, and for entities with hundreds or thousands of patents, annual upkeep can cost millions of dollars. Instead of hanging onto obsolete or unused patents, astute patent portfolio managers will look to offload them or find new ways to monetize them.

“For larger companies whose revenues have gone down and are looking for ways to get a little money in the door, we will see them look at their portfolio items to see if they still need them,” said Daniel Yannuzzi, co-chair of the intellectual property group at Sheppard Mullin Richter & Hampton LLP.

Those companies should consider whether their patents cover core technology, are valuable from a defensive or offensive perspective or whether they could be used in cross-licensing, Yannuzzi said.

If the answer to those questions is no, it’s probably worthwhile to package the unwanted patents into a single portfolio to sell to a party looking to enter a new product area or enforce the patents through lawsuits, he said.

An increasing number of patent brokers are popping up to match sellers and buyers, and patent auctions — especially on the Internet — have also become popular in recent years.

Pillsbury’s Barufka said that even if a company opts not to sell unused patents, it could monetize its IP by seeking out infringers and targeting them in licensing negotiations or litigation.

And if all else fails, it may make sense to abandon outdated patents altogether, Yannuzzi advised.

“Just don’t pay the maintenance fees,” he said. “It can be a waste if it’s a decent patent, but in some cases, there’s simply no market for it.”

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