THE FRANKLIN PIERCE *Center for* INTELLECTUAL PROPERTY

UNIVERSITY *of* NEW HAMPSHIRE

SCHOOL *of* LAW

Association for Research & Development of Corporate Organization, Taiwan
中華民國公司組織研究發展協會

“How to Maximize the Value of Your IP Assets Globally”

Prof. Hawley, UNHLaw

Professor Jeff

- Bachelor of Engineering: Chemical 1969 NYU
- Kodak:
  - “photographic” engineer 1969-74
  - Kodak Patent Department 1974-2006 GWLaw JD
- UNH School of Law 2007 – present

- President: Rochester Patent Law Assoc.
- President: PIPA (Now part of IPO)
- President: IPO
- Member ACPC 1996-present

Establishing an Effective Strategy

- “Environmental” factors
- National/International
  - What is your company’s exposure?
  - Do you need to be a “player?”
- Industry
  - Aerospace, automotive, software, electronics, chemical, pharma, bio (be careful, industry culture changes)

Company Culture

- History of litigation experiences
- Licensing relationship with competitors
- How structured is the research planning process?
- How structured is the commercialization process?
  - “Phases and gates,” milestone reviews
- What is the IP background of senior management?

Personnel Issues

- Adequate resources
  - Including proper incentives and training
- IP Manager: correct skill/experience set
  - Strong understanding of the company's business
  - Strong technical background
  - Excellent organizational skills
  - Good company political skills
  - Some IP law understanding

Personnel Issues II

- Attorneys part of the team, but not the leader
- Strong support staff to provide background information
- Patent information systems
  - Either internal or external

Process

- High level (CEO) review AT LEAST once per year
- Complete IP inventory
  - Include licensed-in IP – make it visible to Research
- Break inventory into logical portfolios
  - "White space" portfolio
  - "Orphan" portfolio
- Survey competitive landscape

Process II

- Develop a written strategy for each portfolio
  - Cooperative effort: IP manager, legal staff, licensing manager, business manager (marketing?)
  - Review regularly (quarterly?)
- Develop a "report card" for the portfolio
  - More than one portfolio? Use a standard reporting format

Process III

- Periodic meetings with lead technical staff of each business unit
- Established procedures/forms for innovation submission
- Periodic “patent committee” meetings
  - Focused agenda
  - Relevant management representation
  - Review aligned with business strategy

Patent Information Systems

- Analysis of competitive landscape very important
- Constant and detailed technical input
  - Resources
  - Incentives
- Risks
  - Attorney client privilege in jeopardy
  - Damaging statements in the record

Day-to-Day Decisions

- Process should allow for prompt decisions made at the appropriate level
- Tied to budget constraints
  - Price list?
- Committees:
  - Used by most companies
  - Be wary of cycle time & decision cost
- Be wary of decisions based on inventor recognition factors

Freedom-to-Operate?

- Significant product: do a patent infringement study (Global Tech v. SEB, Sup Ct May 2011)
- Avoid risky situations: open source, weak vendors
- Indemnification: do the best you can
- Build your own portfolio in core areas
- NPEs?? Eon-Net v. Flagstar (July 2011)
- Cross license early

Targeting Infringement

- Litigation
  - Exclusivity
    - Illusory? – *Ebay v. MercExchange*
- Damages
  - Can be substantial ($1.5 billion)
  - Often are not
- Deterrent effect – which infringer first?
- License for money

Targeting Infringement

- Litigation Strategy:
  - Selection of Forum
  - Federal District Court – which one?
    - Substantial Damages possible
    - Possible exclusivity
    - Slow, expensive
  - ITC
    - No damages
    - Exclusion orders
    - Relatively Fast and cheap
  - Both

Successful Licensing Programs

- Clearly defined objectives
- Excellent due diligence
  - Well-documented infringement
  - Known counter risks
- Must be prepared for litigation
- Who bears the internal cost; who gets the internal benefit?
- Large companies need internal dispute resolution mechanism

Budgeting IP

- Acquisition
  - Extreme variation industry to industry
  - 2% – 3% of the R&D budget?
- Litigation
  - Out-of-pocket: $5M?
  - Internal distraction cost ???
- Licensing
  - Varies greatly on approach

Budgeting Trademarks

- Branded company vs. company of brands