



## 101 - Maximize IP Strategy Efficiencies

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## Faculty Biographies

### Jeffery Fromm

Jeffery Fromm is HP's vice president, deputy general counsel and director of intellectual property, and responsible for HP's intellectual property (IP) legal strategy and for managing the intellectual property section of HP's Legal Department. Mr. Fromm manages a global function responsible for worldwide intellectual property (IP) legal matters including patents, copyrights, and trademarks.

Mr. Fromm joined HP as an R&D engineer, then as a production manager, joining the company's legal department in Palo Alto, California. He held a number of positions in the Legal Department in California, Massachusetts and Colorado prior to retiring as senior managing counsel. After his retirement from HP, Fromm practiced law at the firm of Drinker Biddle and Reath LLP before rejoining HP in his current position.

Mr. Fromm is a registered patent attorney with the US Patent and Trademark Office, and is a member of the ABA, the ACC, and the Institute of Electrical & Electronics Engineers. Mr. Fromm is the author of several articles and has testified before Congress on the intersection of IP and antitrust law.

Mr. Fromm holds B.A.'s from the University of Pennsylvania and a J.D., magna cum laude from the Delaware Law School of Widener University.

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## Session 101 Maximizing IP Strategy Efficiencies

**Jeffery (Jeff) Fromm**  
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 Director of Intellectual Property**  
**Hewlett-Packard Company**



## Patent Portfolio Management (PPM)

### Mission Statement

- Managing a valuable asset by striving to pre-empt competitors with the assistance of technology futurists to acquire a strategically focused patent portfolio

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## The PPM Steps:

- Understand client's technology and business models and strategies, both current and future.
- Forecast where technology trends intersect market needs by evaluating competitor's developments and other indicators.
- Analyze and monitor client's existing patent portfolio in terms of technical, legal and geographic scope and depth vis-à-vis the business needs.
- Formulate a strategy for the portfolio, including a foreign filing strategy.
- Proactively solicit invention disclosures and file new patent applications early, consistent with the portfolio strategy, both to expand and fill gaps in the portfolio, and the allocated budget.
- Alternatively considering purchasing patents and patent applications, as well as, publishing inventions to prevent patents by others.
- Identify patents which are no longer needed within a portfolio and eliminate them considering the possibility of recovering the investments.
- Assist in the enforcement of patents in the portfolio.

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## Role of PPM

- Work with your client management to develop a Patent Portfolio Management Plan for each of the client's portfolio. Execute that Plan consistent with client management's strategic direction.

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## PPM Plan Development: Step 1

- Understand the business and strategy for each Patent Portfolio of your client. Begin with a meeting with client management to:
  - Identify the business models employing the portfolio
  - Identify key directions and trends for the next 5 years, including
    - The products and service and related plans
    - The key technical trends affecting the products and services.
    - The key technical and business problems to be solved
    - The key customer perceived features of the products/services.
  - Identify where the products employing the portfolio are used, sold and manufactured
  - Review IP plans of the business, if any
  - Identify the need for protection of existing products or processes
- [Measures: Thoroughness of business and technical understanding]

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## PPM Plan Development: Step 2

- Analysis of existing portfolio to identify gaps, strengths with respect to the business objectives. Develop a Patent Portfolio Management Plan.
  - Develop a Map of the existing IP
    - Who holds the IP?
    - Review scope of claims of patents
    - Identify approaches to IP used by competitors
  - Develop a Map of the existing Portfolio (Where? State? Costs? Technology?)
    - Review scope of claims of patents and applications
  - Develop a Map of the desired Portfolio
    - Conduct landscape and competitor patent searches
    - Review the scope and types of patents being obtained
  - Make a set of recommendations to drive the existing portfolio into the desired portfolio:
    - Where to cut patents / apps?
    - Establish claim scope goals
    - Where to file new applications?
    - Drive the right level of invention disclosures
    - Correct goals for client patent coordinators
    - Consider the use of other types of IP to achieve goals
- [Measures: Thoroughness of Existing Map; Clearness of Goals; Proper use of Patent Portfolio Management techniques.]

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## PPM Plan Development: Step 3

- Develop and write the Plan
  - Propose a process to develop the plan to your client
  - Execute the process and write up the plan
- [Measure: Quality of the Written Plan]

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## PPM Plan Development: Step 4

- Review the Patent Portfolio Management Plan with client management and establish specific goals, including numeric goals, and time for each element of the plan after considering resources available.
- [Measures: Number of plans approved; Specificity of goals]

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## PPM Plan Execution

- Work with client management to establish budget goals for each portfolio after consideration of each portfolio's Plan. [Measure: Meeting Budget +/- 5%]
- Work with client managers to establish a suitable Invention Disclosure pipeline for your portfolio per the Plan. [Measure: Ratio of Filed Disclosures to Total Disclosures]
- Work with your client to hold meetings to select Invention Disclosures that meet the Plan [Measure: Meeting % of each category as set forth in the plan]
- Manage the timely filing and prosecution of worldwide Patent Applications as proscribed in the Plan [Measure: Timeliness, Number and Scope of Patents obtained, Meeting Foreign Filing Goals]
- Manage Patent Maintenance Fees and other costs to maintain the Patent Portfolio as set forth in the Plan. [Measures: Budget]
- Assist in enforcement of the patents, including claim interpretation and prior art
- Work with your client to purchase patents that meet portfolio objectives
- Identify patents no longer needed in the portfolio and, as appropriate, sell them or abandon them.

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**Patent Portfolio Management**

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**Vice President, Deputy General Counsel &**  
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**Hewlett-Packard Company**

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## The PPM Steps (1):

- Understand client's technology and business models and strategies, both current and future.
- Forecast where technology trends intersect market needs by evaluating competitor's developments and other indicators.
- Analyze and monitor client's existing patent portfolio in terms of technical, legal and geographic scope and depth vis-à-vis the business needs.



## The PPM Steps (2):

- Formulate a strategy for the portfolio, including a foreign filing strategy.
- Proactively solicit invention disclosures and file new patent applications early, consistent with the portfolio strategy, both to expand and fill gaps in the portfolio, and the allocated budget.
- Alternatively considering purchasing patents and patent applications, as well as, publishing inventions to prevent patents by others.



### **The PPM Steps (3):**

- Identify patents which are no longer needed within a portfolio and eliminate them considering the possibility of recovering the investments.

### **PPM Plan Development: Step 1 (1)**

- Understand the business and strategy for each Patent Portfolio of your client. Begin with a meeting with client management to:



## PPM Plan Development: Step 1 (2)

- Identify the business models employing the portfolio
- Identify key directions and trends for the next 5 years, including
  - The products and service and related plans
  - The key technical trends affecting the products and services.
  - The key technical and business problems to be solved
  - The key customer perceived features of the products/services.
- Identify where the products employing the portfolio are used, sold and manufactured
- Review IP plans of the business, if any
- Identify the need for protection of existing products or processes



## PPM Plan Development: Step 2 (1)

- Analyze portfolio to identify gaps & strengths with respect to the business objectives.



## PPM Plan Development: Step 2 (2)

- Develop a Map of the existing IP
  - Who holds the IP?
  - Review scope of claims of patents
  - Identify approaches to IP used by competitors



## PPM Plan Development: Step 2 (3)

- Develop a Map of the existing Portfolio (Where? Status? Costs? Technology?)
  - Review scope of claims of patents and applications



## PPM Plan Development: Step 2 (4)

- Develop a Map of the desired Portfolio
  - Conduct landscape and competitor patent searches
  - Review the scope and types of patents being obtained



## PPM Plan Development: Step 2 (5)

- Make a set of recommendations to drive the existing portfolio into the desire portfolio:
  - Where to cut patents / apps?
  - Establish claim scope goals
  - Where to file new applications?
  - Drive the right level of invention disclosures
  - Correct goals for client patent coordinators
  - Consider the use of other types of IP to achieve goals



## PPM Plan Execution (1)

- Work with client management to establish budget goals for each portfolio after consideration of each portfolio's Plan. [Measure: Meeting Budget +/- 5%]



## PPM Plan Execution (2)

- Work with client managers to establish a suitable Invention Disclosure pipeline for your portfolio per the Plan. [Measure: Ratio of Filed Disclosures to Total Disclosures]
- Work with your client to hold meetings to select Invention Disclosures that meet the Plan [Measure: Meeting % of each category as set forth in the plan]



### PPM Plan Execution (3)

- Manage the timely filing and prosecution of worldwide Patent Applications as proscribed in the Plan [Measure: Timeliness, Number and Scope of Patents obtained, Meeting Foreign Filing Goals]
- Manage Patent Maintenance Fees and other costs to maintain the Patent Portfolio as set forth in the Plan. [Measures: Budget]



### PPM Plan Execution (4)

- Identify patents no longer needed in the portfolio and, as appropriate, sell them or abandon them.



## How to Set Up a Patent Review Board

**Bruce W. Greenhaus**  
Vice President, Patent Counsel  
Qualcomm Incorporated

### Who participates in a patent review board?

- Those most responsible for the budget;
- Those most knowledgeable about technology; and potential prior art;
- Those most knowledgeable about the business objectives;
- Those most knowledgeable about competitors.



## Who is most likely to be “in the know”

- Engineering leads (typically VPs of engineering)
  - Been around the industry for a while and know what others have done in the past
  - Broad exposure to the technology
- Business/Marketing Leads
  - Those that have some contact with the clients and know the competition well
- Patent attorneys responsible for the portfolio
  - The attorneys working in the trenches (possibly outside counsel if you don't have in-house counsel)



## Getting Buy-In

- The people that you will want to have in your patent review board will typically be very busy:
  - You need to be able to get their buy-in as to the importance of the process or they won't consistently show.



## Getting Buy-In (cont.)

- Stress the importance and cost of preparing patents:
  - Approx. 10-20K per application, plus another 1-10K per additional country in which you file;
  - Loss of rights if a patent application is not prepared and filed timely;
  - Decisions need the input of those that most likely to be able to direct the costs to the most important new inventions.



## What's next after formation of the board?

- Have a procedure for submitting disclosures:
  - Establish an invention disclosure form (IDF);
  - Establish a procedure for assigning a docket number;
  - Establish a procedure for saving copies of all IDF's in an IDF file/database.



## Questions for IDF

- What is the problem being solved?
- What have people done in the past to solve the problem?
- Describe the invention and how it solves the problem.
- Any known prior art?
- Any potential bar dates?
- What is the potential for use by competitors?



## Questions for IDF

- Used in current product or future contemplated product?
- What is the ease of detection?
- Any related applications/disclosures?
- Was the invention developed or implemented while performing government work/contract?
- What are the inventor's names?
- Who is the lead inventor ?
  - Person who will work with the preparing attorney.



## Preparation For Meetings

- Essential for successful meeting
  - Meeting agenda (List of all IDFs to be reviewed);
  - Someone should review the IDFs to ensure they are complete;
  - Copies of IDFs to all members of the board at least 3 days prior to meeting;
    - To early and they get put aside;
    - To late and they won't get reviewed prior to meeting.



## Preparation For Meeting (cont.)

- Put lead inventors on notice that they will need to participate:
  - Having inventors present is essential for understanding the disclosed invention;
  - Use teleconference to allow inventors to participate;
    - Have an assistant at the meeting to call inventors just prior to their IDF being review;
    - Attempt to estimate when the inventor will be called and inform them ahead of time;



## Meeting Schedule

- Regularly scheduled meetings:
  - Important to regularly schedule so that everyone holds the time slot.
- Interval will depend on how many disclosures you receive, but should be at least once a month:
  - You can always cancel a meeting if you don't get a disclosure.

## Meeting Schedule (cont.)

- Typically takes between 10-25 minutes to review a disclosure:
  - Of course this will vary from group to group, but getting everyone to understand the invention, agree on the importance of the invention and rate the invention can take time.
- Meetings should not last more than 2 hours:
  - Members of the board typically won't have sufficient time in their schedules for longer meetings.



## Evaluating the Disclosures

- A rating system is essential that will allow the members of the board to assess the value of the disclosure
- The rating system should take into account both the offensive and defensive value

## Evaluating the Disclosures (cont.)

- The questions asked should assist in determining:
  - The importance (value) of a patent and how much money/effort to allocate to attaining a patent for this invention
  - Whether to use trade secret protection rather than patents
  - When to file
  - In which countries to file



## What's the value of patent protection?

- Is use of the invention necessary
  - Required by industry standard;
  - Commercially necessary;
    - Any way to make a competitive product without use of the invention



## What's the value of patent protection (cont.)

- Will use of the invention provide a competitive advantage;
  - Does use of the invention make the end product:
    - smaller,
    - faster,
    - cheaper,
    - more efficient, etc.
  - How much?



### What's the value of patent protection (cont.)

- What are the alternatives to use of the invention;
  - design arounds;
- Can any such alternatives be patented as well?



### What's the value of patent protection (cont.)

- How likely is it that the invention will be used in a competitor's product?
  - Will competitors independently arrive at the invention?
  - Will competitors be likely to take a license?
- How likely is it that the invention will be used in your product?
  - Are there plans to use the invention in a current design?
  - Are there plans to use the invention in a future design?



## Should the Invention be protected by Trade Secret Law

- Some inventions are better protected by Trade Secret Law rather than Patent Law
  - How easy will it be to detect the invention?
  - How likely is it that competitors will independently develop the same solution?



## Should the Invention be protected by Trade Secret Law (cont.)

- Some inventions are better protected by Trade Secret Law rather than Patent Law (cont.)
  - How easy would it be to reverse engineer the invention once the invention is released to the public in your product?
  - How hard will it be to keep the invention a secret?
    - How many employees will know the invention?
    - How likely is it that you can control the information?



## When to File

- Typically, applications should be filed immediately upon determining interest.
- Some inventions may not be ripe for submission of a patent application:
  - Not yet sure of the value of the invention;
    - Not sure whether the invention is viable;
    - Not sure what the advantages of the invention are;
    - Not sure whether anyone is likely to ever use the invention;
    - Not sure whether it is practical to practice the invention.



## When to File (cont.)

- If the value of the invention is in doubt, it may be appropriate to file a provisional application to gain a filing date while saving some of the cost of filing a non-provisional application:
  - The provisional application still must be complete and support claims;
  - While claims are not required, you should still consider writing claims.



## Where to File

- Countries in which sale of products with the invention is likely;
  - Sale by you;
  - Sale by competitors;
- Countries in which production of products with the invention is likely;
- Countries where design work is likely to occur.

## How to File

- There are several ways to file:
  - First in US and then within one year through PCT
    - PCT using US as receiving office
    - PCT using Japan or EPO as receiving office



## How to File (cont.)

- First in PCT and then in US within 30 months:
  - Filing in PCT designating the US and other countries of interest.
    - Using US as receiving office
    - Using Japan or EPO as receiving office



## How to File (cont.)

- File in US first and then directly in each other country within one year.
  - Saves money and time;
  - Not common, but well worth considering if you are sure that you will want to file in all of the countries in issue;
  - Requires doing a full translation sooner than is required if using PCT.



## IP Monetization

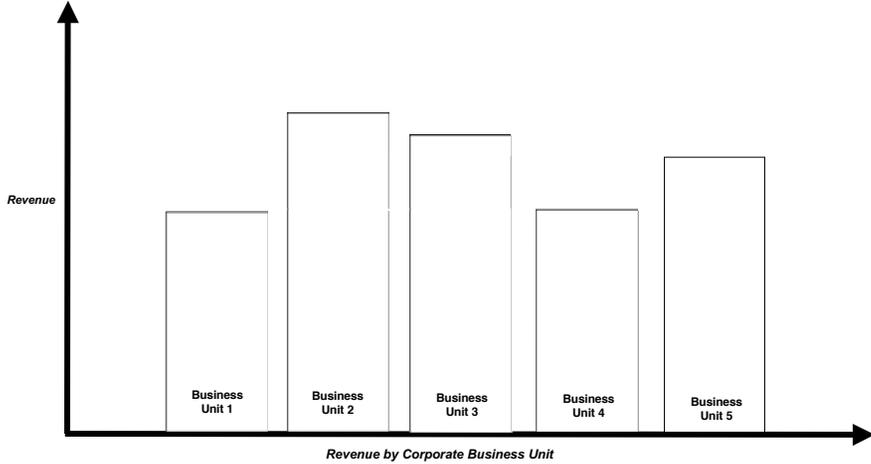
Eric Shih  
IPiphany Capital

## IP Monetization: Yes or No?

- Overarching Corporate Issues
- Practical Concerns & Considerations
- Checklist



### Revenue Distribution: Scenario #1

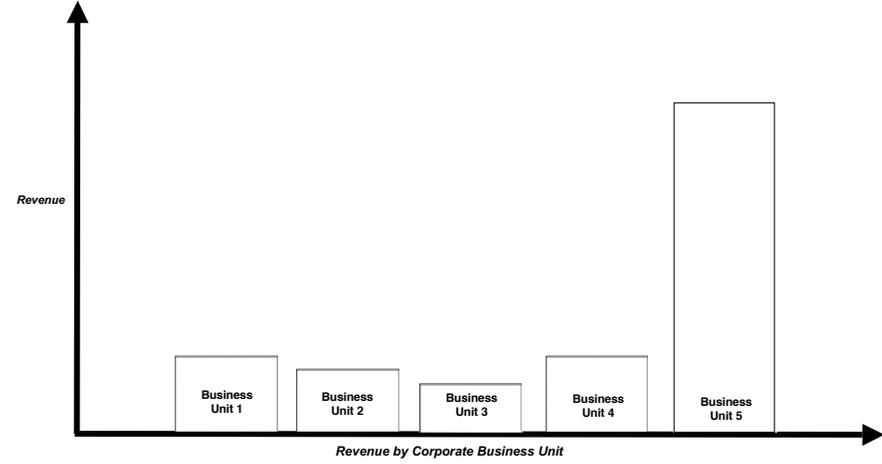


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### Revenue Distribution: Scenario #2



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## Some Fundamental Challenges

- Finding monetary value in patent portfolios can be an exhaustive undertaking
- IP doesn't sell itself - need to create leverage (FUD?)
- Requires extraction by experienced management team
- Expensive and uncertain outcomes if purely litigation focused
- Significant difference between sellers /licensors and buyers/licensees expectations

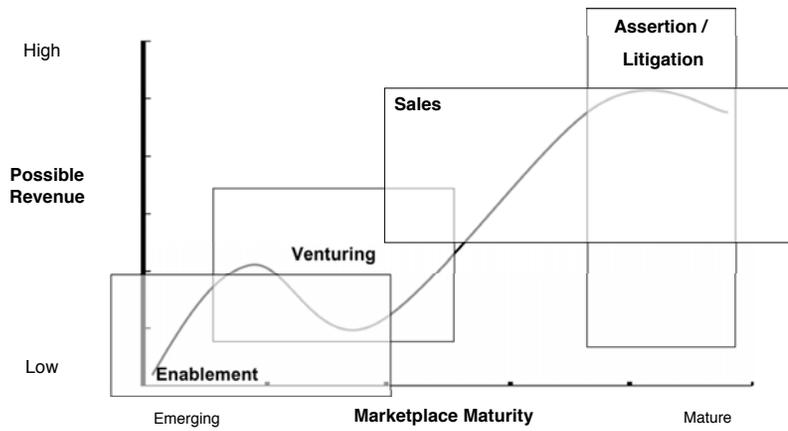


## Some Fundamental Challenges *cont'd*

- Conflicts between defensive needs and use of IP and financial value of IP
- Managing expectations internally is difficult – find a champion/sponsor
- In-house teams may not have the commercial / market focus, bandwidth or resources necessary to generate revenues from their IP (even though they are very good at defensive/cross-licensing )
- Operating within the company brand / market ecosystem places severe restrictions on flexibility from a purely IP monetization point of view



### Maturity Often Drives Monetization Strategy

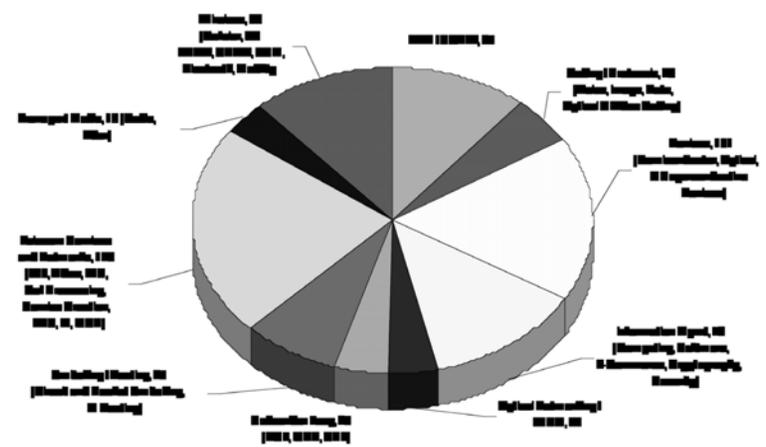


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### Sample U.S. Patent Portfolio

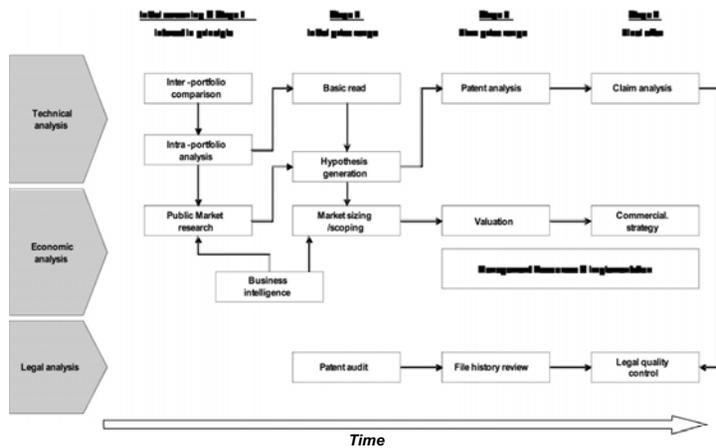


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### Sample Due Diligence Process

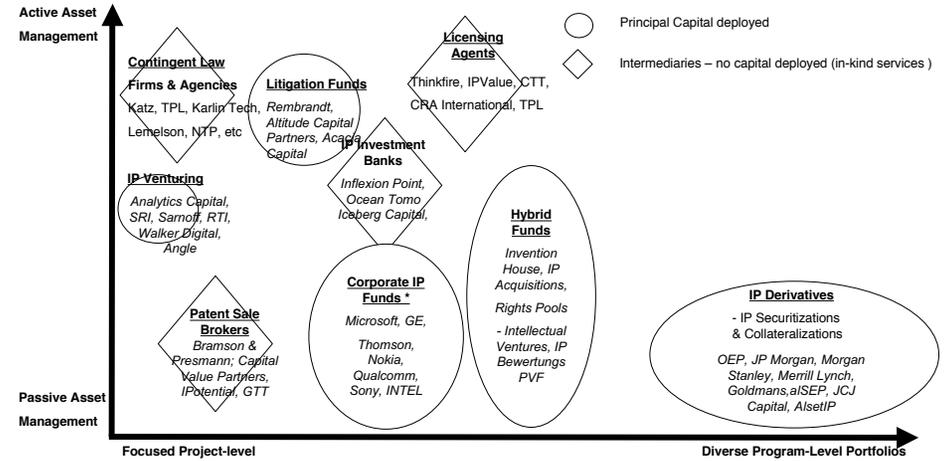


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### Outsourcing: IP Monetization Entities



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## Shifting Sands of US Patent Law

- Patents are effectively under siege as result of recent decisions in the courts as well as pending reform efforts in Congress
- Supreme Court has recently heard more patent cases and ruled against the patentee
  - Permanent injunctions not automatic after a finding of infringement (*eBay*)
  - Licensees can challenge patent validity without risk of injunction or damages (*MedImmune*)
  - Establishing patent is obvious (invalid) much easier (*KSR*)
- Congress is considering new patent legislation
  - House and Senate versions started off remarkably similar
  - Proposed law may undercut the strength of a patent as well as size of damages awards
  - Battle lines drawn between pharma/small inventors and high tech (IT)



## Shifting Sands of US Patent Law *cont'd*

- Pendulum has, for now, swung in favor of infringement defendants and licensing targets, however, patent monetization still a healthy business model
  - Litigation and the large damage awards have driven Congress and the courts to intervene
  - In the face of the legal environment, patent sales, licensing and/or hybrid approaches may be better received than litigation
  - Sophisticated monetization teams, who are mindful of ever changing legal issues, now more important than ever to navigate turbulent legal waters



## Key Checklist

- **Correctly Position IP Monetization Within the Company**
  - monetization often takes second place to defensive use of IP
  - lack of cooperation from business units (e.g., objection to proposed monetization program)
- **Properly define core versus non-core portfolios**
  - fear of selling off the company's crown jewels
  - fear of possibly needing the patents in future: loss of defensive rights and future opportunities
- **Control PR: companies often steer clear of openly aiding and abetting patent trolls**
  - fear of adverse impact on company's key markets and customers
  - fear that patents will be used against the company or its valued ecosystem



## Key Checklist *cont'd*

- **Value:** getting the right price for the asset ( not short-selling or “asset stripping” )
- **Outsourcing:** loss of control / conflicts of interest if outsourced to licensing agents
- **Contingent liability:** dragged into lawsuit by having a stake in its success ( financial engineering remedies)
- **Tax Legal Matters in Divesting Assets:** sizable potential exposure from capital gains and income tax