

ACC'S CLO THINKTANK SERIES 2007

**"STRATEGIC ISSUES IN INTELLECTUAL PROPERTY RISK  
MANAGEMENT"**

**Hosted by Michael Fricklas, CLO of Viacom, Inc.**

**June 1, 2007**

**9:00 a.m. – 1:00 p.m.**

**The Ritz-Carlton Hotel- San Francisco, CA**

\* \* \* \* \*

**Participants' Briefing Materials**

\* \* \* \* \*

## SUMMARY/OUTLINE OF DISCUSSION TOPICS

### Strategic Issues in Intellectual Property Risk Management

The following outline is intended to provide a short overview of some of the issues at the heart of this discussion topic. There may be other issues we've not identified or perspectives on the identified issues that are not adequately represented in the outline: you should feel free to raise these additional thoughts, as you like. *The outline is merely intended as a starting point to help you identify discussion topics and tee up your conversation.*\*\*

#### A. ORGANIZATIONAL ISSUES/ FUNCTIONAL RESPONSIBILITIES (Tab 1)

1. **CLO/Law Department's Role:** What is your role/role of in-house lawyers in supporting the organization's intellectual property strategy? How has your role/law department's role changed in recent years?

>>Chief IP Lawyer: Do you have a Chief IP lawyer within your group? How has this position changed in recent years? In staffing this position, did you bring in an external hire? Does the position report directly to you?

>>Law Department IP Support: Do you have an 'IP group(s)' within your law department? What role(s) do non-lawyer professionals play in supporting IP work within your law department? Does your law department handle IP litigation as well as strategic counselling on IP issues? Does the law department play a primarily defensive role or is the role becoming more proactive?

>>Inside/Outside Counsel Mix: What is the inside/outside mix for legal support on IP issues? What are the pros and cons of handling IP issues in-house? Have you consolidated your strategic IP work with one outside firm?

>>CLO & Board: Are you an advocate in the Boardroom for the organization's IP strategy? How has your role changed in recent years in this regard? Is the Board increasingly looking to you for guidance in this area? Do they want guidance from outside counsel on IP issues?

2. **IP Committee:** Does your organization have an IP Committee that includes representatives from functional groups such as research and development, marketing and the law department? Who is on the Committee? Who Chairs the Committee? What role do lawyers play on this Committee? Does the Committee have a charter? What are the key purposes of the Committee? How often does it convene? What types of matters does the Committee focus on? What is the relationship between the Committee and the Board?
3. **IP Management Group-Centralized:** Is there a separate, centralized business group on point for managing day-to-day issues associated with the company's intellectual property? Does it report organizationally into the law department or is

---

\*\* Resource Links for Tab References may be found at the end of this document.

it a separate business or functional group without any reporting relationship to the law department? What are the pros and cons of having an organizational reporting nexus between the law department and the IP group? What role(s) do the marketing, sales and research & development groups play and how do they coordinate?

4. **Chief Intellectual Property Officer (CIPO):** Does your organization have a CIPO? What is the organizational reporting relationship (if any) between the CLO and CIPO? Is the CIPO a relatively new position (e.g., within the past 5 years)? What are the key responsibilities? How have the key roles and responsibility scope for this position changed (if at all) during recent years? What are the pros and cons of having a separate CIPO? If you're the CIPO, who provides legal advice to you when you are providing services in your CIPO capacity?
5. **Business Unit/Executive-Level IP Roles:** What roles do executives play in overseeing IP rights? How do the business units support strategic IP initiatives? Are there IP liaisons within key business units? What type of training or guidance do they receive? What are the key functions of individuals in this role? Do they have a dotted-line reporting relationship to a centralized IP function?
6. **Board's Role:** How does the Board view its role in providing oversight on IP strategies and valuation? Is there a specific Board Committee that focuses on IP-related issues? Who is on point to brief the Board on issues in these areas—you as CLO? Are there 'filters' or policies outlining the types of matters that need to be brought to the attention of the Board (and corresponding time frames)? Are there now 'fiduciary' responsibilities for Board and senior management regarding IP decision-making?
7. **Internal/External Audit; Finance Role:** What role(s) do internal and outside auditors play in assessing value of the company's IP? Are auditors asking for more information on IP? How have roles changed during the past 5 years? What role does the finance group play? What role do in-house lawyers play in connection with these value determinations? What about with regard to litigation reserves? Has preserving privilege been an issue, and what types of practices are you implementing to help preserve privilege?
8. **Patent Holding Companies; IP Cost-Center vs Profit-Center Issues:** Has your company created a patent holding company? What are the pros and cons to having a separate patent holding company? Who provides legal advice to the company? Is IP management viewed as a cost-center, profit-center, both? How (if at all) has that changed in recent years? What were the key issues in changing perspectives? What changes have you had to make within the law department to adapt to this new organizational landscape and corporate reality?
9. **External Specialty Service Providers; Law Enforcement:** Has your company used the services of external patent licensing and/or enforcement companies? Has

your company used a trademark search firm? What was your experience working with these companies? What are the pros and cons of using these services? What types of conflicts checks or processes did you follow to select an external provider? Was someone within the law department on point for working with these companies? What are the key considerations in creating and executing a working relationship with these companies? How does your organization work with law enforcement to help protect your IP? What are the key success factors in working effectively with law enforcement on these issues? Has your organization staffed key IP-related positions with former law enforcement professionals?

**B. CORPORATE GOVERNANCE & CULTURE: SYSTEMS, POLICIES AND PRACTICES FOR ENSURING IP IS VALUED AND ADEQUACY OF INTERNAL CONTROLS (Tab 1)**

**1. IP Policies:** What types of written policies has your organization created regarding IP? What are some of the key provisions of these policies? Were they developed in-house? Who were the key stakeholders within the organization in developing these policies? What role did the Board play? How are these policies communicated throughout the organization? What role does the law department play in communicating/training employees on these policies? Examples of IP policies include:

>>Corporate IP Policy: Does your organization have a broad corporate policy establishing IP as important to the company's bottom line? Does the policy link IP value and supporting behaviors to compensation? What are the key features of the policy? How is this policy communicated? Is it issued by the CEO? What role did the Board play in approving this policy? How does it communicate your organization's IP culture?

>>Patent Guidelines: What are the key features of these guidelines? Who receives them? Do they include guidelines on timing and internal processes for bringing innovations to the attention of the appropriate functions within the organization? Do they include information on international considerations? Do they include templates or checklists? Are there best practices in this area?

>>Patent & Copyright Marking: Does your organization have a written policy for when it's appropriate to mark products/include copyright notices to help strengthen the organization's position in asserting an infringement? What are the key aspects of this policy? Who are the main business organizations that receive training on this policy? What are the pros and cons of having this type of policy?

>>Licensing Guidelines: Does your organization have a written policy/guidelines on licensing innovations? What are some of the key factors you consider in determining whether to enter into a license (as the licensee or licensor)? How have recent Supreme Court cases impacted practices in this area? What are the greatest challenges? What types of best practices have you seen?

>>Trademark/Brand Guidelines: Does your organization have formal guidelines that address how and when to use trademarks and logos? What other areas do these guidelines encompass? Do you have separate guidelines for multiple brands? How does the law department work with the marketing and sales groups in developing and implementing these guidelines?

>>Invention Disclosure Forms/Trademark Questionnaires: Has your organization created a standard invention disclosure or trademark questionnaire form? How have you made them available to employees? What role has the law department played in helping to develop/train employees on use of the forms? Who are the forms submitted to?

>>Confidentiality Policy; Records Management: How does your organization define what is confidential with regard to IP? Do you have a policy that describes this? Does your organization have a records management policy that addresses IP records? What types of provisions does it include regarding the preservation of IP records? What are the key challenges in creating and implementing records management policies for IP? Does your organization implement best practices in this area that you're willing to share?

2. **IP Plans:** Does your organization have IP plans that set forth objectives regarding the company's IP? What are the key provisions of these plans? Who are the key players in implementing these plans? Do the plans include measurable goals (e.g., number of applications filed, number of registered trademarks, licensing revenue, number of transactions, etc.)? What are the key goals? How often does your organization revisit and revise its IP plans? Is this an annual process? What is the approval process for creating these plans? What role does the law department play in implementing/supporting development and implementation of these plans? What role does the Board play?
3. **Creating a Culture that Values IP:** What practices does your organization implement to help create a culture that values IP? What types of training and communications does your organization provide to help encourage creating new ideas and implementing practices to protect IP as an important asset? Do you recognize IP achievements by publicizing them or rewarding them in some way? Are IP achievements linked to compensation? Have roles for IP leaders been 'elevated' within the organization to help raise the profile of key players? What role does the Board play?
4. **Translating IP Assets to Shareholder Value:** What types of practices have you implemented to help value the organization's IP? What role does the law department play? What function(s) is/are on point for determining value of the company's IP? How does your organization communicate this value to shareholders and the Board? Does the increased focus on shareholder value and IP value present concerns?

5. **Internal Controls:** What types of practices do you implement with regard to IP to establish adequacy of internal controls? What types of metrics and systems does your organization use to help measure and track the performance of IP (more on this in C.5 below)? Are periodic internal audits part of this process? What role does the law department play? Who receives reports of IP audit performance? Does someone certify internally adequacy of internal controls for IP?

**C. PRACTICES TO CAPTURE & ENFORCE IP/AVOID INADVERTENT INFRINGEMENT**  
(*Tabs 1 & 2*)

1. **Identifying the Organization's IP:** Has your organization engaged in a global effort to identify its IP? What was the scope and process for this initiative? Who were the key players?

>> IP Audit: Has your organization conducted an audit of its IP? Who/what function took the lead in conducting the audit? What were some of the key processes/tools that your organization developed to conduct the audit? How long did it take? Did you perform the audit primarily in-house or did your organization use outside consultants/legal counsel to help shape the audit processes/ perform the audit?

>>Audit Scope: Was the audit global in scope? In performing the audit, what types of factors did the audit cover (e.g., the IP rights the organization has, which rights are protected/how, countries protected in, etc..)? Did the audit also include external database searches on the company's rights and the rights of any subsidiaries and acquired companies (such as PTO, Copyright, and Library of Congress searches, similar searches in countries around the world, etc..)?

>>Global Aspects: For global organizations, did you use an agent located within the country to help conduct the search? What were some of the key challenges/considerations in performing IP audits and searches outside of the US?

2. **Due Diligence in Acquisitions/Mergers/Divestitures:** What practices does your organization implement to help identify IP assets and risks in connection with potential transactions and associated due diligence? Have you developed tools or guidelines for business personnel to highlight key strategic IP considerations for transactions? What are some of the core provisions to consider? How does the law department work with business personnel to help ensure that the company's IP rights are preserved/established/properly managed? Have you developed training for business personnel on point for negotiating transactions?
3. **Determining Action on IP Assets:** With the IP assets identified, what is the process for determining the appropriate going-forward action? Is there a process for determining whether the IP asset is being used/licensed/in need of protection/in need of updating/no longer in use and a candidate for sale or license? Who are the key players in making these determinations? What role

does the law department play? Who are generally the key players in assessing gap issues and what is the process for determining the path forward to assess risks and strategies to address the gaps?

- 4. Protecting/Enforcing IP:** What function(s) are on point for protecting IP? Does this vary depending upon whether protection is for offensive/defensive purposes? What is the role of the law department? Who monitors whether others are infringing on the company's IP rights?

>>Practices/Processes to Assess Infringement: What types of practices/processes has your organization developed to help assess whether others are infringing upon the organization's IP? What types of practices do you implement to help determine the proper course of action in matters involving potential infringement by third parties?

>>Reporting Channels; Incentives: Are there designated reporting channels? Does the organization provide (and publicize to employees) incentives for bringing forward potential infringement?

>>Oversight & Strategic Leadership: Who makes the call on whether and how to enforce the organization's rights—you as CLO, the Chief IP Lawyer, the IP Committee? Are there tiered guidelines depending upon the nature of the infringement? What is the process for determining whether to bring a major infringement action? Does the Board play a role? How do recent Supreme Court decisions impact this analysis?

>>Law Enforcement: How does your organization work with law enforcement (e.g., in piracy matters, etc.)? What is the role of the law department?

- 5. Systems for Measuring and Tracking Enforcement of IP Assets:** What type of system does your organization use to identify and track IP assets? Do you have a centralized database with this information? Who is on point for managing the database? Who has access to it? Did you design it internally or purchase it? What best practices are you implementing in this area?
- 6. Global Considerations:** What practices have you implemented to help identify, assess, protect, and monitor IP assets in the global context? Does your organization handle this primarily in-house? Are there jurisdictions where your organization is more likely to engage an external service provider to help assess, protect, monitor and enforce? How do practices differ from in the U.S.? What are the key challenges? Are there opportunities to help develop legal requirements in other jurisdictions to create more balance? What best practices have you seen/does your company implement? (*See Tab 2*)
- 7. Practices to Avoid Inadvertent Infringement:** What types of practices does your organization implement to help avoid inadvertent infringement? Do you monitor filings of others to help stay on top of the current landscape? Do you use

in-house personnel or external service providers to monitor? Does this vary by country? Have you developed guidelines/processes for business/marketing/r&d personnel in connection with developing new ideas and strategies? What role does the law department play in helping to assess the strategic path forward? What factors do you consider in seeking opinions from outside counsel (such as ‘clearance’ or ‘freedom to operate’ or ‘freedom to use’ opinions) prior to introducing new product, technology or trademarks? How do you handle trademark searches and the fact that they can exist at common law but may not be registered? What is the process for managing claim letters?

**D. EXPLOITING IP: FROM COST-CENTER TO PROFIT-CENTER** (*Tabs 1 &2*)

- 1. Key Players:** Who are the key players in determining how and whether to exploit IP? What is your role as CLO? What is the role of your company’s Chief IP Lawyer? What role does the Board play? Does your organization’s IP Committee play a role in these strategic decisions?
- 2. Practices—Licensing & Beyond:** What types of practices is your organization implementing to help show the value and profit-potential of its IP? If your organization has licensing arrangements, what is the process for determining whether to license IP? Who takes the lead in negotiating licensing arrangements? How have recent Supreme Court cases impacted these practices? Have you developed ‘standard’ licensing agreements (or clauses)? How have these changed in recent years? What are the key challenges in licensing IP? What types of provisions do you consider to be fundamentally important to help protect against risks in licensing arrangements? Do you have a budget for taking proactive steps to exploit IP? Do you measure successes in this area to help show how the law department adds value? As IP value becomes clearer to the organization, do you see your Board playing an increasing role in strategic decisions involving practices to exploit IP?
- 3. Trends:** What trends do you see in this area? What are the greatest challenges? How is your role as CLO changing to adapt to the rapidly-changing IP landscape and the need for strategic value and risk assessments regarding IP assets and opportunities? What would be most helpful to you as a CLO/your law department to help with these trends/challenges?

**E. MISC. ISSUES ON THE HORIZON** (*Tab 3*)

- 1. Recent Court Cases –Impacts:** Recent cases are getting a lot of attention in the press—how are these cases (e.g., including *KSR Int’l Co. v. Teleflex*, *Medimmune v Genentech*, *SanDisk*, *Teva*, etc..) impacting or changing practices? What open questions in these decisions present the greatest concerns?
- 2. Legislative/Regulatory Reform (Patent Reform; Trademark Dilution, etc.):** What are the key issues and highest need areas regarding legislative and regulatory reforms? Are there opportunities to help impact and achieve desired reforms? What are the biggest emerging issues?
- 3. IP Insurance:** Does your organization have IP insurance? What are the benefits and limitations of having this type of coverage? What types of information are



underwriters seeking in discussions to cover IP? What types of exclusions? How are premiums being impacted? What are your experiences in negotiating and trying to carve back exclusions? Success stories/practical considerations in negotiating coverage?

**4. Valuation Issues from Financial Stakeholder/Investor Perspective:** What impact, if any, do the opinions of financial stakeholders have on your organization's valuation strategy processes? How does this impact strategic business processes and decisions? What challenges does this present? Are there best practices you've implemented as part of your processes in this area?

**5. Others?**

\*\*\*\*\*

*Links to Resources for Tab 1:*

*ACC Docket Article – Why General Counsel Should Pay More Attention to Intellectual Property*

<http://www.acc.com/resource/v8491>

*ACC Docket Article – Eternal Sunshine of the Spotless IP Portfolio: Creating and Implementing an Effective Corporate Intellectual Property Program*

<http://www.acc.com/resource/v4975>

*ACC Docket Article – Internet Confidential: Setting Up An Effective Trademark Enforcement Program on the Internet*

<http://www.acc.com/resource/v5711>

*Program Material - Merging & Acquiring IP*

<http://www.acc.com/resource/v8220>

*ACC IP Resource Bibliography*

<http://acc.com/protected/docs/resource-ip-thinktank.pdf>

*Links to Resources for Tab 2:*

*Survey – Lex Mundi Intellectual Property & Competition Law Survey*

<http://www.acc.com/resource/v8029>

*ACC Docket Article – Can Your Company Enforce Its Intellectual Property Rights in China?*

<http://www.acc.com/resource/v6645>

*US-China Business Council Article – Best Practices: Intellectual Property Protection in China*

<http://www.uschina.org/info/ipr/ipr-best-practices.html>

*Links to Resources for Tab 3:*

*PTO Memorandum – Supreme Court Decision on KSR Int'l. Co. v. Teleflex, Inc.*

[http://www.roylance.com/SiteCollectionDocuments/pto\\_guidance\\_to\\_patent\\_examiners.pdf](http://www.roylance.com/SiteCollectionDocuments/pto_guidance_to_patent_examiners.pdf)

*Supreme Court Opinion – KSR Int'l.Co. v. Teleflex, Inc.*

<http://www.supremecourtus.gov/opinions/06pdf/04-1350.pdf>

*Supreme Court Opinion – Medimmune, Inc. v. Genetech, Inc.*

<http://www.supremecourtus.gov/opinions/06pdf/05-608.pdf>

*Supreme Court Decision – Ebay, Inc. v. MercExchange, L.L.C.*

<http://www.supremecourtus.gov/opinions/05pdf/05-130.pdf>

*PTO Web pages – Select*

<http://www.uspto.gov/main/search.html>

<http://www.uspto.gov/web/menu/other.html>