



801 Identifying & Managing IP Assets

N. Thane Bauz
Counsel, IP Business
The Boeing Company

Alfred R. Cowger
Executive Vice-President and General Counsel
Dana Classic Fragrances, Inc.

Christopher W. Ekren
Vice President, Group Counsel
Sony Electronics Inc.

John C. Gregory, Jr.
General Counsel
STREAMLIGHT, INC.

Faculty Biographies

N. Thane Bauz

N. Thane Bauz is currently counsel to Boeing's intellectual property business in Irvine, California. His concentration is strategic counseling, assertion, and licensing of key Boeing patented technologies, including composites, networking equipment, computers, avionics, manufacturing technologies, electronic circuitry, and metallurgy.

Mr. Bauz was previously a principal of a national law firm and a law clerk to the Honorable Wilson Cowen of the United States Court of Appeals for the Federal Circuit. He is registered to practice before the United States Patent and Trademark Office.

Mr. Bauz received a B.S. from the Illinois Institute of Technology (highest honors), a J.D. from Chicago-Kent College of Law (Centennial Scholar), and a LL.M. from the George Washington University (highest honors).

Alfred R. Cowger

Alfred R. Cowger is the executive vice-president and general counsel for Dana Classic Fragrances in Mountain Top, Pennsylvania. His responsibilities include being Dana's sole in-house counsel, acting as corporate secretary, maintaining intellectual property with an emphasis on trademarks (including representing the company in oppositions and infringement actions), overseeing all human resources activities, and heading Dana's licensing and international distribution programs. Mr. Cowger has been with Dana since its founding, when Dana's shareholders purchased the assets of a bankrupt company.

Prior to Dana, Mr. Cowger was in-house counsel for Alcan Aluminum Corp. in Cleveland, Ohio, after which he spent one year in Sofia, Bulgaria on a legal reform project.

Mr. Cowger received a B.A. from Cornell University, and a J.D. from Case Western Reserve University.

Christopher W. Ekren

Christopher W. Ekren is vice president and group counsel at Sony Electronics Inc. in San Diego, California. His team's responsibilities include supporting the legal needs of the company's corporate marketing, new business development, personal computer/information technology, business sales, retail, and wireless divisions.

Prior to joining Sony, Mr. Ekren practiced corporate and technology law with Heller Ehrman (Silicon Valley) and Hughes and Luce (Dallas).

Mr. Ekren is the incoming chair of the ACC's Intellectual Property Committee and the incoming president of ACC's San Diego Chapter.

Mr. Ekren received a B.A. from Rice University and is a graduate of the University of Chicago Law School.

John C. Gregory, Jr.

John C. Gregory, Jr. is general counsel to Streamlight, Inc., in Eagleville, Pennsylvania, a leading manufacturer of high end lighting equipment, including flashlights, lanterns, and headlamps for law enforcement and fire fighters. In addition to his duties relative to Streamlight in-house corporate legal matters, Mr. Gregory is directly responsible for the oversight and management of Streamlight's intellectual property portfolio consisting of over 100 domestic and international patents issued or pending and over 60 trademarks. Mr. Gregory is Streamlight's first and only in-house lawyer.

Mr. Gregory's previous experience includes private practice, consultant to AT&T/Lucent's Intellectual Property Group and various start-up enterprises, including a biometric signature verification software company and a vaccine company co-founded with Russian inventors and scientists.

Mr. Gregory received his B.A. from the University of Rhode Island and his J.D. from the Pierce Law (formerly the Franklin Pierce Law Center in Concord, NH).



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Christopher Ekren

Alfred Cowger, Jr.

John C. Gregory, Jr.

N. Thane Bauz

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Leveraging IP

- IP -- a **revenue generating** asset?
 - Patent filings have doubled in past ten years
 - Patent royalties went from \$500M to \$100B
 - 2015 patent licensing revenue projected to be \$500B
- Boeing, Lucent, Microsoft, TI, IBM, etc.
 - Created **IP Revenue Centers**
 - Employed new strategies to leverage IP in new ways

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Leveraging IP

- Take Away From Leveraging Presentation:
 - IP as a **revenue generating** asset
 - Law department as a **revenue center**
 - Overcoming internal resistance
 - The “Gross \$ Value” Equation
 - Requisites for leveraging the portfolio
 - Sample “unorthodox” IP value deals



Resistance to Change

- Corporate Culture
- Penny Wise Budget Management
 - Law Department run as a cost center
 - IP leveraging efforts cost more
- Lack of IP Sophistication
 - Reactive mindset
 - Not understanding Gross \$ Value Equation
- Risk Aversion



IP Law Department Services

● Safeguard Competitive Advantage (Traditional IP Functions)

- Harvesting Invention Disclosures, Patent Drafting & Maintenance
- Trademark protection
- Corporate IP Education/Awareness
- Defensive IP Activities

● Licensing Program

- Licensing know-how, patents, trademarks and data to others
- Advise BUs to leverage IP
- Strategic Patent Assertions

● Disposition of IP assets

- Patent & Know-how Sale

● Augment IP assets

- Joint Developments
- Spin Offs
- Outsourcing Deals

← Cost Activities

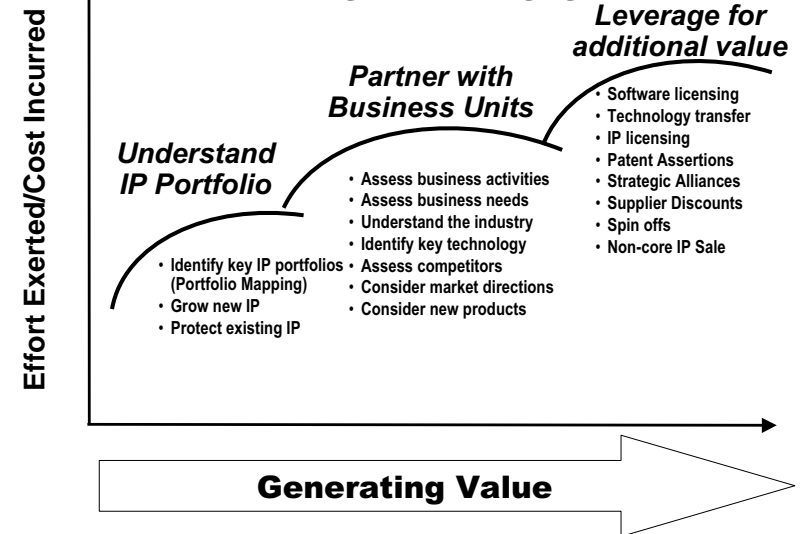
← Revenue & Value Building Activities

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Road To Strategic IP Leveraging

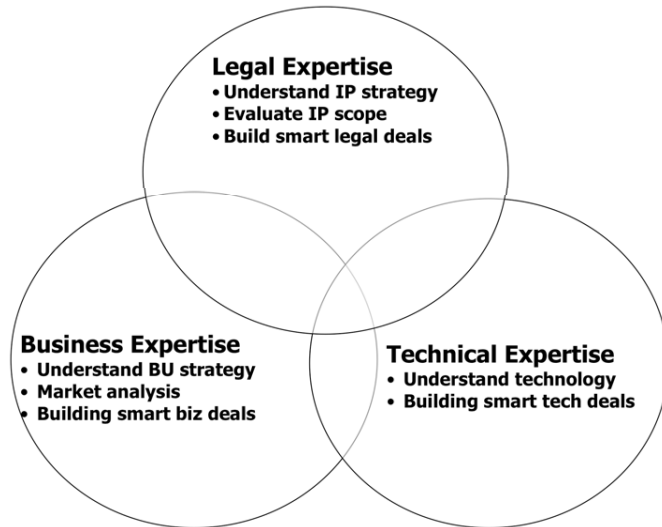


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“Sweet Spot” Leveraging Skills



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IP Leveraging Process

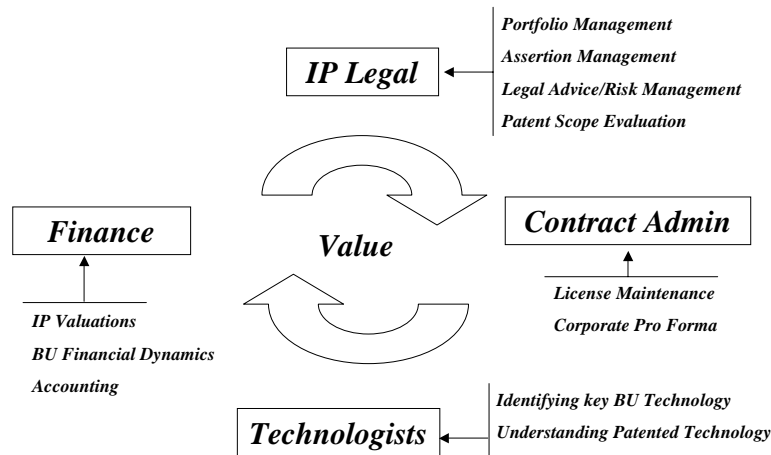


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Sample Roles and Responsibilities



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Positive Attributes

- Improved IP Capture and Management
 - Can include **COST CUTTING**
- Improved BU Competitive Position
 - Protect or enhance market share
 - Encumbrance & outsourcing freedom
 - Better business deals
- Return on Investment
 - Royalty generation
 - Enhanced product sales
 - Efficient use of resources

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Negative Attributes

- Costs Incurred Immediately/ROI Takes Time
 - Successful licensing may take years
 - Portfolio leveraging may have set backs
 - Business unit cooperation may be “seasonal”
- Value Generation is Not Readily Apparent
 - “Strategic IP deals” don’t affect bottom line
 - Ability to protect market is not on the balance sheet
- Balance Sheet Return May Be Small on BU Scale
 - Remember “Gross \$ Value Equation”



Deal 1: Tech Transfer

- Technology transfer of core manufacturing know-how to non-core Company A, *e.g.*, CNC positioning system able to drill, rivet, weld, trim and inspect large surfaces;
- Offer to license of underlying patents and know-how; and
- Royalty based on usage with grant backs



Deal 2: Outsourcing Technology

- Technology developed by BU
- Not practical to implement technology
- BU outsources technology via IP license
- BU gets discounted supply contract from licensee, grant backs, etc.



Deal 3: BU Non-Core Asset Sale

- Company A leader in Non-Core field
- Company B direct competitor of Company A
- Company A asserts IP against Company B
- Company B buys BU's Non-Core IP Assets
- Company B counters Company A's assertion



Deal 4: Foreign Government Contract

- BU wants Foreign Gov contract
- Foreign Company A wants to build BU sub-assembly
- Transfer patent, know-how & technology to Company A
- X year term, royalty and grant backs to BU
- Foreign Government buys BU product

APPROACHES TO MANAGEMENT OF TRADEMARKS IN-HOUSE

Three approaches to cost control and trademark administration.

Al Cowger
Dana Classic Fragrances
August 1, 2005

I. APPROACH ONE: TOTAL OUT-SOURCING**A. Advantages: let an expert with resources do it all**

1. Outside counsel has the resources to maintain company's registry and docket, and bears responsibility for errors.
2. No need to locate or instruct foreign counsel for registration, renewal and oppositions.
3. Outside counsel maintains and reviews trademark watch service.
4. Outside counsel arranges for and does initial review of pre-registration searches.
5. Outside counsel is responsible for all U.S. matters, including filing registrations and renewals, responding to Office Actions and filing or defending oppositions.

B. Disadvantages: high cost and risk of lax oversight

1. Very costly since virtually all work is charged, including simple filing and correspondence (insist on non-traditional billing)
2. Hard to detect deficiencies or inefficiencies in service (both U.S. and foreign).
3. In-house counsel ends up doing a substantial amount of work anyway:
 - a. review all trademark watch notices, foreign counsel requests, pre-registrations and USPTO actions to inform outside counsel what to do.
 - b. determine which trademarks to review or abandon based on corporate policy (or create one where none exists....)
 - c. undertake continual diligence against infringers (internet searches, Ebay offerings, news clippings, etc.)
4. too easy to fall into habit of being simply a pass-through from marketing and product development to outside counsel, without adding value to the process.

II. APPROACH TWO: BRING ADMINISTRATION IN-HOUSE**A. Assumption of one or more of the following administrative matters:**

1. Maintenance of company registry and docket.
2. Oversee foreign counsel's work
3. Undertake all pre-registration searches prior to asking outside counsel to file trademarks.
4. Do the filing, renewals and use affidavits yourself.

B. Advantages—avoiding/absorbing substantial administrative costs:

1. Saves substantially on outside counsel fees, such as paralegal charges, charges just for "rubber stamping" or drafting pass-through correspondence, and charges simply to ask in-house counsel's opinion.
2. Allows in-house counsel to keep involved in outside counsel's activities, and thus inefficiencies or errors.
3. Makes the in-house counsel more involved with Marketing and other management regarding new products, and extensions or abandonment of existing lines.

C. Disadvantages—half-way sometimes worse than not at all

1. Depending on the number of trademarks, may require additional personnel (probably can justify cost by comparing to outside counsel's paralegal charges).
2. In-house counsel is primarily responsible for missed deadlines, wrong database info, etc., and thus outside counsel errors more likely to be blamed on in-house counsel.
3. Still substantial fees required for outside counsel work (foreign and domestic)—sometimes hard to explain why in-house counsel needs an increase in headcount but still will pay large outside counsel fees.

III. APPROACH THREE: BRING MOST WORK IN-HOUSE

A. Assumption of all domestic administrative work, oversight of foreign counsel AND USPTO work (including oppositions and cancellation actions). Use outside counsel only for litigation and major efforts needing more resources than you can provide in-house.

B. Advantages—major cost savings and full control of effort (at least in U.S.)

1. Clear demonstration of value added to company.
2. Able to manage work to reflect company strategy, as opposed to just approaching a matter “the way it’s always done”.
3. The more knowledge you have of potential trademark administrative and USPTO problems, the more proactive you can be to avoid them.

C. Disadvantages—assuming responsibility in unknown territory

1. Most in-house counsel not versed on procedural details with USPTO
2. TTAB matters are like federal litigation (including adoption of FRCP)—if you don’t know how to litigate, you probably don’t want to learn now.
3. However, TTAB “trial” is more like civil law countries—be prepared to litigate by transcripts, documents and briefing, not by open-court process.

IV. OTHER COST FACTORS TO CONSIDER

A. Educate management about costs of trademark administration:

1. Cost of registration vs. value from registration (does Marketing really need/want to register a new trademark for a promo program?)
2. Costs to maintain trademarks, including abandonment risks (no, you can’t “reserve” a trademark in case you need it in five years)
3. Costs related to (and inevitability of) litigation to defend TMs
4. Costs related to FAILURE of management to understand management issues.

B. Coordinate trademark usage with non-U.S. subsidiaries and affiliates (oversight of their usage of TMs, their distribution agreements, correct inter-company licenses, etc.)

C. Contact your CFO/accountant about tax planning issues (royalty payments, capitalization vs. deduction of expenses, etc.)



801 - Identifying and Managing IP Assets

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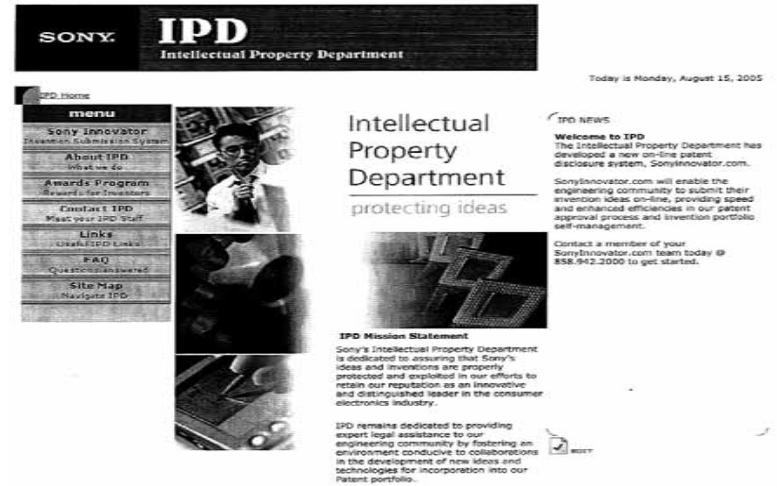
Identifying and “creating” IP Assets:
Patents, Copyrights; Trademarks, Trade
Secrets, Other “Assets?”

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Management and Employee Training: Getting the Word Out



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Today is Monday, August 15, 2005

"We in Intellectual Property are excited to announce our new on-line patent invention disclosure system."

SonyInnovator.com will enable inventors to submit to us their invention ideas on-line. Eliminating the paper disclosure process currently in place will expedite patent approval allowing inventors and managers to self-manage their invention portfolios with us..."

Frederick J. Zusak, Esq.
Director of Sony Intellectual Property
Sony Electronics, Inc.

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Sony Patent Award Program (con't)

Upon notification of an Intellectual Property event, our Awards Administrator will make a printed request to the Payroll Department for the amount of which you are entitled. At that time, the Payroll Department will process a payment for you that can be incorporated into your next regular paycheck by direct deposit.

What type of events are "not" eligible for an award?

Sony will always endeavor to recognize the inventive efforts of our employees. However, there are some Intellectual Property events that will not be eligible for a monetary award. Those events and the reason for non-payment of those events are detailed for you as follows:

Provisional Patent Application

A Provisional Patent Application is considered a "temporary" place holder within the U.S. Patent & Trademark Office (USPTO). Thus, no award payment can be given until such time as a business decision is rendered by the affected business group, and the Intellectual Property Department, to proceed to prepare and file a Utility Patent Application within the USPTO based on that provisional filing. Such a filing decision can be deferred for one year from the filing of the Provisional Patent Application.

Continuation Applications, Continuation-in-Part Applications and/or Request for Continued Examinations (RCE's)

Because these types of applications are considered continued examination of an existing application, no further awards can be rendered.

Who do I contact if I have questions regarding the Awards Program?

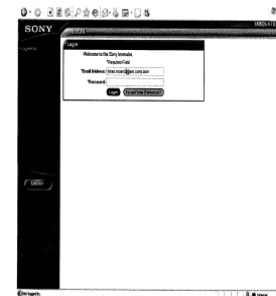
If you have any further questions, please contact our Awards Administrator, Kathie Sanks at 858-942-2741. kathie.sanks@am.sony.com



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INSTRUCTIONS FOR INVENTION SUBMISSION



1. Go to www.sonyinnovator.com, or go to the (IPD) Intellectual Property Dept. homepage at: <http://www.edeng.dfo.sony.com/ipd/> and in the left hand navigation menu, click the first item, *SonyInnovator (Invention Submission System)*.
2. When the next page appears, click the first item again within the navigation menu, *SonyInnovator.com (Invention Submission)*.
3. The SonyInnovator.com *Log-In display* will then appear. Simply enter your Sony email address on the first line, and the password, "sony," on the second line, and click the *Log-In button*.



PROFILE >

1. Upon entering *SonyInnovator.com*, the homepage will appear with a *Sony Message* that reads, "Please ensure that your biographical information is correct. Click here to edit your profile." Click on this message and fill in your personal *Profile*, and be sure to update your profile each time you subsequently enter *SonyInnovator.com*, so that other inventors using the system may see your interests and expertise, decide to share their inventions with you and solicit your feedback.
2. At the top of the page you will see *Profile Display Information* with various categories you can click to control what information others will see. The next panel below that is for *Biographical Information*. Please be sure to fill in all fields marked in red, especially e-mail address, phone number and manager's name.



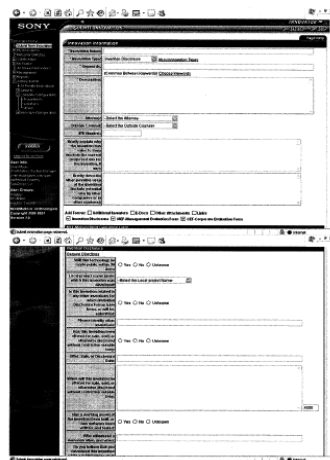


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INSTRUCTIONS FOR INVENTION SUBMISSION



SUBMISSION >

1. Within the *left hand navigation bar*, under the title *Innovator Home*, click on *Submit New Innovation*. Enter your *Invention Title* in the first field at the top of the page, and in the *Invention Type* field directly below that, click the drop-down menu and select *Invention Disclosure*. Additional fields will automatically appear. >>>
2. We suggest you skip over the *Keywords* field and go directly to the next field, *Description*, and enter a fairly detailed one-to-two paragraph description of your invention. Then select appropriate descriptive words from your description to fill-in the keywords above.
3. You may choose an *Attorney and Outside Counsel* to review your invention, or one will be assigned to for the task. Then simply disregard the next field, *IPD Number*, because your invention will automatically be numbered when submission is complete.
4. The *next two fields* that follow allow you an opportunity to explain to Sony administration, attorneys and fellow-inventors of your choosing, why your invention has value and or may inspire new product development.
5. The *Add Forms* option is next, allowing you to click Additional Inventions, E-Docs, Other Attachments, or Links, if any exist. Should you select any of these, short panels will appear providing you an opportunity to add co-inventors, attach folders or documents in your computer, or attach links to various websites.
6. The *Invention Disclosure section* follows, with a series of straight-forward quick questions. >>>

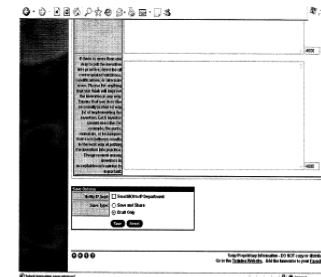


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INSTRUCTIONS FOR INVENTION SUBMISSION

Finally, you decide whether to click *Save and Share*, if you feel your invention is complete and ready for review, or click *Draft Only*, if you prefer to share your draft with your peers or you think more details are necessary before the invention is ready for sharing. Then click the *Save button* directly below that to close the page.



**For More Assistance
Please Contact the
SonyInnovator Team**

Carrie Merzbacher
858 . 942 . 2897
www.carrie.merzbacher@am.sony.com

Brian Moon
858.942.2893
www.brian.moon2@am.sony.com

Hazem Elabbadi
858.942.3199
www.hazem.elabbadi@am.sony.com

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To Log or Not to Log?

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Trademark Training: Creating a Brand Marketing Culture

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That Pesky “Residuals” Clause

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Ice Nine: The Perils and Promise of “Open Source”

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Standardization Activities: Learning from Dell and its progeny



Managing Inbound Licensed Rights: Microsoft “Audits”; Copyright “Clearances” and other esoterica



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Align the Powers that Be...

- Align departments – achieve “buy in” from executives, engineering, marketing and sales, HR;
- Align short and long term corporate goals and strategies with IP portfolio development and protection;
- Align R&D with competitive analysis and perceived market needs.

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Corporate Policy Considerations...

Employment Contracts – as a condition of employment, require key personnel and key new hires to sign employment contracts with terms designed to protect the company's IP




Specific terms and conditions should include:

- mandatory assignment of all company related inventions (including power of attorney);
- restrictions on disclosure of confidential information;
- non-complete and non-solicitation clauses (state law controls);
- prohibition on removal of corporate property, i.e. computer programs etc;
- a no conflicts or confidentiality obligations;
- identification of prior inventions – list inventions (patented or unpatented) made or conceived prior to employment which may be excluded from this Agreement.



Confidentiality obligation goes beyond R&D personnel to include executives, managers and directors involved with corporate strategy, systems managers, programmers, marketing and advertising personnel, production personnel in some cases, vendors/suppliers when possible, independent contractors, related companies.



Confidential Information includes trade secrets; inventions; discoveries and research results, whether or not patented; information relating to the Company's design and manufacturing practices, business plans, sales and marketing strategies; non-public financial information pertaining to the Company; information about the Company's vendors, customers and prospects; information which was received or accepted by the Company from any third party under an obligation of confidentiality.



(sample assignment language)

“...I agree that I shall fully and promptly disclose and assign all work, ideas, developments, designs, inventions, improvements, discoveries, computer software, patents, trade concepts, trade secrets, trademarks and copyrightable materials or other proprietary information made, conceived or developed by me *solely* or *jointly* with others during my employment by the Company or *with the assistance of the Company's facilities, whether or not made during working hours or on the Company's premises* (“Inventions”)...including inventions I conceive and/or develop during the first six-months following the termination of my employment with the company ...provided no exception exists (prior lawful public disclosure).”



Mining Intellectual Capital...

... Who, What, Where and When ...



Developing “Patent Consciousness”

- Orientation for new hires (R&D; engineering; marketing personnel) – house rules re: documentation, disclosure statements, publication
- Publish guidelines on internal website, pamphlet
- Regular Training Sessions – reminders and updates on changes in the law;
- Ongoing Tutorials – working with individuals on a case by case basis...experience is best teacher...



Key Corporate Patenting Issues...

- **Inventorship** – contributor to inventive matter as claimed in patent – invalidity issue
- **Documentation**- duty to keep; witness; retention (first to invent system) – goes to novelty and date of conception



Disclosures Statements

Use standard form for inventor(s) to complete which contains...

- title;
- contributors/inventors;
- alleged third party interests;
- description of invention;
- reduced to practice;
- comparative analysis to prior art;
- uses/products;
- preferred embodiments



Non-disclosure Prohibitions:

- publication/use/sale absent NDA;
- overzealous sales and marketing departments (i.e. publicize before filing);
- discourage peer review;
- 18 month publication



Prompt filing Concerns:

- foreign filings;
- statutory bar (1 yr grace period in US only
“absolute novelty in rest of world);
- publication/use/sale considerations – possible lost rights (i.e. before pubic disclosure);
- establish earlier filing date relative to impact of “later art”;
- avoid issues of abandonment, suppression or concealment.



Paperwork ...

- small company verification;
- Oath or declaration
- Information Disclosure Statement (IDS);
- assignment;
- corrections



Influencing factors on patenting...

- Design v. utility patents (other: business methods; foreign design registrations etc)
- file early and often in core areas
- tie patent to company strategy and goals (market penetration goals);
- right patent at right time for right thing (targeted invention)
- avoid wasteful investment in R&D/marketing where idea infringes
- act quickly to stop infringement - possible willfulness damages if wait too long
- potential defenses to infringement (non-infringement; invalidity).



Working with outside counsel...

- issue spotting;
- no substitute for competency;
- quick response – just a phone call away;
- litigation considerations – choice of counsel based on different criteria
- alternative billing; incentives for good product; limit number of outside firms



What seeking from outside counsel...

- review disclosure and interview inventor
- freedom to operate / right to use
- patent validity searches / non-infringement opinions – respect IP rights of others
- draft patent application (drafting techniques...number and length of claims)
- rejections, objections, office actions



Provisional Application Benefits ...

- preserve early filing date;
- refine product applications;
- test market before incurring additional costs;
- draft for later utility application saves time and cost in long run



“Third Party” Issues ...

- Unsolicited submissions – restrictions...patented ideas only...
- Acquisition of patents – due diligence; transfer and assignment
- Licensing out and licensing in....
- Patent assertion....goals: prohibit others from making and selling products which infringe on your patent...revenue source



Other patent considerations...

- Budget – management perception; risk – reward; new product v. enhancement;
- valuation and financial transactions (i...e. loans, security interest, public offerings);
- patent infringement insurance;
- marking issues;
- international protection / grey market;
- trade secret comparison (state law controls...wide adoption of Model Trade Secret Act...benefits v. patents: longer duration / risk: disclosure);
- ability to analyze competitors' strength and new product development via USPTO and foreign patent searches.



Useful Tools to In-house Practitioner...

- IP database – docketing software to track filings, stakeholders, status, costs, and auto notice of important dates relative to date of first use; fees; renewals; and other due dates
- Internal compliance rewards...bonuses, patent certificates framed, awards dinners