

Scheduled Maintenance

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Businesses perform regularly scheduled maintenance on computer networks, vehicle fleets, and manufacturing equipment; why not your patent portfolio? You may be missing opportunities to focus your patenting efforts, generate revenue, and save money.

Companies file patent applications for a variety of reasons. Perhaps the company developed a new technology or improved upon an existing technology, wanted to support a then-current or evolving business plan, or wanted to stake out space to operate in a particular technology sector. At that moment, the company files patent applications in support of such events and goals and over several years prosecutes them, hopefully resulting in issued patents. Once issued, and sometimes while still pending, official annuity and maintenance fees are due to keep a patent or application in force. In the aggregate, these fees alone can be substantial – and do not include the cost of substantively prosecuting the applications. For example, keeping a patent in force can cost up to \$7,500 in the United States and, potentially, tens of thousands of dollars in Japan. Undertaking a patent portfolio

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audit will help a company maximize the value of its portfolio. In essence, the audit will enable the company to understand what intellectual property it has, its value or lack thereof, and what it should do with it.

Focus

A company's business plan and goals often change over time. Sometimes, technology that the company develops turns out not to be important as the company continues its research and gains a fuller understanding of its field of expertise. Other times, a favored business model turns out not to be the direction of the company as time goes by. What may have been the objective several years

ago is no longer the objective. Reviewing the pending and issued claims and the technical information disclosed in the portfolio will allow a company to understand how well its portfolio is positioned to support its current plans and goals. For example, pending claims might be adjusted to better match the current business reality; issued patents might be examined to understand whether their claims are still relevant; and pending applications might be mined for new claims that are relevant to the current business. Even if the rights are no longer in the company's technological sweet spot or central to its business plan, a company may find it has value in blocking potential competition.

Create Revenue

If a company cannot use the intellectual property directly in support of its business, or indirectly by reducing avenues for competition (and, perhaps, even it can use the intellectual property), it should consider whether it may have an opportunity to create licensing revenue. While it may have no current use for a particular patent or application, another company may well find it complementary to its business plans. Also, even if the intellectual property remains relevant, another company might be better positioned to take advantage of it in a particular field of use or territory, creating a revenue opportunity. Licenses and Strategic Agreements might be a way to maximize the value of the rights by placing a slice of such rights in the hands of the company best able to exploit them.

Save Money

If the intellectual property is not relevant to the company's current business and is not readily licensable, it may be best to prune it and reduce cost. The company may find that it is paying official fees, and paying for substantive patent prosecution, on items that have little value as the technology and business have evolved. Rather than spending more money because there has been significant expenditure in the past, the company can and should decide to cut its losses. When doing so, it should try to let the patents and applications die a natural death rather than affirmatively abandoning them. Oftentimes, it can take several years for a piece of intellectual property to become abandoned for failure to take an action. When that time is approaching, it is worth reexamining the situation to see if the passage of time has actually increased the importance of the intellectual property. If not, the company can let the patent or application expire with a clear conscience.

It is implicit in the process, but it is worth explicitly mentioning, that the intellectual property evaluator must be armed with a full understanding of the company's technology, where the technology is heading, and the company's business plan. Without this knowledge, the audit likely will not yield robust results. Regularly auditing a company's intellectual property will enhance the value of the patent portfolio, likely will save the company money, and may suggest opportunities for new revenue streams.

Please email the author at dwilson@goodwinprocter.com with questions about this article.

Corporate Counsel Organization Highlights

Legal Department of Caterpillar Inc. Receives ACC/CPBO Pro Bono Award

On Thursday, November 19, the Association of Corporate Counsel (ACC) presented its 2009 ACC/CPBO Pro Bono award to James Buda, vice president, general counsel and secretary of Caterpillar Inc. The annual pro bono award was given to the entire legal department of Caterpillar. The ACC recognized Caterpillar's corporate counsel for outstanding achievements and dedication to pro bono legal services and projects in the community.

Association of Corporate Counsel president Frederick J. Krebs commended James Buda and his department for their pro bono programs, stating "You fix problems and help those in need. Well done!"

Mr. Buda and his staff, including Mike Sposato and J. P. Kumar, worked to create a 6 Sigma team to develop a pro bono program. They worked on various projects, including partnering

with Prairie State Legal Services to provide debt collection, foreclosure and senior citizen representation to Prairie State's 2,500 low-income clients. Caterpillar also assisted with legal matters for the Center for the Prevention of Abuse in Peoria, a group that helps victims of domestic abuse.

Caterpillar attorneys have also dedicated time to helping first responders obtain wills through a program "Wills for Heroes" and have held clinics on preparing advance services directives. On a statewide level, Caterpillar attorneys were instrumental in rule changes before the Illinois Supreme Court to allow limited corporate practice attorneys to engage in pro bono activities. The court adopted their proposed rule change, thereby increasing the number of attorneys in the state that may dedicate their time and efforts to pro bono endeavors.



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