Metrics – Summary

What are the primary metrics you use to measure IP management success?

Patenting Process

Almost all of the companies interviewed track the number of applications filed and keep track of the number of granted and pending applications. In addition, many of the companies also track the timeliness of filings in some manner, such as tracking the time from approval to filing, length of time a patent is pending including the number of extensions of time taken and number of RCEs filed. In many instances, different metrics may be maintained for in-house counsel and outside counsel. The companies also track the type of work completed by in-house counsel and outside counsel.

The companies also have metrics related to the overall portfolio size and strength. There are a variety of metrics used, but some common metrics include quality of patent applications based on evaluation of application filed, interactions with in-house attorney, and interactions with inventors. Other metrics include relevance of patents to the market, and whether claims cover current or future products or licensable technology, such as competitor products. Many companies also use metrics to compare their portfolio to trends of their own portfolio, competitor portfolios, and/or worldwide patent office trends.

Most of the companies interviewed also maintain metrics related to invention disclosures. The metrics include tracking the number of invention disclosures received from each business unit and the quality of invention disclosures. For example, the number of invention disclosures received may be compared to the number of invention disclosures approved for filing or actual filings of patent applications. A few companies also evaluate invention disclosures based on specific content of the invention disclosures. Some companies also track the number of brainstorming sessions conducted to obtain additional disclosures and the number of educational sessions provided.

Budgets

Budgets affect metrics of IP departments. Among the companies interviewed, many metrics depend on the budget and the companies use metrics to show the correlation between research and development spend and application filings. Many companies also indicated that there is a quality standard for invention disclosures and/or patent applications that is applied to ensure the budget is used to file high quality patent applications. Most companies interviewed indicate their metrics are related to the quality of patent applications and not just the quantity of patent applications.

Companies also track the performance of contracts, royalty payments made, royalty payments received, and number of M&A deals to show correlations between revenue, spend, and intellectual property assets.

Litigation and Oppositions

Most of the companies interviewed keep track of the results of litigation and/or oppositions. This includes keeping track of the total number of suits the company was involved in and/or the

success rates. Similarly, companies are tracking the total number of filings and/or success rate of offensive and defensive opposition filings.

Trademarks

Most of the companies interviewed did not include a lot of information specific to trademarks, but a few companies did indicate that they track the number of trademarks registered and the number of trademark claims brought against the company.

Metrics – Detailed Key Takeaways

1) Fortune 500 Energy Company
    a. Metrics are primarily directed to patenting process
        i. Several metrics around timeliness
        ii. For outside counsel – Extensions of time taken, Number of RCEs
        iii. Number of applications filed, number of patents granted
2) Fortune 500 Chemical Company
    a. Mostly IP department management metrics for CPC: Budget, portfolio size, workflow (backlog of invention records, time to filing, number of extensions of time, etc.)
    b. Organizational metrics (budget vs. R&D, vs. Sales, comparison to competitors, licensing revenues) – Don't do much with these metrics (Business management doesn't know how to use them)
        i. Not sure what a "good" number is?
        ii. Look at trends more than hitting a "good" number
3) Global Chemicals and Materials Company
    a. Once a year Chief IP Counsel reports on IP metrics to CEO. This information is put into annual report.
    b. In years past, they had annual metrics on applications to be filed. But, that just resulted in a lot of junk applications being filed.
        i. Now they just file on what really will be valuable.
4) World-Wide Fortune 100 Industrial Company
    a. Priority applications
    b. Applications based on R&D spend
    c. Patent grants – WW
    d. Track oppositions
        i. They don't track numbers filed only. That doesn't tell much
        ii. They track success rate both of offensive and defensive success rates
            1. This is the important metric
    e. No real metrics for just patent litigation
5) Water and Wastewater Treatment Products/Systems Company
    a. The Company has an informal process for tracking metrics. The focus of the Company for metrics is cost. The Company closely watches the length of time a case is in prosecution and strives to limit this on-going patent prosecution cost. The Company does watch for number of invention disclosures coming from each business unit but it does not set goals for number of invention disclosures to be approved.
6) World-Wide Fortune 100 Industrial Company
    a. Look at what competitors are doing by specific technology areas— determine if the Company is matching or exceeding competitors
    b. How are invention disclosure volumes running –are BUs meeting goals
    c. Evaluate number of patent applications filed
    d. Look for trends in pending and granted patents worldwide
    e. Have created and utilize a quality survey on US and foreign counsel
        i. Four questions on quality of the case; timeliness, quality, responsiveness to in-house attorney and inventor interaction; —graded on a 1-5 scale;
        ii. Expect 90% of surveys to be completed
        iii. Survey results are reported out in monthly patent operations meetings

    f. The Company doesn't create a quality of claims report
    g. Formerly looked at invention notifications and patent applications as filed per R&D and legal dollar spent.—this metric was discontinued because the Company was not satisfied with that metric due to the Company's huge diversity of practice.
        i. Not a useful metric
        ii. Not helpful across so many products across the enterprise level—too much diversity of circumstance
            1. Did not resonate internally—many areas have a lot of development with few patents—don't want to engender bad behavior
7) Large Company in the Automotive Industry that is a Wholly Owned Subsidiary of an International Parent Company
    a. Patent Disclosures, Filed Patent Applications (both US and Foreign), Patents Issued (both design and utility) and Trademarks Registered. The budget is also closely monitored on a monthly basis. These measures are tracked with IP Master software. Competitors are tracked monthly. State of the art and landscape searching are conducted as needed.
    b. Technology group directors report number of disclosures and filings up their organization chain by technology group and upper management and the business pays attention to those numbers. The business through the technology group directors, invest in the filing decisions and business is held accountable for filing decisions.
8) Subsidiary of a Multi-National Industrial Conglomerate
    a. Metrics are primarily driven by each subsidiary and its business strategy but the centralized group is working on improving metrics at a centralized level. Quantitative metrics the Company uses don't provide insight into the value of the IP to the subsidiaries. The Company believes that qualitative metrics are most valuable to the subsidiaries to the extent they are tied to financial data but the Company hasn't fully developed these metrics yet. The new enterprise-wide software system should help with the development and use of metrics.
9) International Transaction Processing and Payment-Related Products and Services
    a. Metrics tracked on a monthly basis include: invention disclosures submitted, applications filed, patents granted, total pending applications, number of office actions, number of educational sessions given to employees, number of invention brainstorming sessions conducted, and others.
    b. Other metrics tracked relate to litigation matters, performance of significant contracts, number of M&A deals
    c. The IP legal team works with the business units to set targets/goals for metrics and overall company targets are also set.
10) Fortune 500 Semiconductor Company
    a. Number of law suits.
    b. In comparison to others in the industry, who is paying royalties and how much.
    c. Strength of portfolio as determined by scoring algorithms (though the results are viewed with skepticism).
    d. Whether royalties are required.
    e. Size of portfolio and in comparison to historical information, and the different technology areas covered.
11) Fortune 500 Energy Company

a. No numerical-based goals for filings, grants, etc.
b. Value measured at high level based on leadership in an subject area, business activities, etc.

12) Communications Equipment Company
    a. Number of pending applications
    b. Number of issued patents in US and abroad
    c. Timeliness of outside counsel
13) High Tech Company
    a. Evaluate whether the entire budget is being used
    b. Determine whether good claims are being allowed
        i. Claims valuable for licensees
        ii. Relevant to market
        iii. Licensable claim that covers product and future products
        iv. Allowance of claims key to obtaining licenses
14) World-Wide Fortune 500 Drug Company
    a. No answer.
15) Aerospace and Defense Company
    a. Company tracks in-house and OC metrics regarding IP filings.
        i. Number of invention disclosures submitted ("submission number")
        ii. Number of invention disclosures approved for filing ("approval number")
        iii. Ratio of approval number to submission number (indicates quality of submissions).
    b. Company uses yearly goals, and in different years different groups may dominate.
    c. Company does not track the pipeline or attempt to smooth or manage flow volume.
    d. 95% of patent prosecution in the US is performed by outside counsel. 100% of prosecution in the UK is performed by in-house counsel.
16) International Industrial Conglomerate
    a. Check 4-month-to-filing benchmark.
    b. Each business group evaluates their counsel.
17) Multinational Manufacturing Company
    a. The Company measures success in "patenting" using a number of factors.
    b. Factors include:
        i. The Company uses the numbers of patents filed and granted.
        ii. The Company views it success if the number of IP-related lawsuits low. It is a success because the Company has enough IP ammo to make competitors think twice about attacking.
        iii. The Company assesses the time to get on file and to issue.
            1. The IP Group does track timing along the entire process from IDR, patentability report to sending out the application for preparation and prosecution
        iv. The Company assesses the ratio of invention disclosures to the number of patent applications actually filed.
        v. The Company assesses patent quality. Quality is roughly measured using certain guidelines that the Company developed for in-house and outside counsel. Not all cases are reviewed. Those cases reviewed are given a score.

The scoring can be a bit subjective, but it works for its purpose. No cost changes are required by outside counsel, if they do not meet the "grade."

c. The company grades IDRs and whether to maintain cases on criteria:
    i. Use
    ii. Ease of protection
    iii. Detectability
    iv. Ownership (joint inventorship reduces value)
    v. Scope of claims
    vi. Customer interest
    vii. More inclined for certain technologies
        1. Weaker technology – fastners can get off the shelf – are less desirable for protection
        2. Technology on a flagship commercial product has a higher value
    viii. Politics regarding technological value can play a significant role.
d. The Company issues patent awards based on scoring awards and include factors:
    i. from IDR and maintenance fees above
    ii. commercial use
    iii. cost savings
    iv. The Company scores outside counsel – completely different than for IDRs and patent awards. Factors arise out of guidelines discussed above, includes typos, covering technology in IDR, 112 support, etc.)

18) Large IT Services Company
    a. No answer.
19) Large Internet Software and Services Company
    a. The Company is constantly looking at all kinds of data regarding patent prosecution, litigation, transactions (mitigation of patent risks) and other IP activities to determine what return on investment is being realized for such Company activities. The Company utilizes various off-the-shelf tools and internal support to gather data of all types. Some specific examples of activities that are evaluated using metrics include:
        i. Performance of outside patent prosecution counsel (speed and effectiveness of obtaining patents); in particular, the Company has begun to identify which outside counsel patent prosecutors have the highest rates of success with particular examiners so that outside counsel can properly be paired with examiners
        ii. Litigation outcomes
        iii. Transaction outcomes such as whether cross-licenses mitigate risk through litigation avoidance
    b. The Company attempts to quantify the return on its investment in patents including whether the price paid for patent acquisitions and cross-licenses returned value to the Company as expected/hoped.
    c. Metrics help the Company measure the cost and return on risk mitigation and allows the Company to make better decisions regarding which risks are worth avoiding given the fact that not all threats can be reasonably treated the same way.
20) Healthcare Equipment Company

a. The Company does track some metrics; however, the main measure of success is whether the Company has freedom to operate. This includes the group's success at clearing references, obtaining licenses on reasonable terms, etc.
b. Some metrics the Company tracks include:
    i. Spend/costs vs. budget
    ii. Percentage of patent costs vs. R&D expense
    iii. Number of patent staff vs. R&D staff
    iv. Number of patent cases for a certain feature or technology