

## IPO Corporate IP Management Practices Project

### Strategy – Summary

#### Why do you obtain IP assets (e.g., freedom-to-operate, licensing, defensive purposes)?

Virtually all respondents indicated that they obtain IP assets for both offensive and defensive purposes. The top offensive reason was to differentiate their products by enabling them to exclude competitors from practicing inventions. The top defensive reason was protecting freedom of action. Respondents indicated that freedom of action can be preserved by either the deterrence value in the IP or through cross licenses. Some companies also indicated that if they did not have an IP portfolio, they would be subject to numerous infringement suits and/or would likely have to pay royalties to continue their business.

Additional reasons for obtaining IP were monetization potential (e.g., strategic licensing) and marketing value of the IP, but these reasons were subsidiary to the offensive and defensive reasons. In some instances, companies in certain industries (e.g., chemical, pharmaceutical) indicated that differentiation and exclusion were the only reasons they would pursue patents for invention disclosures at the outset, while companies in other industries (e.g., computer technology) tended to pursue patents for various reasons. In some cases, different units within a company pursued IP for different reasons, depending on the nature of the unit's business.

#### How do you ensure IP strategy is aligned with business strategy, and who in the organization is involved in assisting with this effort?

Most respondents had an open invention disclosure submission process, which allows inventors to submit disclosures related to ongoing R&D efforts. This fact alone assures some alignment with business strategy, as submitted disclosures generally are aligned with active projects. Additionally, respondents indicated that they conduct brainstorming or invention harvesting sessions organized around a particular area of technology or program the company is working on.

Most respondents stated that the IP Department is responsible for understanding the business' strategy and objectives so that IP strategy can be aligned therewith. Most companies have patent committees for evaluating invention disclosures, where the committees include business personnel and IP Department personnel. Some companies have higher-level committees/councils (including both business and IP Department personnel) that meet periodically and discuss and set IP strategy. Common to most companies' strategy for IP management was IP Department knowledge of business objectives, priorities, and strategy, and the involvement of R&D leads and executives in formulating IP strategy (e.g., disclosure approval decisions, IP Department programs, and strategy).

#### How have the AIA, PTAB decisions, and recent Supreme Court decisions affected your IP management activities (e.g., patenting decisions, patenting budgets, maintenance fee decisions, licensing, and litigation)?

Overall, many respondents indicated that there has been little to no effect. Regarding first-to-invent provisions of the AIA, most companies already operated under the first-to-file scheme and so little to no adjustment was required. One respondent indicated that the introduction of IPRs has increased the number of patent-related disputes it deals with. Regarding Supreme Court

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decisions, several respondents said that Alice and other 101 decisions have affected the IP strategy regarding computer-related inventions. This was very industry-specific, however, as companies in certain industries (e.g., chemicals) did not see much if any effect. Notably, even where the Alice decision did not directly affect the company, several respondents indicated that the decision concerned them.

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### Strategy – Detailed Key Takeaways

- 1) Fortune 500 Energy Company
  - a. Outside of the legal department, what other people/departments are involved in IP management activities (e.g., a dedicated IP management group, R&D, business unit management, etc.) including development of strategy, patent prosecution, licensing activities, and developing and tracking analytics/metrics?
    - i. Technology development is primarily confined to one company that plays the biggest role in managing IP portfolios
    - ii. Four main groups:
      1. Top: IP governance board (people who review the IP activities, portfolio, budgets and provide high level strategic direction) – This is enterprise-wide
      2. Lower level (Tactical): IP management team that is part of business side (not legal), who are front-line IP contacts for specific business groups – Also an enterprise-wide group (has representatives embedded across the enterprise)
      3. R&D function – Includes a “commercial” group that helps R&D make commercial decisions with respect to licensing technology
      4. No enterprise licensing organization, but there is a licensing business that is confined to specific technologies
    - iii. Legal department:
      1. Handled most of prosecution in-house (75-80%+) four years ago plus
    - iv. In the past 3-4 years, use of outside counsel has increased, but still doing 55-60% of the prosecution work in-house
- 2) Fortune 500 Chemical Company
  - a. Why do you obtain IP assets? Freedom-to-operate, licensing, defensive purposes, etc.?
    - i. Four very clear commercial reasons to obtain IP assets:
      1. Freedom to operate (establish positions in technology spaces to carve out)
      2. Exclusivity (a) how products are produced (air separation and commercial-grade gases), and (b) how products are used (e.g., fabrication of electronic wafers)
      3. Marketing opportunities (establish, in the marketplace, technical sophistication),
      4. Licensing opportunities (least often)
      5. First two are much more important than last two
    - ii. Actively monitor patent and competitor activities with updates at quarterly meetings between IP Department and R&D
      1. Regular competitor patent reviews – 3 global competitors who are sophisticated in IP
      2. Make decisions about whether competitor patents are a concern, and whether legal action needs to be taken
      3. This is a very important part of the IP function

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- b. How do you ensure IP strategy is aligned with business strategy? Who in the organization is involved in assisting with this effort?
  - i. Very cognizant of where IP fits in the organization and what role IP plays (See 4 reasons to obtain IP, above)
    - 1. Strongly focus on business needs for patentability – tend to focus based on programs that the company is driving
    - 2. Tend not to pursue licensing (very minor)
  - ii. Two key processes to identifying inventions:
    - 1. Bubble-up invention process: Ongoing R&D, inventors are looking for problem/solutions, novelty, they file invention disclosures
    - 2. Deep dive process; identify an area of technology or program the company is working on, and will have invention sessions (brainstorming) to identify what IP can be generated to establish fences around areas
  - iii. The company's business is not an IP-driven business, but IP has a role (try to get as much value as possible from that role)
  - iv. Strict budgets – make clear decisions about whether to file and whether to maintain
  - v. IP department knows the business and the business objectives well enough to make decisions (e.g., know what programs have been approved and where money is being sent), occasionally bring in business/program directors to understand the value of pursuing patent protection in particular areas
- c. How have the AIA, PTAB decisions, and recent Supreme Court decisions affected your IP management activities (for instance, related to the patenting decisions, patenting budgets, maintenance fee decisions, licensing, litigation, etc.)?
  - i. Have made only minor adjustments based on AIA (like most global companies, it was a first to file world before AIA)
  - ii. Adjustment – less paperwork and documentation (e.g., inventor notebooks) because no more first to invent
  - iii. Budgets/maintenance fees – The IP department strives to maintain a flat portfolio of patent assets. In other words, there is a target size for the portfolio. For each application filed, a corresponding application is abandoned or permitted to lapse.
    - 1. Annual cases added = annual cases dropped (roughly)
  - iv. AIA: Went from a small number of disputes / legal proceedings to a large number of IPRs that were not previously part of budget
    - 1. Complication: How to handle budgeting of unknown numbers of IPRs?
  - v. Alice: Don't have software patents per se, financial patents, etc. Do have control systems, which include software, that are being analyzed due to Alice.

### 3) Global Chemicals and Materials Company

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- a. Why do you obtain IP assets? Freedom-to-operate, licensing, defensive purposes, etc.?
  - i. They generally initially file for commercialization potential. They intend to use it for differentiation – they would use it to exclude others from practicing the patented technology. They don't obtain them just for freedom-to-operate reasons.
  - ii. They file quite a few end-use applications, not just composition of matter claims.
    1. B/c lots of products are mature; they need to get patents for new uses of their older products. They don't have an official licensing program for this, but customers get implied license.
- b. How do you ensure IP strategy is aligned with business strategy? Who in the organization is involved in assisting with this effort?
  - i. Given the organization described earlier, they are set up for close alignment with business strategy.
  - ii. For example, for one sub-company the VP's office is down the hall from Chief IP Counsel, so there is much interaction
  - iii. In last few years, they created an IP Risk Management Council (multi-functional team) in order to be more strategic as an organization with respect to IP
    1. Since creation, they've implemented a number of programs to address risk points.
    2. Primarily for internal risk assessment and action plan creation. Not outwardly focused.
      - a. Drafting and implementing IP policies
      - b. Discuss trade secrets (manufacturing facilities in China – how do they protect their IP)
    3. Meets every 2 months
    4. Chief IP Counsel does not set the agenda for the meetings. It is led by the VP of risk management
- c. How have the AIA, PTAB decisions, and recent Supreme Court decisions affected your IP management activities (for instance, related to the patenting decisions, patenting budgets, maintenance fee decisions, licensing, litigation, etc.)?
  - i. They file 10-15 original patent applications/year. They ALWAYS file WW.
  - ii. Usually file first in US. Occasionally file in Europe first.
  - iii. File regular US application as provisional application
    1. 1 year later, file regular US application and PCT application
    2. Why? It extends out the expiration date. This is valuable in the chemical industry.
  - iv. About 1000 applications and issued patents WW
    1. 600 granted
    2. 450 pending
  - v. No changes based on AIA or Scotus decisions

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1. They've always filed WW, so they've always operated under first-to-file regime
- 4) World-Wide Fortune 100 Industrial Company
- a. Why do you obtain IP assets? Freedom-to-operate, licensing, defensive purposes, etc.?
    - i. Assets used both offensively and defensively
    - ii. Can be used as an enticement to encourage and enhance cooperation (e.g., joint development, JDAs)
    - iii. Can be used to capture value through licensing
    - iv. But licensing does not drive why we obtain IP
  - b. How do you ensure IP strategy is aligned with business strategy? Who in the organization is involved in assisting with this effort?
    - i. ICM people
    - ii. Some BUs have many IP strategists, others don't.
    - iii. The business unit level is the level that drives IP strategies
    - iv. The real, tires to the road strategies come in at the BU level
    - v. Is there ever a need to harmonize the IP strategies between BUs?
      1. Generally not.
      2. They recognize that where technology (backbone) is shared between businesses, one BU's strategy could hurt another's. The IP attorney makes sure this doesn't happen. But this isn't a big issue. It's more of a potential issue than a real issue.
  - c. How have the AIA, PTAB decisions, and recent Supreme Court decisions affected your IP management activities (for instance, related to the patenting decisions, patenting budgets, maintenance fee decisions, licensing, litigation, etc.)?
    - i. First inventor to file change had minimal impact. Company already followed this filing strategy.
    - ii. Company continues to use EPO opposition proceedings. These are cost-effective mechanisms for challenging 3<sup>rd</sup> party patents
      1. But, with changes to inter partes review, etc., Company doesn't really use them
    - iii. 101 decisions haven't really affected Company's technology
    - iv. 101, damages changes – positive, negative, neutral?
      1. 101 has minimal impact. So Company is indifferent
      2. Damages – sure, there has been some impact. But if look back on last 10-20 years, Company's game never has really been bring cases to win damages (though they have won some big ones). Their use of IP is just blocking, deterring competitors
    - v. Litigation is very expensive. They'd rather spend their money on other stuff.
- 5) Water and Wastewater Treatment Products/Systems Company
- a. The Company obtains IP assets primarily to block its competitors from copying the Company's technology. Branding strategies are often critical.
  - b. The central IP team works closely with business management and R&D personnel in the business units to help the IP attorneys understand what technology is

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important to the Company. Using this information, the central IP team, along with the executive leadership, can develop a strategy for what technology and IP assets to pursue and what IP assets to maintain.

- c. The central IP team actively monitors the portfolio health of business units (e.g., age of patents, number of cases, cost). The central IP team works with the business units to prune portfolios or encourage new records of invention based upon the Company's overall objectives and the business unit's portfolio.
  - d. Recent legal and legislative trends such as the AIA, important court decisions, etc. have not had a significant impact on the Company's processes. The Company is keeping a close eye on how PTAB and Federal Circuit cases involving patent awards and contributory infringement are being decided. The Company typically supports IPO positions on many popular IP issues.
- 6) World-Wide Fortune 100 Industrial Company
- a. Why do you obtain IP assets? Freedom-to-operate, licensing, defensive purposes, etc.?
    - i. Several reasons including: freedom to operate, defensive purposes (mutually assured destruction), others
    - ii. Depends on BU and products
      - 1. Invention disclosure—what is its purpose; competitive situation;
        - a. Very broad range of products—implies many different reasons why to obtain patent—we have developed a “lane” strategy
        - b. “Lane” determines handling of the disclosure and the general handling of the prosecution process
        - c. Lanes are recorded in IP tracking/docketing system however can be changed based on need and subsequent developments
        - d. Genesis—lanes developed over time. Historically had a high-level strategy/concept involving prioritization, which was later designed and implemented as “lanes”. Lanes are very helpful for “new people” coming in—they need structure
        - e. Lanes also help as a budgeting control—e. g. certain lanes limit foreign filings except on an exception basis
        - f. Lanes (high value case should receive appropriately higher quality of drafting and prosecution resources). Thus, lanes convey experienced based best practices depending on the expected characteristics and value of the invention. For instance, different lanes might be appropriate for:
          - i. High margin case
          - ii. Parts
          - iii. High tech defensive case (often don't need secondary filings and may use lower cost counsel)
          - iv. High tech differentiator
  - b. How do you ensure IP strategy is aligned with business strategy? Who in the organization is involved in assisting with this effort?

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- i. See answers above—particularly to question 1
    - c. How have the AIA, PTAB decisions, and recent Supreme Court decisions affected your IP management activities (for instance, related to the patenting decisions, patenting budgets, maintenance fee decisions, licensing, litigation, etc.)?
      - i. Working to move the patenting process forward much more quickly in the US
        - 1. Disclosure to filing in about 4 months
        - 2. Rest of world already first to file
      - ii. Approval Process—how done?
        - 1. Q2 meeting is approval process to determine what will go out that week
        - 2. Notifications out to counsel in about 40 days
        - 3. Patent Review Board—US has sufficient disclosure volumes to have standing PRB meeting on a monthly basis.
      - iii. Overseas prosecution handled case by case—not as much volume and typically no PRB
- 7) Large Company in the Automotive Industry that is a Wholly Owned Subsidiary of an International Parent Company
  - a. Why do you obtain IP assets? Freedom-to-operate, licensing, defensive purposes, etc.?
    - i. The company obtains IP assets for defensive purposes and offensive purposes. The company is a target for trolls and filings are used for protection. For example, to protect their freedom-to-operate, the company obtains IP assets. In terms of offensive purposes, IP provides opportunities to leverage portfolios for enforcement or licensing purposes.
  - b. How do you ensure IP strategy is aligned with business strategy? Who in the organization is involved in assisting with this effort?
    - i. The technology group directors ensure IP strategies are aligned with business strategies. IP attorneys work closely with the technology group directors.
  - c. How have the AIA, PTAB decisions, and recent Supreme Court decisions affected your IP management activities (for instance, related to the patenting decisions, patenting budgets, maintenance fee decisions, licensing, litigation, etc.)?
    - i. The AIA, PTAB decisions, and recent Supreme Court decisions have not had much of an impact on the company's IP management activities.
- 8) Subsidiary of a Multi-National Industrial Conglomerate
  - a. The Company obtains IP for many reasons including freedom-to-operate, defensive purposes, etc. Each subsidiary may have its own unique balance of these issues based on its industry/sector and strategy.
  - b. The centralized group works closely with business management, attorneys, and R&D personnel in the subsidiaries to help them align IP and business strategies. Constant communications between the centralized group and the subsidiaries is necessary to that the centralized group is in a position to help when needed.



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- c. The centralized group tries to identify issues that will potentially affect many or all of the businesses such as those related to legal and legislative trends such as the AIA, important court decisions, etc. These legal and legislative trends have affected the Company because they address patent quality, which is important to the Company so that it can enforce its IP, if necessary, and most effectively protect its products and market share. These issues have created a renewed focus on patent quality throughout the patenting process and this has been incorporated into employee training.
  - d. All subsidiaries use a similar “decision-making framework,” which is a tool to help make big and small business decisions including those related to IP. The overarching framework is generally the same from subsidiary to subsidiary but it may be applied differently and in different circumstances depending upon the unique needs of each subsidiary. The framework forces personnel to think about decision-making from an economic perspective (e.g., what is the downside, upside, and most likely scenarios; what are the risks and how can they be mitigated). The tool is used by many personnel in the Company and not just business leadership.
  - e. The Company does not perform R&D for the sake of performing R&D so patenting decisions are focused on business strategy and products.
- 9) International Transaction Processing and Payment-Related Products and Services
- a. The reason for patent protections is changing for the Company. Traditionally it was focused on protecting freedom-to-operate with a lot of cross licensing to avoid litigation and protect its customers so they can use the Company’s products and services without concern for infringement. Today, the company is starting to license-out technologies more proactively when it wasn’t a focus in the past. The Company used to be more focused on exclusively using its technology but is now open to licensing to competitors. The IP legal team has been helping the business units’ transition to this new way of looking at IP licensing.
  - b. The IP legal team recently presented on IP issues to the Board of Directors regarding IP strategy. The Board is open to using IP more strategically than in the past.
  - c. There is continually more collaboration between the IP legal group and the business units to develop and implement IP strategy. There is no formal process to align IP strategy with business strategy. Instead, the Company relies on regular, open communication between the IP legal team and the business units such as regular meetings where the IP legal group can promote the importance of IP to the Company and to be sure the business people understand and are thinking about IP issues. The IP strategy follows business strategy.
  - d. From a defensive perspective, IPR and CBM proceedings have changed the landscape to help deal with patent trolls, which is a common challenge for the Company. From an offensive perspective, the AIA’s first-to-file provision and the Supreme Court’s “Alice” ruling have been a big issue for the Company forcing it to change/improve the timing and quality of its patent applications to account for these issues. IPR, CBMs, and Alice have challenged the company’s effort to build its portfolio because the likelihood of a patent being upheld if challenged has

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decreased. To adjust for the issues, the IP legal team is making changes to the patent review committees

### 10) Fortune 500 Semiconductor Company

- a. Why do you obtain IP assets? Freedom-to-operate, licensing, defensive purposes, etc.
  - i. Primarily for defensive purposes and freedom-to-operate. Strong portfolio allows company to compete on a level playing field with competitors.
    1. Originally, the company had a weaker portfolio and had to pay royalties.
    2. Now with a stronger portfolio, payment of royalties is not required.
  - ii. Not historically a plaintiff or a proactive licensor.
    1. Sometimes enters into licenses in joint development deals.
- b. How do you ensure IP strategy is aligned with business strategy? Who in the organization is involved in assisting with this effort?
  - i. The patent strategy aligns with what the company develops.
    1. The company develops specific products, not a wide array of products.
    2. Patent group keeps a finger on the pulse of where the business is going and aligns with that direction – the IP strategy is fluid rather than structured.
  - ii. Different groups have patent strategies at a granular level.
  - iii. Committees of leaders in particular technology areas assist in deciding what to patent.
  - iv. Pay bonuses to motivate engineers to submit patent disclosures.
- c. How have the AIA, PTAB decisions, and recent Supreme Court decisions affected your IP management activities (for instance, related to the patenting decisions, patenting budgets, maintenance fee decisions, licensing, litigation, etc.)?
  - i. AIA fee increases have had a large impact on maintenance fee decisions.
    1. The company's procedures have not changed but more scrutiny is placed on maintenance fee reviews to prune more patents than in the past.
    2. The company has tried to maintain a constant budget, which requires eliminating more patents than in the past.
  - ii. Individual PTAB and Supreme Court decisions have been considered but have not required changes in management activities.

### 11) Fortune 500 Energy Company

- a. IP assets generally obtained for freedom-to-operate and defensive purposes
- b. For most units, licensing IP assets is a secondary factor but not a significant motivation. Some units have IP licensing as a core element of their business.
- c. IP assets can be potentially useful in vendor or other business relationships to facilitate deals between organizations
- d. IP strategy is more likely aligned with business strategy because IP management team works within business unit – also, business unit ultimately makes business decision regarding IP based on business strategy

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- e. AIA has not affected IP strategy; Alice decision is of some concern, but no significant affect to current IP strategy
- 12) Communications Equipment Company
- a. Engineers are part of process for ensuring IP strategy is aligned with business strategy
  - b. Include business individuals within IP department
    - i. These individuals are tasked with identifying business need from IP perspective for future investment/direction
- 13) High Tech Company
- a. Primary goal for protection of inventions; Secondary goal to build IP for licensing
  - b. IP is embedded in business as part of business is focused on licensing
  - c. Analyze market to determine products that will be useful in future and direct research and IP in same area
  - d. Alice is a concern, but has not directly affected strategy
- 14) World-Wide Fortune 500 Drug Company
- a. Why do you obtain IP assets? Freedom-to-operate, licensing, defensive purposes, etc.?
    - i. For a drug company, it's all about exclusivity
    - ii. Any strategy around trying to extend the period of exclusivity?
      1. Every therapeutic has a rightful period of exclusivity, and the company wants what they are entitled to
      2. Things like delivery devices, new formulations, for extending exclusivity usually doesn't work
      3. The company files provisionals and uses the PCT process
        - a. The company doesn't intentionally delay, but they do try to extend the patent expiration date
        - b. Patent term extension for time lost during regulatory review is helpful
          - i. Hatch-Waxman
            1. Various provisions
            2. Can get up to 5 years lost for time spent doing clinical trials and FDA regulatory review
              - a. Usually these end up being the 5 biggest years of sales
- b. How do you ensure IP strategy is aligned with business strategy? Who in the organization is involved in assisting with this effort?
  - i. The structure of the program teams ensures this
  - ii. Prosecution – close consultation with the right people on the program team (e.g., scientists)
  - iii. Business Development Support – IP diligence carried out with close communication with the business to understand the business goals of the transaction
- c. How have the AIA, PTAB decisions, and recent Supreme Court decisions affected your IP management activities (for instance, related to the patenting

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decisions, patenting budgets, maintenance fee decisions, licensing, litigation, etc.)?

- i. They file a few less original filings. Work is a bit more focused.
- ii. Diagnostic stuff due to Mayo – they look and that and don't do many filings in that area
- iii. AIA – they are on recipient end of some IPR petitions
- iv. We're probably living in a world of fewer relevant patents rather than more relevant patents for each of their products
- v. They view PTAB stuff as more akin to litigation than prosecution. While it is a specialty, and they do seek out people with PTAB experience, they do think some key skills regarding persuasiveness and communication skills is important.

### 15) Aerospace and Defense Company

- a. Company obtains IP primarily for freedom-to-operate.
- b. The major objectives in obtaining patent protection are
  - i. freedom-to-operate and
  - ii. avoidance of misappropriation.
- c. Company does not out-license technology. It pursues patent rights on the innovations it generates and does not seek to create patent blocks in spaces in which it does not operate.
  - i. Impetus to patent, and overall direction, comes primarily from engineering side.

### 16) International Industrial Conglomerate

- a. Company is not a consumer-facing, consumer-oriented business; therefore, the patent model doesn't fit in the traditional sense.
- b. Company balances multiple concerns in order to direct protection efforts:
  - i. Freedom-to-operate is the priority, however-
    1. They only look at *known* or *likely* threats.
    2. No deep search because of willfulness concerns.
- c. Major players in the area are already in cross-licensing arrangements, so strategy is to maintain détente and avoid NPEs.
- d. Company does not proactively out-license technology.
- e. Company pursues patent rights on the innovations it generates primarily to protect, not extend, market share. Protecting Company market share is the primary objective, e.g. Company sells equipment that will be supported and maintained by Company affiliates. When former employees attempt to compete by offering similar services, e.g. "pirates", Company leverages trade secrets to deter them. Company clients, e.g. hospitals, are incentivized to remain loyal to Company service for warranty issues, etc. "Industrial products are a very service oriented business."
- f. Blocking ISPs and will-fitters is also an impetus for patenting.
  - i. Trade secrets are important.

### 17) Multinational Manufacturing Company

- a. In general terms, the IP Group has one single budget for prosecution. The management group for the business unit that the IP Group is within monitors and enforces budgets for the IP Group.

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- b. The foreign parent company for all global operations works with the advisory committee to ultimately set budgets. The foreign parent company reviews, approves, and provides the requested budget.
  - c. The attorneys in the IP group are aware of the IP direction and know what should/should not be filed. If budgets are lean and for other reasons, “pruning” of portfolios may be done.
  - d. Macroeconomic market conditions affect budgeting decisions for the Company pertaining to volume of IP pursued. Also, because the IP Group serves a foreign parent company that pays the bills, exchange rates can have an impact on IP decisions.
  - e. The IP Group’s budget dictates overall outside counsel spend.
    - i. Outside counsel are almost exclusively on flat fee arrangements.
    - ii. As a result, the IP Group can manage its budgets as to volume and price as the group knows in advance what it’s going to cost to get to a certain volume of filings.
  - f. Patent applications are assigned grades, which forms a tiering level for prioritization. The tiering level assigned, in turn, dictates which outside counsel gets the assignment.
    - i. Outside counsel firms are tiered too. The assignment of higher level (more important applications) gets assigned to the higher tiered firms
  - g. The IP Group knows the business and the business objectives well enough to make decisions (e.g., know what programs have been approved and where money is being sent), occasionally bring in business/program directors to understand the value of pursuing patent protection in particular area.
  - h. The “AIA First to Inventor to File” has had modest impact on our approach to filing. The Company generally has changed procedures to speed up time from invention record to filing. The Company tried to make filing quicker. Provisional filings tend to have a shorter time window and are therefore filed on a faster track.
  - i. As fees to file and maintain have increased, the IP Group pays more attention to the overall IP portfolio. If the technology is not employed commercially and not viewed as technologically significant, the IP Group will trim.
  - j. The IP Group will assess, on occasion, whether someone will want to use it. That said, the Company has not actively marketed the IP for sale or licensing. Even if the company does not use the technology, The Company will maintain it if there is a perceived need for it (perhaps defensive purposes) in the future. The decision to maintain a patent is made at the individual attorney level and the advisory committee reviews and approves – along with the deputy general counsel. Occasionally an attorney’s decision is overruled.
    - i. The recent decision in Alice has led to the Company to cut back on Alice-type patent claiming due to uncertainty of protection scope, if any.
- 18) Large IT Services Company
- a. The Company’s strategic prosecution focus is first on key technology spaces for the business units.
  - b. The Company’s chief reason for IP is to develop a portfolio to protect the significant investment in R&D. The Company’s business is primarily related to engineering. The prosecution direction, in turn, affords some sense of a freedom

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to operate because of the volume of patents obtained in a business space. The Company wants to be seen as an innovator in each business segment and a Company with a strong portfolio, which can also act as a deterrent for infringers and competitor attacks.

- c. As far as FTO/clearance searches, like any going concern, the Company would prefer not to wander into an infringement allegation of another large company/competitor. But, the Company worries less about that in view of strong patent portfolio development. The Company does FTO/clearance searches in relation to special cases. But, the Company does consider FTOs, etc. when it looks to acquire a company in very litigious space.
  - d. The Company does not actively monitor competitor patent filings, almost to the point of going out of the way to avoid looking at competitor efforts, as separate task due to budget resources. At a high level, though, the Company does pay a close eye to the filing numbers of important competitors.
  - e. The Company makes decisions about whether competitor patents are a concern, and whether legal action needs to be taken. Typically, the Company is not an offensively litigious company.
  - f. Patent filings and success are assessed for alignment by the IP Group regularly. Business strategy meetings are another tool to assess patent filing success against where the company is going and where it is, or will be, investing.
  - g. As far as analytics and metrics, the Company does use tools to assess “key words” relevant to the industry in our filings as another metric. The Company also does some diagramming and charting of patent filing activity done by the Company and by business units. The Company looks at things from a strategic standpoint at the aggregate level. The Company is very cognizant of where IP fits in the organization and what role IP plays
  - h. The changes arising from the AIA seemed like it would alter the Company’s filing process. They expected a lot of changes. In the end, it has not changed much; other than perhaps more consciousness of filing. Things that the Company has done, though, is to actively encourage the Patent Committee’s not to wait to file an application. In the past, the Patent Committee might wait until further into the development timeline before filing. Now, if it is a technology viewed as important, the IP Group asks the PC not to wait to decide to file until the next meeting or at a later time – the sooner, the better.
  - i. *Alice*: it raised discussion about the best approaches. In the end, though, the decision has not significantly impacted the Company’s portfolio development.
  - j. The Company’s strategic patenting does not include much foreign protection in view of Company’s business is driven most significantly in the U.S.
- 19) Large Internet Software and Services Company
- a. The Company obtains patent for freedom-to-operate purposes. The Global Patent Team wants to be sure that engineers and business managers can focus on innovation without worrying about freedom-to-operate and potential litigation. The Company does not care as much about the exclusivity that patent rights provide because the innovation cycle in their business is too fast for exclusivity to be meaningful.

## IPO Corporate IP Management Practices Project

- b. The Portfolio Development team works closely with inventors, managers, and others in the business units to help them align patent and business strategies. In particular, the Portfolio Development team (as well as the rest of the Global Patent Team) develops an IP strategy based on the goals and objectives they identify by working with the business units.
  - c. The recent legal and legislative trends have caused the Company to utilize performance data regarding its patent cases to a greater extent to ensure metrics are being achieved. Relevant issues include the faster submission of patent applications to satisfy first-to-file rules covered by the AIA. Data is also used to assess outside counsel performance such as success rates and average number of office actions necessary to obtain a granted patent.
  - d. All Portfolio Development team members use the same “decision-making criteria,” which is a set of considerations to help make big and small business decisions involving IP, particularly whether to file a patent application.
- 20) Healthcare Equipment Company
- a. Company obtains IP for several reasons, including freedom-to-operate, defensive purposes, etc. Each group and/or project may have its own balance of issues.
  - b. The major objectives is obtaining patent protection are 1) to prevent misappropriation and 2) to leverage in cross-licensing situations. Licensing out in and of itself is not a business objective.
  - c. Two things are most important from a strategic perspective:
    - i. “Freedom to operate” is the primary concern. Because of the complicated nature of the products they manufacture and their dependence on multiple technical experts, analyzing freedom-to-operate issues is extremely complicated.
    - ii. Obtaining patent protection is an important, but secondary, objective.
  - d. The subject of post-grant proceedings arose. Mike let us know that Company has no pending IPR’s right now, but they are keeping a watchful eye and would use that approach if it were necessary to obtain freedom-to-operate.
  - e. FTO analysis is done with the involvement of the Project Head and the Project Team. Because “designing around” is an option, the inclusion of technical experts is a critical part of determining whether the most cost effective path is to solicit a license or redesign the product. Clearing an issue may involve several steps:
    - i. The reference is either not infringed or invalid.
    - ii. If it is possibly infringed and valid, the company will solicit a license.
    - iii. If the license is not available or not commercially feasible, the project team will seek to design around the reference.
    - iv. Company does not out-license technology. It pursues patent rights to prevent copying and to use as leverage in cross-licensing.