

# Developing a Patent Strategy

## A Checklist for Getting Started

BY RAJIV PATEL

Fenwick  
FENWICK & WEST LLP

For many technology companies, developing a patent strategy is an important component of the business plan. However, for many the approach for developing a patent strategy is more happenstance than execution of a precisely defined plan. To help develop a patent strategy, this document provides a checklist for getting organized in preparation for developing a comprehensive patent strategy for the company.

### A. Business and Patent Portfolio Goals

Starting in the development phase, the patent strategy identifies the key business goals of the company. Clear business goals provide a long-term blueprint to guide the development of a valuable patent portfolio. In particular, the company should:

- ❑ List the business goals for the company.
- ❑ Identify key industry players (competitors, partners, customers).
- ❑ Identify technology and/or product directions (within company and within industry).
- ❑ Determine whether a patent portfolio be used offensively (*i.e.*, as a “sword” asserted against others; revenue generation, etc.), defensively (*i.e.*, used as a “shield” or counterclaim against others who file suit first), for marketing purposes (*i.e.*, to show the outside world a portfolio to demonstrate company innovation), or a combination of these.
- ❑ Meet with attorney to align goals, industry information, technology/product information, and patent portfolio use to outline core patent strategy.

### B. Evaluation of Company Assets

The evaluation process begins by mining and analyzing intellectual assets within the company. Intellectual assets include products, services, technologies, processes, and business practices of the company. In this process, a company organizes and evaluates all of its intellectual assets. To help

think of what the intellectual assets may be, consider the business goals and technology and/or product directions outlined previously. For example, for each business goal, determine what are the **core** technologies and/or products that will help drive that goal.

Note that organizing intellectual assets involves working with key executives who can provide input to help align the patent strategy with the business objectives. Here, the company should:

- ❑ Identify team members that will lead the mining and analysis process. The selected members should have an understanding of the commitment this will require and an ability and desire to commit sufficient time for the commitment. The team members should have the backing of management and management should understand the implications of insufficient time and effort as it impacts the implementation and execution of this phase and the costs involved with it.
- ❑ Identify employees that create intellectual assets for the company.
- ❑ Clearly articulate the business goals and align the technology and/or product directions with those goals.
- ❑ Identify the intellectual assets. To help determine this, gather and organize documented materials. Examples of documented materials include business plans, company procedures and policies, investor presentations, marketing presentations and publications, product specifications, technical schematics, and software programs. It may also include contractual agreements such as employment agreements, assignment and license agreements, non-disclosure and confidentiality agreements, investor agreements, and consulting agreements.

- ❑ Identify the anticipated life span for each intellectual asset. For example, critically evaluate the anticipated lifespan of technologies and/or products before they are likely to be replaced with the next generation?
- ❑ Identify the market for each intellectual asset.
- ❑ Identify products/product lines incorporating each intellectual asset.
- ❑ Identify those intellectual assets best suited for patent protection.
- ❑ Review risk analysis with attorney involving competitor studies.
- ❑ Prepare budget for patent strategy and patent procurement (See attorney to obtain insights on various costs and fees associated with this step. Some considerations for fees include setting and implementing the patent strategy, preparing patent disclosure materials, preparing and prosecuting patent applications, and maintaining the patent portfolio).
- ❑ Identify a patent review committee that will be responsible for this phase. Members of the committee may include a cross-section of company individuals that together can integrate the company's patent strategy with its business strategy and financial considerations. Here again, the selected members should have an understanding of the commitment this will require and an ability and desire to commit sufficient time for the commitment. As with the prior phase, team members should have the backing of management and management should understand the implications of insufficient time and effort as it impacts the implementation and execution of this phase and the costs involved with it.
- ❑ Draft invention disclosures (See attorney for Invention Disclosure Form). Note that the level of completeness for the invention disclosure (see also next step) may impact the cost of patent preparation and, subsequently, patent prosecution (examination). Hence, a good invention disclosure form often is helpful in organizing and articulating an invention for others in this process to understand the key aspects for protection consideration and its benefits.
- ❑ Evaluate completeness of invention disclosures and determine whether (and what) additional details may be required.
- ❑ Critically evaluate each invention disclosure in the context of the patent strategy (including considerations of product life, potential time to issuance, and industry trends/directions).
- ❑ Weigh risks versus reward of a conducting a prior art search. Note that a prior art search is not required, but may be worthwhile to have a better understanding of the boundaries of what type of legal protection may be available. However, there are risks of certain type of prior art searches, such as searches of issued patents that should be discussed with an attorney.

### C. Procurement Phase

While the evaluation phase is in progress, the company can move into the procurement phase. In the procurement phase of the patent strategy, a start-up company builds its patent portfolio to protect core technologies, processes, and business practices uncovered during the evaluation phase. Typically, a patent portfolio is built with a combination of crown-jewel patents, fence patents, design-around patents, and portfolio enhancing patents. Each patent may have a unique value proposition for the company. An integral part of the procurement phase is to develop and establish a process for patent procurement and management. This allows the company to capture all inventions to evaluate intellectual property protection options that include patent, trade secret and copyright. In addition, a thought-out, well-organized process can be an important component of maintaining cost controls. Thus, in the procurement phase, a company should consider:

- ❑ Identify a patent administrator to oversee, coordinate, and manage the patent process and patent review committee.

- ❑ Evaluate benefits and risk of provisional versus utility patent application with attorney.
- ❑ Forward invention disclosure to an attorney for patent application drafting.
- ❑ Over time, determine whether to conduct further competitive analysis to study industry trends and technology directions and identify patent portfolio coverage in view of same.
- ❑ Over time, evaluate risk versus reward of studying patent portfolios of competitors and other industry players to identify how to further strengthen its patent portfolio.
- ❑ Tune the budget for patent portfolio procurement and development. (See attorney to obtain insights on various costs and fees associated with tuning, including aspects such as pruning, focus for prosecution, etc.).
- ❑ For “sword”, evaluate strength of competitor patent portfolios to access the potential for competitor counter-attacks.
- ❑ For “shield” evaluate impact of patent with respect to potential aggressors.
- ❑ For “market” review patent portfolio to identify those assets that company can sell for cash or use to spin out new business.

The above outline provides one approach to a comprehensive patent strategy. As with any strategy, the approach your company may take could differ and should be flexible enough to account for those differences. Companies that take the time and effort to develop a patent strategy will be well positioned to capitalize on the rewards for the time, money and effort spent early on as their business continues to grow and prosper.

*Rajiv P. Patel is a partner in the Intellectual Property/Patent Group of Fenwick & West LLP. He develops, deploys, and manages patent portfolios for clients in high technology spaces, including wireless communications, clean technology, media (audio and video), gaming, and Internet (e.g., search engines, language processing, CDNs). His experience includes patent disputes (litigation and reexamination) and transactions (patent due diligence and analysis). Prior to his law practice, Mr. Patel was engineer for IBM Corporation. As an attorney, Mr. Patel was an adjunct professor of law at the University of California, Hastings College of the Law and currently chairs Patent Law education programs for Practising Law Institute. Mr. Patel is a member of the State Bar of California and is registered to practice before the U.S. Patent and Trademark Office.*

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#### D. Deployment Phase

A company that values its intellectual assets may set aside time, money and resources to further enhance its patent portfolio. To do this a company may move to the deployment phase. The deployment phase may include licensing all or part of a patent portfolio to others in the industry or to alternative applications for the technology. Alternatively, it may include asserting rights established by its patents, such as through litigation. The deployment stage often includes high-level management involvement. In this stage a company should consider:

- ❑ Review “sword”, “shield”, and/or “market” strategy considerations.
- ❑ Determine risks and benefits of various enforcement options (cease & desist; cross-license; etc.). Evaluate impact on business goals and reporting and financial statements.
- ❑ For “sword” evaluate competitor products for infringement considerations and determine risks versus rewards of cease and desist strategy or licensing strategy.