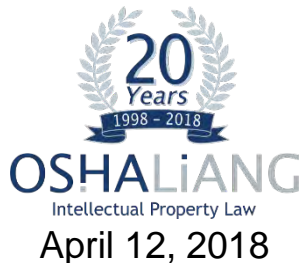


Maximizing IP Value and Managing Risk



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Outline

- Intelligent IP
 - IP policy and decision-making
 - Good IP business practices
 - FTOs and avoiding willful infringement
- Issuing strong patents
- Efficient and timely prosecution

The basics of “Intelligent IP”

- Questions:
 - What data are used to make IP-related decisions?
 - What is the mechanism for making these decisions?
 - Have the strategic uses of the data been fully evaluated?
 - How are IP policies and decisions communicated / enforced internally and externally?

The basics of “Intelligent IP”

- Solutions:
 - Written IP policy
 - State a clear policy
 - Evidence buy-in for importance of IP at all levels
 - Establish good business practices
 - Protect trade secrets
 - IP committee
 - Regular
 - Empowered
 - Connected
 - Communication

Why is this important???

- **M&A team spends months in the data room, but doesn't invite anyone from IP**



Why is this important???

- Sales team launches new product before patents are filed



Why is this important???

- Marketing team rolls out a new brand without clearance

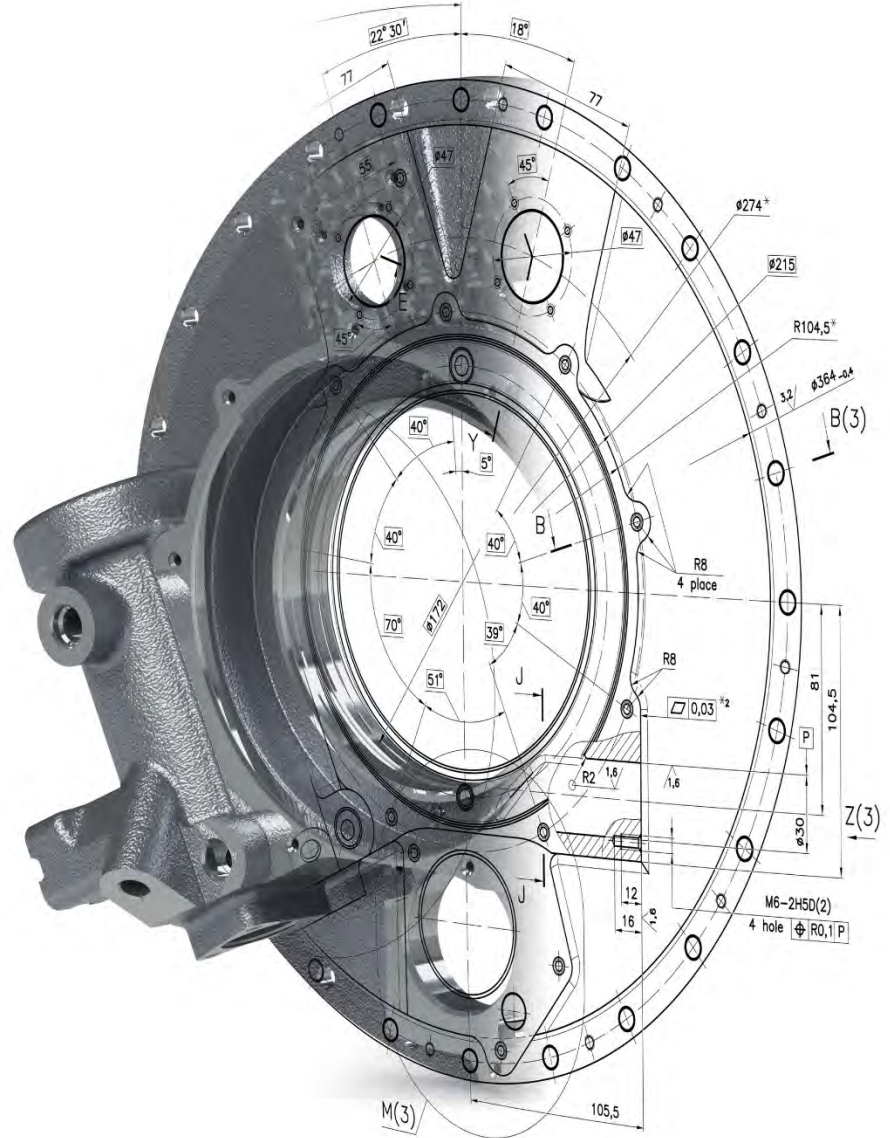




Assignment

- Legal team drafts IP-related clauses in contracts without speaking to IP department

- Trade secrets are on display



The IP Committee - Roles

- IP professional
 - In-house or outside
- Product / Services
 - Engineer, designer, service supervisor
- Sales & Marketing
 - Current market knowledge
- Management
 - Someone who can authorize decisions
 - Someone who can take bad news to senior leadership

The IP Committee - Objectives

- Maximize & protect value of company's IP
 - Prioritize matters for effective use of IP budget
 - Patents: pursue economic or strategic value
 - Marks & Designs: proactive, aggressive protection
 - Trade secrets: identify and protect

The IP Committee - Objectives

- Minimize risk of infringement / conflict
 - Establish and maintain corporate IP policy
 - Gather all relevant data and input
 - Make informed business decisions after risk/benefit analysis
 - Communicate risk to senior management



The Corporate IP Policy

- Written recognition of importance of IP to the company
- Written policy to protect inventions, brands, designs, and copyrights
- Written policy to respect IP rights of others
- Written policy on protection of trade secrets
 - *European trade secret directive mandates minimum standards in EU as of May, 2018*
 - Includes definition of trade secret:
 1. It is secret
 2. It has value because it is secret
 3. Reasonable steps are taken to keep it a secret

Draft TSD implementation - France

- 1° Elle n'est pas, en elle-même ou dans la configuration et l'assemblage exacts de ses éléments, généralement connue ou aisément accessible à une personne agissant dans un secteur ou un domaine d'activité traitant habituellement de cette catégorie d'information
- 2° Elle revêt une valeur commerciale parce qu'elle est secrète
- 3° Elle fait l'objet de la part de son détenteur légitime de mesures de protection raisonnables pour en conserver le secret

U.S. Defend Trade Secrets Act (2016)

the term “trade secret” means:

all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if:

(A) the owner thereof has taken reasonable measures to keep such information secret; and

(B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information

Communication of Policy

- Ensure all decision-makers are aware of IP policy
- Distribute aspects of policy internally via news blurbs, etc.
- New employees receive and sign acknowledgement regarding policy
- Encourage pro-IP atmosphere
- Establish “reasonable business practices”



Willful Infringement

- General concept: punitive damages or other measures to punish those who intentionally act in bad faith
 - Only in some jurisdictions
 - Only for some types of IP
 - Widely varying standards

Examples

- U.S.: willful patent infringement
 - Up to 3x damage award
- Japan: willfulness has no effect on damages
- China
 - U.S.-style 3x rule in proposed new law
 - Aggressive criminal penalties for infringement

Willful patent infringement in the U.S.

- Willful infringement is a “question of fact”
 - Decided by the jury
 - Reasonableness of actions taken (or not taken) will be considered in the overall context of the circumstances
 - Actual damages may be increased up to three times
 - Actual damages “no less than a reasonable royalty”
- Risk of willfulness finding in the U.S. is low so long as ***reasonable business practices*** are followed

FTO studies – evaluating risk

- Results are (almost) never binary
- Usually impossible to analyze to the point of removing all risk
- Objective: define **reasonable business practices** that
 - Give the right result most of the time
 - If the wrong result is obtained, avoid a finding of willful infringement

- Secondary objectives:

- Understand the IP landscape

- Who are the principal players?

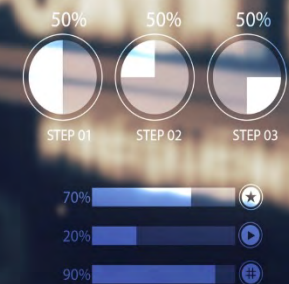
- How crowded is the art?

- What are the trends?

- What IP do you have in the field and how can it be strategically expanded?



TRENDS



A Model Clearance Study

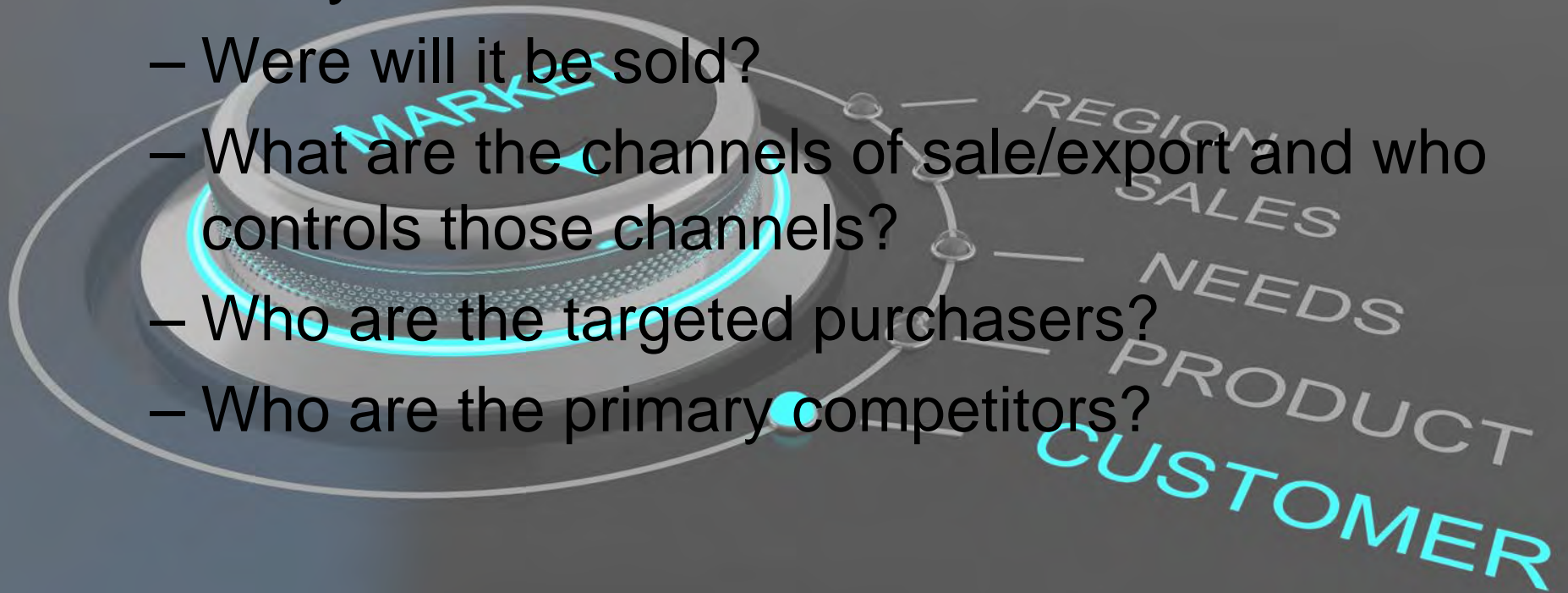
Step 1: Identify the Product or Service

- Nature of proposed product or service
 - To be sold alone or in combination with other products/services
 - What are the potential applications
 - Differentiating factors in the marketplace
- Specific technical issues
 - Applicable fields of technology
 - Which aspects are new?
 - Develop concise technical/design description

A Model Clearance Study

Step 2: Identify the Market

- Identify the market
 - Where will it be sold?
 - What are the channels of sale/export and who controls those channels?
 - Who are the targeted purchasers?
 - Who are the primary competitors?



A Model Clearance Study

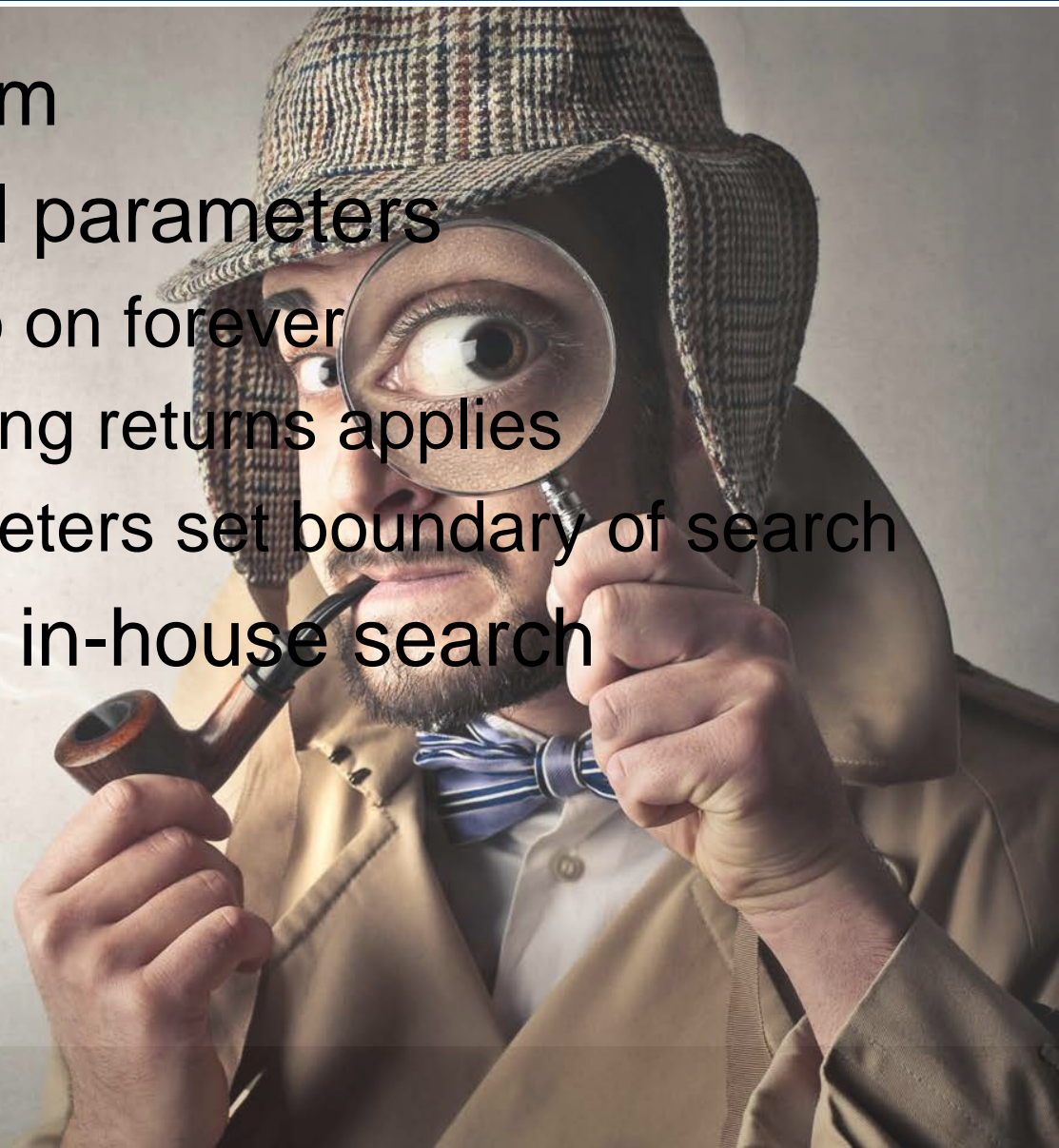
Step 3: Define the Search

- Select key technical aspect(s) for search
- Select competitors for search
- Select primary product applications for search
- Consider possible combinations and sub-combinations to search
- Select jurisdictions for search

A Model Clearance Study

Step 4: Conduct the Search

- Select search firm
- Choose financial parameters
 - A search can go on forever
 - Law of diminishing returns applies
 - Financial parameters set boundary of search
- Conduct parallel in-house search
 - Google patents
 - USPTO.gov



A Model Clearance Study

Step 5: Analyze the Search

- Establish and apply a defined triage process
 - Not only for searches, but for all IP issues that may arise
 - Impossible to give the highest level of review to every issue



TRIAGE

- Example triage process:
 - Identify a person or persons with knowledge of IP law to perform triage
 - Define tiers:
 - Third
 - Memo to file; no further action
 - Second
 - Solicit technical input
 - Submit to team management for review
 - First
 - Obtain opinion from outside attorney

A Model Clearance Study

Step 6: Use the Search Strategically

- Review results
- Consider design changes to strengthen any non-infringement positions
- Consider post-grant challenge to issued patent
- Consider if licenses are necessary
- Consider strategic patenting (including continuation practice) to develop ammunition for “counter-punch”
- Avoid negative conclusions and negative analysis
 - At least not in writing!
- Report results of study to management
 - Allows reasonable and informed business decisions

Good Business Practices

- A defined triage process
 - Permits efficient use of resources
 - Produces the right result most of the time
 - Wrong result is (hopefully) not “willful”
- Written IP Policy
 - Shows company’s commitment to protecting IP (both yours and third party’s)
 - Communicates IP policy internally to minimize avoidable problems
- IP Committee
 - Brings data, decision-making ability, authority and communication together in one place

Hurricane Plans: Be Prepared!



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- Customized for particular company / division
- Preservation of electronic and documentary evidence
- Notification of involved employees
- Location and assessment of other key individuals
- Hiring of the appropriate trial team
- Saves time and money, and makes trial team's job easier

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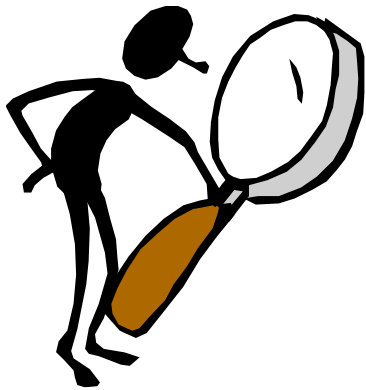


Issuing Strong Patents

- How to achieve a “bulletproof” patent
 - Understanding that there are differences in different jurisdictions that impact the examination and ultimately, strength of IP rights
 - Taking action at the drafting and/or filing stage to mitigate these jurisdictional differences

What is a Bulletproof Patent?

- A patent that can withstand the scrutiny of litigation



- clear and concise
- does not contain unnecessary limiting language
- written such that it maximizes the scope of claims
- valid and enforceable
 - all disclosure requirements satisfied

Who is Your Audience?

- Patents should be written to the level of ordinary skill in the art, right? **NO!**
- The U.S. Audience
 - The Examiner
 - The Public
 - The Judge
 - The Jury
- Keep U.S. audience in mind when drafting application

The Examiner

- Expansion at PTO results in decreased average experience, compared to other jurisdictions
- Only undergraduate science or engineering degree required
- Examiner has ~6.6 hours to read, search, and write office action on new mechanical application



Examiner's Initial Impression

- If specification is difficult to understand, quality of initial examination is poor in hopes of receiving an explanation of the invention in the response
- If specification is easy to understand, Issues a coherent first office action on the merits citing relevant prior art



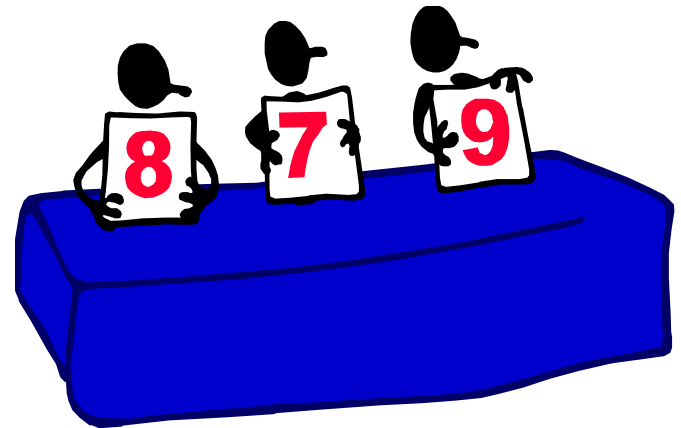
The Judge

- No technical background
- May dislike patent cases
 - Specialized area of the law
 - Complex technology
 - Time-consuming
- The Judge must navigate the legal and technical complexities of the case well enough to be able to construe the claims



The Jury

- Usually 9 or 12 people with no technical degree or background
 - Must understand the disclosure and the Judge's claim construction
 - Will decide enforceability, validity, and infringement



Translation Difficulties

- *Most* translations of patent specifications from foreign countries contain errors in:
 - English usage
 - Difficult to understand language
 - Mistranslation of terms

Typical Problems Caused by Translation Issues

- Quality of examination is decreased
 - Examiner less likely to take time to read a specification that is difficult to understand
- Duration and expense of prosecution is increased
 - Rejections/objections on formal matters
 - Multiple rejections due to lack of examiner's understanding

Typical Problems Caused by Translation Issues (cont'd)

- Difficult claim construction
 - Meaning of words in the claim determined by usage in specification
 - If claims must be re-written by U.S. attorney, correspondence between claims and specification may be lost
- Enforcement more difficult
 - Most patent cases in US go to a jury
 - Jury is non-technical, non-patent
 - Clarity of specification and claims is major advantage in litigation
 - Foreign-sounding patent may be subject to bias from jury

Solutions to Translation Problems

- Recognition of importance of this issue
 - Often focus is only on words in the claim, without recognizing “library” role of specification
- Revision of both disclosure and claims at time of U.S. filing
 - Adds some cost at time of filing
 - Reduces cost during prosecution
 - Reduces prosecution delay
 - Results in stronger patent

Other Considerations

- Ensuring all material references have been considered by Examiner
 - Ensuring valid and *enforceable* claims
- Understanding options in US for further claim scope
 - Continuing applications
 - Reissue applications
 - Patent can be broadened within two years

Obtaining IPR quickly

- Getting ahead of line at the PTO
- Collaboration amongst different jurisdictions
- Reducing the number of RCE filings

Track One Prioritized Examination

- Upon request (accompanied by substantial fee), application will be given special status with goal of reaching final disposition within 12 months
- Can be filed with new application or RCE
- Will be dismissed if any of below are filed:
 - Extension of time
 - RCE
 - Notice of Appeal

Patent Prosecution Highway

- The PPH accelerates examination of a patent application
 - at the USPTO **based on an allowance** of a corresponding application by a patent office of one of the other participating countries, or
 - at the patent offices of the other participating countries **based on an allowance** of a corresponding application by the USPTO,
 - if the claims of the corresponding applications are **substantially similar**.

Who is in the PPH program?

- The PPH pairs the USPTO with the patent offices of:
 - Japan (JPO)
 - United Kingdom (UK IPO)
 - Canada (CIPO)
 - Korea (KIPO)
 - Australia (IPAU)
 - Europe (EPO)
 - Denmark (DKPTO)
 - Singapore (IPOS)
 - Germany (DPMA)



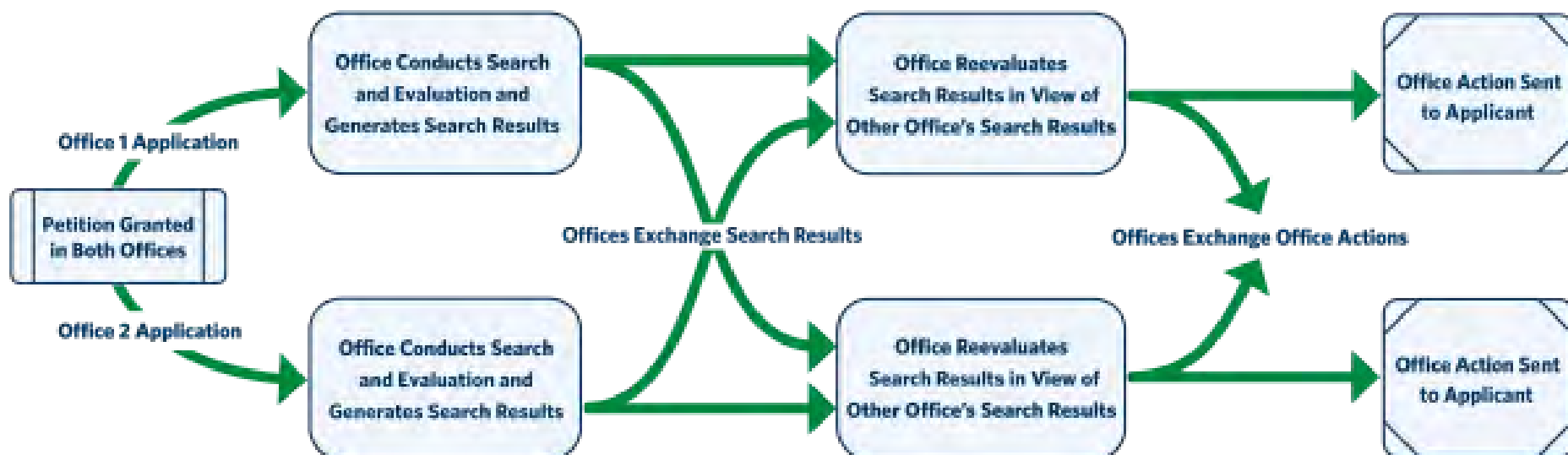
Patent Prosecution Highway

- File a Request for Participation including:
 - an **identification** of both applications,
 - a copy of the **allowed claims** from the corresponding application,
 - copies of the **office actions** from the corresponding application (excluding the actual Notice of Allowance),
 - **translations** of the claims and office actions, if not in English, and
 - an **IDS** listing all cited documents
- The Request must also **explain the correspondence** between the allowed claims and the claims pending in the application to be accelerated.

Collaborative Search Pilot

- Utility application with earliest priority date post-AIA
 - With counterpart application at KIPO or JPO
- No more than 3 independent claims and 20 total claims, single invention
 - Independent claims must correspond between Offices and shown in claims correspondence table
- Not yet received a first OA on merits in either Office
- Granted petitions in each Office (must be filed within 15 days of each other)
- No fee to participate
- Applications are fast tracked

Collaborative Search Pilot



PCT Collaborative Search Pilot

- One PCT search performed by main ISA in collaboration with “peer” ISAs
- High quality search and increased legal certainty early on
- All IP5 offices will participate in 3rd Applicant driven pilot
- Limited number (e.g., 100) of files will be processed by main ISA with English and non-English specifications

Reducing the number of RCEs

- Before filing applications into the US, perform a pre-filing review of specification and claims
 - Correct Translation Errors
 - Add claims
- Filing AFCP responses after Final OAs
 - Increases communication with Examiner

Advantages to Pre-Filing Reviews

- Helps avoid Restriction Requirements or Election of Species
- Prevents first OA from being mostly procedural rejections
- Better quality search in first OA

Thanks for Attending!