



# What's Your Next Move: IP in the New Business Reality

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**What's Your Next Move: IP in the New Business Reality**

# Innovation in a Changing Economy:

Ways to Maximize the Value of Your IP



## Panelists

- Rebecca Gibbs, *Chief Intellectual Property Counsel, American Eagle Outfitters*
- Jeffrey Greene, *Chair, Trademark, Copyright and Advertising Practice, Foley & Lardner*
- Michael Sapherstein, *VP, Deputy General Counsel, Marvel Entertainment, Inc.*
- Michele Simkin, *Chair, Biotechnology & Pharmaceutical Practice, Foley & Lardner*
- Michael Whitehead, *Chief Counsel, Intellectual Property, The Lincoln Electric Company*

## Current IP Statistics

- In the first four months of 2009, the number of new trademark applications at the USPTO fell by 20%.
  - *An overall 10% decrease is expected for 2009.*
- According to WIPO, the number of international patent filings grew by just 2.4% in 2008, as opposed to growth rate of 9.3% over the past 3 years
  - *The current growth rate for 2009 is trending under 2%.*

## Current IP Statistics (cont'd)

- The number of U.S. utility patent applications at the USPTO showed nearly flat growth for the 2008 calendar year.
- These trends are across the board and not focused on any one industry.
  - *This differs from early 2000's trends that were caused primarily by dot-coms and the software industry.*

## POLL QUESTION #1:

### Getting Better Management from Outside Counsel

- Do you think the total number of patent and trademark applications for 2009, compared to 2008, will be:
  - 1) Higher
  - 2) Lower
  - 3) About the same
- Why? / Why not?
- How do you select firms or lawyers who are best at such management?

# IP's Multiple Roles

- A valuable corporate asset
- A source of revenue
- A legal protection

# How IP's Multiple Roles May Change In a Recession

- Determining which IP protections to pursue.
  - *Consider whether recession increases or decreases competition.*
- Managing IP-related costs, such as:
  - *Filing new applications*
  - *Enforcement / litigation*
- How best to work with other corporate departments and business units, such as marketing and accounting.



# Deciding Which IP Protections to Pursue

- Scope of protection/ product reach
  - What is the purpose of this mark/ patent?
  - What exactly does it protect?
  - Is the existing protection sufficient?
- In which countries do we need the protection?
  - Domestic and foreign considerations

## Deciding Which IP Protections (cont'd)

- Importance of the brand/ product/ service to the company's business
- Importance of business unit to the company's revenue
- Impact on other IP products/ services
- Timing/ planned life span of product or services
  - Seasonal vs. long-term development

## Deciding Which IP Protections (cont'd)

- Determine what is “ownable” and “protectable.”
  - *Trademarks* – brand or mark may have already been in use
  - *Patents* – assess patentability with prior art search before filing
- Focus on growth areas for new IP.
  - *Trademarks* on new products or services
  - *Patents* on new digital technologies
  - *Licensing*
  - *Joint Development Arrangements*
- Involve VP/ management in the decision process.
  - *Example: VP must sign off on new applications and/or searches*

# Managing IP-Related Costs In a Recession

- Managing costs of maintaining IP
  - Prioritize brands/ products/ services.
    - *Patent example: “Patent mapping” - group your company’s patents by technological category, then compare the “map” to a grouping of your competitor’s patents, to see if you have coverage in the right areas.*
    - *Trademark example: Determine whether a mark requires registration, or should just be used without being registered.*
  - Prioritize geographic scope (primary markets).
  - Conduct regular “IP Audits” of company portfolios.
    - *Consider selling IP that is no longer needed.*

## POLL QUESTION #2:

- In the past year, have you conducted an “IP audit” of your company’s IP portfolio?
  - 1) Yes
  - 2) No
  - 3) Not yet, but one is planned

## Managing IP-Related Costs (cont'd)

- Reducing costs of new applications
  - Pursue alternative fee arrangements.
    - *Flat/Fixed fees or reduced rates for prosecution*
  - Work to reduce prosecution time/ cost.
    - *Performance metrics for prosecution counsel, such as number of 112 rejections*
  - Plan short-term expenditures that reduce long-term cost.
    - *Patent example: Thorough prior art search done pre-filing eliminates weak applications and speeds prosecution; interview patent examiners after initial office action*
    - *Trademark example: Preliminary/ comprehensive searching and surveys of local counsel.*

## Managing IP-Related Costs (cont'd)

- Reducing costs of enforcement & litigation
  - Consider alternatives to filing suits.
    - *Example: Writing cease and desist letters, where appropriate, rather than filing suit*
    - *Example: Business-to-business approach*
  - Consider pursuing flat/fixed fees in more predictable legal areas, to offset litigation costs.
    - *Example: Flat fees for safety manual revisions*
    - *Example: Flat fees for trademark prosecutions*

## Managing IP-Related Costs (cont'd)

- Consider alternative fee arrangements, such as:
  - *Stepped flat fee arrangement, or “phased budget” arrangement for litigation.*
  - *Reduced rate until settlement for cases likely to settle.*
- In addition to cost savings, these arrangements also provide some predictability for budgeting.



## Managing IP-Related Costs (cont'd)

- Choice of enforcement forum can affect costs.
  - Trademark choice of forum:
    - Consider administrative proceeding, where available.
    - Consider working with customs/ border patrol for anti-counterfeiting enforcement.

## Managing IP-Related Costs (cont'd)

- Patent choice of forum:
  - Consider ITC action, where available.
  - Consider reexamination proceeding.
    - *Strategic advantages and disadvantages*
  - Caveat: Although reexamination can be useful, it does not necessarily reduce costs of litigation/enforcement.
    - *May reduce costs if a stay is obtained*
    - *May be helpful to negotiating a settlement*

# Working With Other Departments

- Budget planning issues:
  - Always some uncertainty – can't predict who might sue during the next six months.
  - Capped or predictable bill is preferable.
  - Share costs between legal and business units, wherever possible.
  - Some costs can be spread between two fiscal years/budgets.
    - *Example: Conducting searches in one fiscal year and filing the related applications in the next fiscal year*
  - Requiring management sign-off or review tends to reduce number of weak or unnecessary filings.

# Comments and Questions

