



Building a Premier Patent Portfolio Under Corporate Budgetary Constraints

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The McAfee logo is displayed in a bold, red, sans-serif font. The letter "M" is significantly larger than the other letters, and a registered trademark symbol (®) is positioned to the upper right of the "e".

The patent paradigm has shifted in the last 5 years

- ▶ The total yearly number of U.S. patents to issue declined for the first time since 1995
 - ~ -2.7% from 2003-2004

 - ▶ Outsourcing has entered the national arena
 - Billion-dollar companies have outsourced patent-related work

 - ▶ Corporate IP budgets have typically been reduced in the last 5 years
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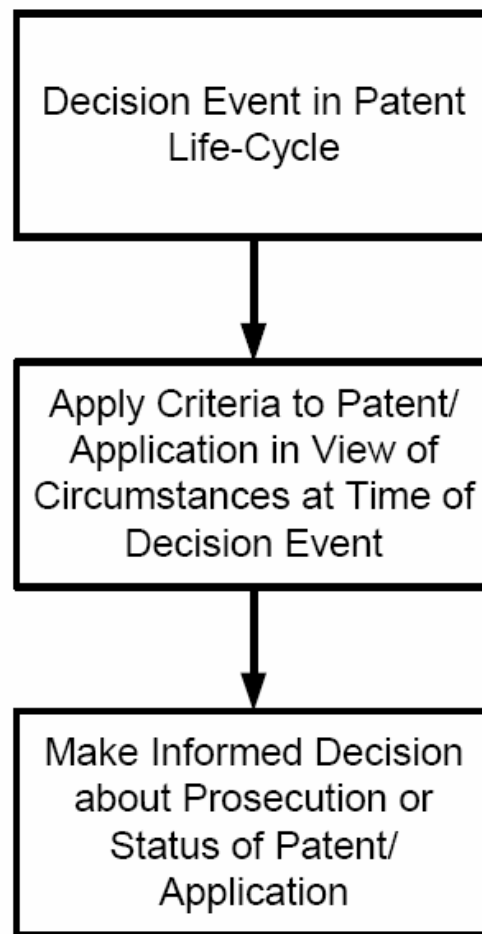
The result of this shift

- ▶ Corporate IP managers are charged with the task of managing patent portfolios with tighter budgets
 - ▶ Patent managers are looking for innovative ways to squeeze more out of their budgets
 - ▶ Our focus is on various techniques that accomplish this goal
 - Cost-effective strategic patent life-cycle decision-making
 - Outside counsel management
 - Cost-saving patent prosecution tactics
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Intelligent patent life-cycle decision-making

- ▶ It is important that each cost-incurring decision during the patent life-cycle be made intelligently based on the value of the technology
 - ▶ This value may change over time
 - ▶ Thus, the value of the subject technology (and any resulting patent) should thus be assessed/re-assessed at each patent life-cycle event based on relevant criteria
 - ▶ The goal: to afford best patent portfolio under financial constraints
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Intelligent patent life-cycle decision-making



Examples of patent life-cycle decision events

- ▶ Whether to file a patent application on an invention
 - ▶ How many patent applications to file in particular technological areas
 - ▶ Whether to file for international protection
 - ▶ Whether to continue and/or appeal prosecution of a patent application
 - ▶ Whether to initiate the appeals process
 - ▶ Whether to pay a maintenance fee on an issued patent
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Examples of criteria on which patent life-cycle decisions are based

- ▶ Do the claims cover a company's or competitor's product?
 - ▶ Do the claims cover something that would influence the buying decisions of consumers?
 - ▶ Do the claims cover something that is visible?
 - ▶ What is the potential breadth of the claims?
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Examples of criteria on which patent life-cycle decisions are based – cont.

- ▶ Does a company already have claims in a particular technical field or related technology?
 - ▶ Is the technology the subject of a partnership and/or alliance, or being jointly- developed?
 - ▶ What is the value of the market of a particular technology, and what market share does a corporation or competitor own?
 - ▶ What is the technology life-cycle?
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Examples of criteria on which patent life-cycle decisions are based – cont.

- ▶ Where is the technology marketable?
 - ▶ Has the technology been disclosed prior to the filing date of the related patent application?
 - ▶ Would the technology be easily designed around?
 - ▶ What competitive intelligence is available and what does it indicate?
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Outside counsel management

- ▶ Reduction/removal of ancillary fees
 - Paralegal work product, docketing, report letters, cursory advice, etc.
 - ▶ Flat fee/fee cap arrangements
 - ▶ Request a total-billing-per-matter summary with each invoice
 - ▶ Hierarchical fee structure
 - ▶ Negotiate the foregoing, in exchange for consolidation of work and/or additional work
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Cost-saving patent prosecution tactics

- ▶ Recent overhaul of USPTO fee structure
 - Effective December 8, 2004; updated July 18, 2005
 - ▶ Cost of claims and appeals has risen
 - ▶ Size of application now matters
 - ▶ Electronic filing discount for small entities
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Cost-saving patent prosecution tactics

- ▶ Be careful when trying to cover multiple invention variations in a single patent
 - Additional claim-related fees are lost, if a divisional filing is required
 - ▶ At least for lower-rated cases, avoid repeating the same dependent claim set for different claim formats
 - ▶ Be selective regarding cases to appeal (e.g. using criteria mentioned above, etc.)
 - New Pre-Appeal Brief Conference Pilot Program
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Cost-saving patent prosecution tactics – cont.

- ▶ Build momentum with Examiner by responding quickly
 - ▶ If you are not going to amend, do not wait until a case is under final to initiate the appeal process
 - Save in time extension fees later
 - Avoid the cost of an additional response to office action
 - ▶ Respond to final office actions within 2 months as a matter of policy to save in time extension fees
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Cost-saving patent prosecution tactics – cont.

- ▶ Do not include a “Background of the Invention” section in the application
 - ▶ Use previously-discussed criteria to allow for spending additional money on more important technology
 - ▶ Use different law firms for differently-rated applications
 - ▶ Strategic use of provisional application filings
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Conclusion

- ▶ Cost-effective patent life-cycle strategic decision-making
 - ▶ Outside counsel management
 - ▶ Cost-saving patent prosecution tactics
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