

STRATEGIC MANAGEMENT OF INTELLECTUAL PROPERTY

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This memorandum relates to the management of all intellectual property (“I.P.”) aspects of a company’s operations. This memorandum briefly identifies:

A. The substantive tasks that are integrally involved in the I.P. aspects of a company’s endeavors:

B. The procedural and reporting tasks; and

C. A proposed model for allocating the substantive, procedural and reporting tasks.

A. THE SUBSTANTIVE TASKS

Here is a cursory checklist of the substantive tasks that underlie many facets of I.P. practice in commercial endeavors².

a. Patent Preparation and Prosecution

- Designing and adopting a form for an Invention Disclosure by the inventor to management
- Thorough training in, assisting with, and completing the Invention Disclosure so that the gist of the invention is communicated in an accurate and timely manner to management
- Sifting, preferably by a Technology Review Committee³, those Invention Disclosures for which a patent search appears warranted from those for which a patent search appears unwarranted
- Formulating, executing, and evaluating search results of a patentability search
- Preparing a patentability opinion based on the invention as disclosed and the search results
- Deciding, based on the patentability opinion and business considerations, whether the invention merits the preparation of a patent application
- Preparing, filing, and prosecuting the patent application in the United States patent Office and, where appropriate, abroad

b. Patent Enforcement

- Eternal vigilance: monitoring the manufacture, use, importation and sale of potentially infringing devices, compositions, products, or methods
- Systematically being on the lookout for competitors' patents and published patent applications through a periodic searching protocol

²The focus of this memorandum is mainly on the patent aspects of intellectual property matters. Many of the issues raised also apply to trademarks, copyrights and trade secrets.

³The author proposes a standing agenda for consideration by the Technology Review Committee, which has among its overall responsibilities, the monitoring, evaluating and reporting of I.P. matters.

- Formulating and implementing enforcement strategy, including preparing COMPETENT infringement opinions and “cease and desist” letters, invoking alternative dispute resolution procedures, or initiating litigation

c. Licensing

- Reviewing patents issuing in technical fields of commercial interest and evaluating licensing opportunities
- Developing a corporate patent ownership and licensing policy, with the goal of facilitating technology transfer while maximizing individual portfolio, company, and market values
- Developing deal points
- Negotiating agreements
- Drafting agreements
- Reviewing and recommending approval or otherwise of agreements drafted by others

d. Other

- Preparing product clearance opinions
- Surveying the state of the art
- Drafting and negotiating employee, non-compete, and confidentiality agreements
- Developing in-house I.P. seminars to heighten the sensitivity of all concerned to I.P. issues
- Designing an employee incentive award and recognition system by which employees are recognized and encouraged to submit Invention Disclosures

B. PROCEDURAL AND REPORTING TASKS

The need arises for timely, thorough, and accurate reporting to management of all I.P.-related matters. This includes:

- Designing a reporting format
- Deciding on the frequency of reporting and to whom
- Assigning the tasks of gathering information needed and generating the report(s)

- Preparing an I.P. Policy and Procedures Manual
- Identifying, avoiding and/or resolving professional conflicts of interest

C. TASK ALLOCATION

Here in summary form are some of the pro's & con's of the various task allocation alternatives:

Pros	Inside Counsel	Outside Counsel
	<p>Less expensive</p> <p>In touch with products, business plans and management</p>	<p>Insurance coverage may be available if loss results from error</p> <p>Up to date with latest regulations & case law</p> <p>Depth of support</p> <p>Tried & tested docketing (date) systems</p>
Cons	Malpractice coverage may not be available	Conflicts may preclude representation

D. CONCLUSION

The task of asserting effective control over all facets of I.P. matters as they relate to a company, if thoroughly and professionally implemented, is no small undertaking. The consequences of a failure to conform to reasonable standards may subject a company to assertions of negligence, misconduct, malpractice, and the like.

It is therefore in a company's best interest to create a framework to accomplish these and related tasks in a cost-effective, yet thorough manner. One attribute of allocating many of the tasks to outside counsel is that the responsibility and accountability are also delegated therewith.

Outside counsel should be selected primarily, if not exclusively, to shoulder the responsibilities for all I.P. matters. As additional experience and sensitivity to I.P.-related matters are acquired, and as outside I.P. counsel's understanding of the company's operations and the relevant industry becomes sharpened, this overall suggestion may become modified in either its substantive or procedural aspects.

Accordingly, the writer recommends that virtually all the I.P. tasks that need to be performed be delegated at least initially to outside counsel.

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