

Slash But Don't Burn – Prioritizing IP in a Recession

Almost every in-house legal department is under pressure to cut costs. Now more than ever, in-house counsel must reduce the money spent building an IP portfolio while maximizing return on investment. Below are some suggestions for how to strike that delicate balance.

Know what you have

You cannot make intelligent decisions about what to do with individual patent and trademark cases without knowing where they fit into your overall portfolio. Get to know what products and services you already have broad coverage for and what areas need shoring up. That information should help shape all your decisions, including whether to file new applications or continue pending ones.

Know what you want to do with it

What is your IP strategy? Are you in a litigious business and in need of a defensive stable of patents for potential counterclaims? Is your company interested in licensing its technology to make money? Are you using your patent portfolio simply to keep your competitors from copying your products? There is no right answer for all organizations, but knowing the answer for your company will help you make consistent, defensible decisions in individual cases.

Develop processes to make decisions easier

Periodically attach an importance level (e.g., high, medium, low) to every patent and trademark application. The level for each case should be set keeping your overall portfolio and IP strategy in mind. Develop a decision matrix depending on the importance level and the stage of the case. In addition, outside counsel procedures can help streamline IP prosecution. For example, provide standing instructions to outside counsel on what to do in particular situations (e.g., high-level case, non-final rejection, etc.).

Get stakeholder buy-in

Attach one businessperson as the “go to” decision maker for every application. Avoid the paralysis that can occur when you cannot find anyone to take responsibility. These same decision makers can be used to do the “leveling” of cases discussed above.

Separate the wheat from the chafe

With your portfolio analysis, strategy, processes, and stakeholders in place, you are ready to make the tough decisions. The difficult part for many in-house counsel is that managing an IP portfolio can seem like “death by an unending series of \$3,000 decisions.” The natural reaction to each small decision is a default towards keeping an application or issued patent or trademark alive. Sometimes, however, the right decision is to let it go, take the immediate cost savings, and avoid future costs for a patent or trademark that does not fit your strategy. Moreover, some new applications can be avoided altogether. For example, counsel should explore whether trade secret protection or common law trademark protection is sufficient.

Whatever decisions you make, following these guidelines will help make sure those decisions are strategic and allow your company to save money without sacrificing value.

This article presents snippets of a presentation done at an ACC luncheon in April 2009. For more information, please contact the authors: Greg Leibold, gleibold@merchantgould.com; (303) 357-1642 or Dave St. John Larkin, dlarkin@merchantgould.com; (303) 357-1643, both of Merchant & Gould, PC.