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# Maximizing the Value of Your IP While Minimizing Costs

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Association of Corporate Counsel

[www.acc.com](http://www.acc.com)

## Money for Nothing?

- “Intangible” assets can be very valuable
  - Estimated annual IBM licensing revenues: between \$200 million- \$1.5 billion
  - Big Verdicts: \$1.67 billion against Abbott (June 2009)  
\$290 million and injunction against Microsoft (May 2009)
- The Shifting Economy: % value of intangible assets for the S&P 500 (source: Ocean Tomo)
  - 1975: 16.8%
  - 1985: 32.4%
  - 1995: 68.4%
  - 2005: 79.7%
- Majority of corporate executives believe that their IP is not being value maximized

# Maximizing IP: What is it that you are trying to maximize?

## Types of IP protection:

- Patent Rights
- Copyrights
- Trademarks
- Trade Secrets

## Reasons to protect:

- Right to Exclude Others
- Trading Card to Resolve Disputes
- Revenue Source
- Asset to Attract Investors
- Awareness to Avoid Litigation
- Boosts Company Morale

## Maximizing IP: IP Audits

- Internal Audit of IP
  - Economic/strategic value of company's IP
  - Character and scope of IP program
  - Clear title to all IP
  - Potential liability
- Setting Up an IP Committee
  - Membership
  - Goals and roles

## Maximizing IP: IP Audits

- Step 1: Determine business goals from IP
- Step 2: Inventory IP
  - Categorize: by product line, lifecycle, value to company, value to competitors
  - Ensure no defects in ownership rights
- Step 3: Create an action plan to ensure that your IP is being utilized in line with business goals.

## Maximizing IP: Action Plan

- Action items to consider
  - Licensing out or selling
    - Auctions
    - Demand letters and licensing campaigns
  - Licensing in to make up for coverage gaps
  - Cross-licensing
  - Enforcing IP
  - Eliminating needless maintenance costs

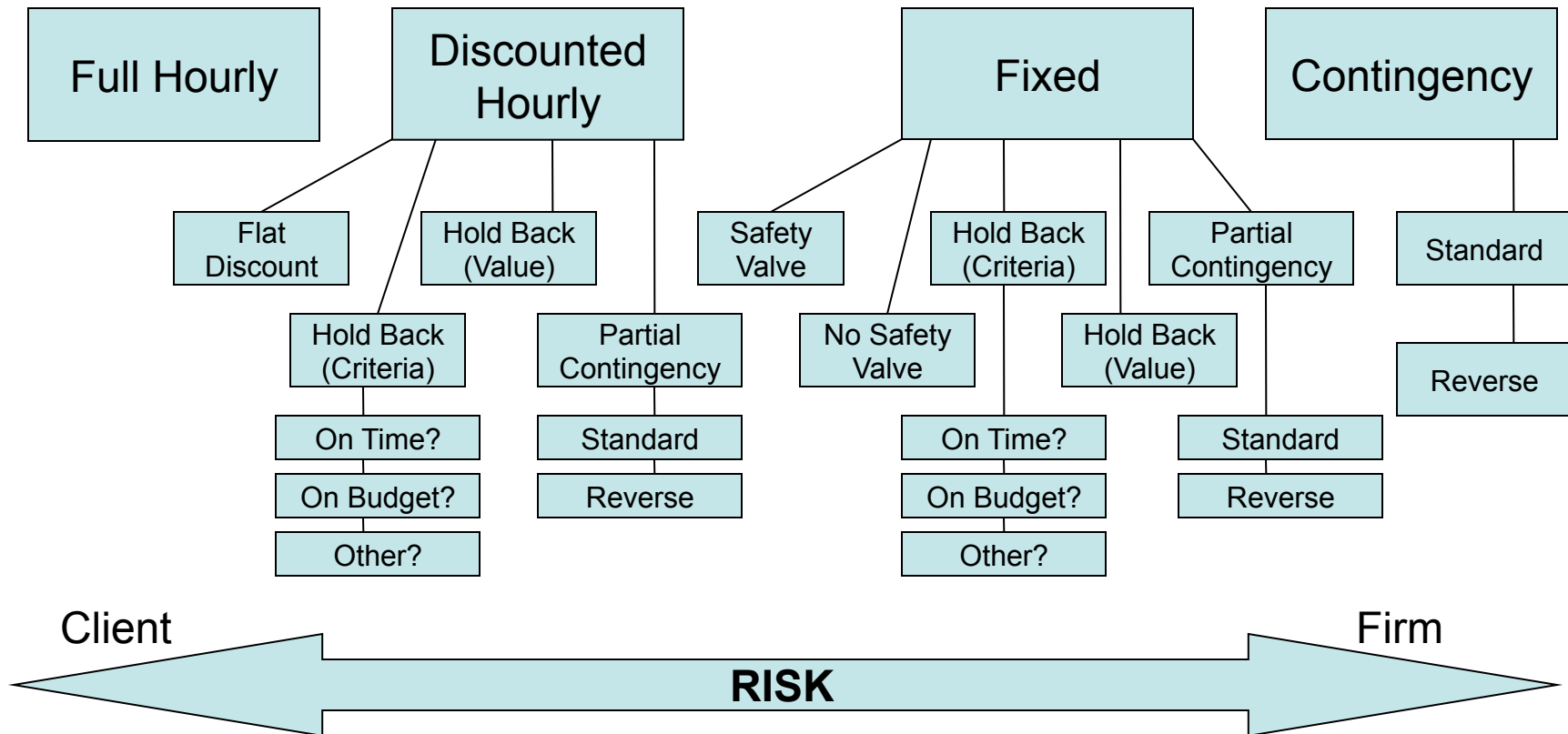
## Minimizing Costs: Obtaining IP

- Efficient divisions between in-house and outside counsel
- Minimizing Government Fees
  - Avoid unnecessary extensions
  - Other prosecution tips
- Scope of Registration
  - Domestic vs. foreign patent & trademark protection

# Minimizing Costs: Selecting Outside Counsel

- Determining when to use outside counsel
  - Dividing duties with in-house counsel
    - For all aspects of IP: obtaining, maintaining, auditing, commercializing, and enforcing your IP protection
  - Selecting
  - Controlling costs
    - Budgets
    - Fee arrangements

# Minimizing Costs: Alternative Fee Arrangements



# Minimizing Costs: Characteristics of Ideal Alternative Fee Arrangements

- Promotes efficiency and case planning
- Encourages productive use of technology
- Is flexible and responds to changing circumstances
- Enhances the client-counsel relationship
- Aligns firm incentives with client's business goals

## Minimizing Costs: Alternative Fee Arrangements

- Mutual trust is essential
  - Neither side will take advantage of the other
  - Honest communication about strengths/weaknesses
  - “True up” at end of year or case
- Is each side really ready?
- Hourly fees continue to be a safe fallback

## Minimizing Costs: Enforcing/Defending IP

- Consider alternatives before launching the missiles!
- Choose an appropriate forum
  - ADR
  - Forum Selection (which District Court? ITC? PTO?)
- ESI/Defining Scope of Discovery
- Independent Expert Fees (tests, surveys)
- Insurance?
- Avoiding Adverse Judgments/Enhanced Damages

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