

Seven Tips for IP Portfolio Management in Turbulent Times

Capturing the value of innovation is critical to a company's success in any environment. But in these uniquely challenging times resulting from the COVID-19 pandemic, thoughtful management of a company's IP portfolio can help a business not only survive, but thrive.

The trick is to be pragmatic, strategic, and efficient in managing the portfolio. The following are several tips to consider when managing your company's IP during today's turbulent times:

1. Use patent procedural mechanisms strategically.

The patent laws of the U.S. and other countries have numerous mechanisms that can be strategically used to defer costs while preserving rights. These include:

- Filing provisional applications instead of regular applications can be both a cost management tool as well as a time management tool. The ability to delay certain formalities in provisional filings can defer significant expenses while preserving rights. And the one-year time period for filing regular U.S. and foreign applications allows time to determine whether commercial prospects justify incurring further costs.
- Pre-filing disclosure grace periods can also be used to defer patent filing costs. Relying on grace periods does carry significant risks worth discussing with counsel, however, such as the potential for intervening rights (even in the U.S.) and the likelihood that foreign patent protection will be unavailable because most foreign jurisdictions do not have filing grace periods.
- Conduct internal due diligence before making foreign filings. Because many foreign jurisdictions do not have filing grace periods, patent counsel should investigate sales or offers to sell embodiments that could render foreign patents invalid (even if granted) before incurring foreign costs unnecessarily.

- Consider deferring examination. In certain countries, the examination of patent applications is optional; applications remain dormant until the applicant affirmatively requests examination and the application will lapse if examination is not requested within a certain time. Certain commercially important jurisdictions that have this type of procedure include Canada, China, Japan, France, Germany, Russia, and South Korea.

2. Consider secrecy as an alternative to patent protection.

Another way to reduce patent filing costs is to keep inventions secret from competitors and the public. In some cases, trade secret protection can even be preferable due to the potential for protection for an infinite term, in contrast to patent protection, where inventions are dedicated to the public once any patents expire. This will be particularly useful for manufacturing processes, and other methods and devices that are not integral with a product itself and would be difficult to reverse engineer or copy.

3. Prioritize house brands, single-class trademark applications, and key jurisdictions.

While trademark filings are significantly less costly than patent filings, there are plenty of opportunities to be efficient and strategic with trademark assets. Trademark registrations are key to achieving and protecting strong brands, but not every slogan, product brand, or logo version needs to be registered. Focus on registrations for house brands and in key jurisdictions—countries important for your business, including particularly where trademark rights are based on the “first to file” (e.g., most of Asia and South America) and countries at high risk for infringers and squatters (e.g., China, Japan, South Korea, Russia, Taiwan and Turkey). If possible, while providing reasonable coverage, file single class applications to minimize filing and registration maintenance fees.

4. International filing protocols can promote efficiency and defer costs.

International treaties have attempted to harmonize and centralize certain IP filing procedures—where opportunities lie to increase efficiency and defer costs. For example, the Patent Cooperation Treaty (PCT) created a centralized system for filing and searching a single international patent application. Although rights are not granted unless and until patents are granted in individual countries, the time involved in the PCT process allows for deferral of significant expenses in international filings.

For trademarks, Madrid Protocol filings through the World Intellectual Property Organization can be a useful cost management tool as compared to multiple direct national filings. Although there are a few disadvantages of Madrid filings—such as goods and services descriptions being subject to stricter rules resulting in narrower registrations and short response times in certain jurisdictions—the cost savings may outweigh these drawbacks. Trademark filings in the European Union Intellectual Property Office can also save significant costs as compared to multiple direct national filings.

5. Don't overlook copyrights or design patents. Often viewed as lesser or narrower forms of protection, both design patents and copyrights also cost less than utility patents and trademarks. Yet, for the right creations, these devices can be used effectively to protect innovation.

6. Look for opportunities. Despite the challenges of the current business climate, opportunities exist and will continue to present themselves to those willing to seize them. There will be new problems to solve, leading to new areas in which to innovate. There may be opportunities for acquiring IP from third parties, whether from distressed companies or companies looking to pivot business strategies or monetize their portfolios. Strategic enforcement and licensing of IP assets can also result in royalty revenue.

7. Thoughtfully manage legal spend. While the point is obvious, this takes a bit of effort to implement well. This could involve culling IP assets no longer important to the company (whether through abandonment to avoid ongoing maintenance costs or sale to a third party better positioned to capitalize on the IP), as well as prioritizing projects. Be mindful of extensions, which can defer costs under some circumstances, but can add costs in others. Also consider reallocation of tasks between outside and internal counsel. But don't be reluctant to contact outside counsel for fear that they will incur unnecessary fees. Good counsel will be a true partner through good times and bad, and can offer sage advice about how to best manage legal spend to maximize value and minimize risk.



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