

# AUDITING YOUR INTELLECTUAL PROPERTY

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William G. Abbatt  
Brooks Kushman P.C.  
(248) 358-4400  
wabbatt@bk-iplaw.com

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## Introduction

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- More than half the value of U.S. corporations is intellectual assets [IP]
  - Companies need to identify, quantify and capitalize on those intangibles
  - IP may be represented by inventions, ideas, processes, brand names, software, business intelligence, etc
  - Quantifying your IP begins by making it as tangible as possible: lab notebooks, archived documents, CAD drawings, database entries, procedure manuals, patents, trademarks, copyrights, agreements (non-disclosure, non-compete, employment, license, etc)
  - Successful long-term corporate performance requires control over value creation. This cannot be done fully without managing IP
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# Definition of An Intellectual Property Audit

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- One way to manage IP is to begin with an audit, i.e.
    - Review IP management policies and procedures used to identify, acquire and protect IP
  - Why?
    - Defensive: Protect the organization from others' IP
    - Offensive: Maximize value
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# Review of IP Policies

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1. Better identify IP, e.g., inventions, copyrights, trade secrets, trademarks
  2. Better screen IP to be protected – internal review processes – technology review committee
  3. Modify processes to better retain rights to IP, e.g., consultant agreements, licensing procedures, patent maintenance, docketing processes for renewal of trademarks and copyrights, confidentiality agreements
  4. Identify types of IP currently protected and institute procedures for protecting others: e.g., noncompete agreements, employment agreements, trade secret protection, etc
  5. Make the IP processes more satisfying to inventors and authors
  6. Encourage inventors to participate in the IP processes
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# Potential Problems Resulting From Failure To Use Effective IP Procedures

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Squandering IP assets

Vulnerability to attacks from other organizations

Leaking confidential information

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## Example: Checklist of Procedures for Patents

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### I. Invention Recordation Procedures

- ▶ Inventor notebooks
- ▶ Invention disclosures

### II. Invention Reporting Incentives

- ▶ Recognition
- ▶ Money
- ▶ Plaques

### III. Invention Review Process

- ▶ Criteria for screening
  - ▶ Parties involved in screening: Technology Review Committee
  - ▶ Consider alternatives to patenting, such as publication or trade secret protection
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# Checklist of Procedures for Patents (Continued)

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## IV. Procedures for Preparation of Applications

- ▶ Timing
- ▶ Familiarity of patent attorney with:
  - Technology
  - Other related inventions of the company
  - Products of company

## V. Patent Preparation Procedures

- ▶ Checklist for preparing an application
  - Questions for inventors regarding statutory bars; best mode; enablement
  - Submission of material prior art to patent-attorney, etc.
  - Other quality control issues, e.g., review process before filing

## VI. Patent Prosecution Procedures

- ▶ Submission of art to Patent Office
  - ▶ Scope of arguments made during prosecution
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# Checklist of Procedures for Patents (Continued)

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## VII. Maintenance of Patents

- ▶ Procedures for making maintenance decision
  - Competitive data – the patent watch service
  - Input on technological value of invention

## VIII. Docketing Procedures

- ▶ Responses
- ▶ Maintenance fees
- ▶ Issue fees

## IX. Right to Use Searches (Product Clearances)

- ▶ When necessary
  - ▶ Procedure
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# Checklist of Procedures for Patents (Continued)

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## X. Processes for Evaluating Potential Infringement Situations

- ▶ Threats of infringement
- ▶ Offers to license

## XI. Processes for Writing Opinions

- ▶ When necessary
- ▶ Who can write

## XII. Processes used to threaten others with infringement or offer license

- ▶ Beware the declaratory judgment
  - ▶ Laches
  - ▶ Estoppel
  - ▶ Marking
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# Use Of Outside Counsel

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Appoint in-house liason

Define budget

Require periodic status reporting

Appoint to technology review committee

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# Conclusion

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## Key Questions:

- ▶ Are patents worth maintaining?
- ▶ Are brand names worth defending?
- ▶ Are your trade secrets proprietary and protected?

Companies that fail to address such issues may lose to competitors who learn to measure, manage and leverage these assets

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