

Management of a Patent Portfolio

A patent portfolio, capable of delivering real business advantage, is built on the following foundations:

- A well focused R&D programme / product pipeline that succeeds in generating novel and patentable innovations.
- Ensuring that these innovations are visible to the IP function.
- Taking well informed decisions on the filing and maintenance of patents.
- Good quality patent drafting and prosecution, built on an understanding of the patent landscape (http://www.ip-am.co.uk/Downloads/Patent_Searching.pdf).
- "Patent busting" reviews conducted to identify weaknesses in your, and your competitor's, patent portfolios - with this information used to help direct the R&D programme.

The following are signs of a well managed patent portfolio:

- The alignment of the patent portfolio to the organisation's business strategy is routinely reported to an appropriate executive committee.
- Proposals submitted to key decision-making processes and bodies (e.g. project approval and bid-no-bid processes) highlight the strengths and weaknesses in patent coverage.
- The level of funding and funding route combine to create the right tension between encouraging patenting and discouraging frivolous patenting / filing programmes.
- Commercial, technical and IP specialists are fully engaged in decisions on what patents to file and renew.
- The IP function is highly visible within the business, having early sight of innovations.
- The quality of patent drafting is the subject of continual review, with attorneys having well established networks enabling them to source advice in both drafting and prosecution.

Decision Making : Companies with larger patent portfolios will generally use a formal review meeting, at which relevant stakeholders reach a consensus on whether patents should be filed, the filing programme, and patent renewals. Ideally these decisions should be informed by a clear patent strategy (http://www.ip-am.co.uk/Downloads/Patenting_Strategy.pdf), and it may also be beneficial to use template questions to help ensure that key issues are highlighted and fully discussed. Finally, it is important that this meeting is correctly constituted and that the budget level / funding route is appropriate. There are a variety of models that can be adopted for holding the budget for patents - including shared funding, where the budget for the different stages of the prosecution process is held by different functions.

A periodic review of the portfolio may also identify Strengths, Weaknesses, Opportunities and Threats (SWOTs) such as:

- Where business strategy is not supported by the patent portfolio.
- Licensing opportunities.
- Areas where the patent portfolio can be safely pruned.

- Patents should be regarded as one of the principal deliverables of an organisation's R&D programme and product pipeline. A low utility patent portfolio may simply be a reflection of a poorly focused R&D programme; a SWOT analysis of the patent portfolio may therefore help in the refocusing of R&D activities.

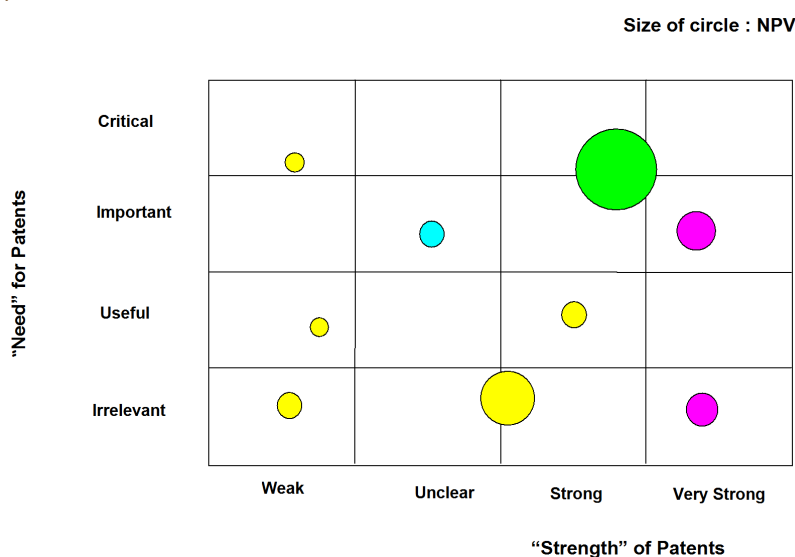
Such reviews may also be of use in:

- Justifying or defending budgets.
- Preventing senior management's frustration at the lack of information on the patent portfolio leading to the imposition of poorly conceived targets - such as a specific rate of patent filings.

Metrics : A formal review can make use of criteria such as:

- The "Need" for patent protection. Here metrics will seek to measure the business's / project's reliance on patents.
- The "Strength" of the patent portfolio. Here metrics will seek to measure whether the relevant patents provide the protection needed.

In this figure, each circle represents a product, project or service. Those in the top half of the figure rely on patents to underpin their commercial success, while those lacking the necessary patent protection are on the left. Diagrams of this type enable management to quickly gain an overview of the patent portfolio.



Valuation : Care must be taken when using metrics, as both the reviewer and the audience must have a common understanding of what aspect of the asset is being measured and how this attribute is represented. A financial value does not have these problems as it is generally simpler to interpret. However, a financial valuation can hide modelling uncertainties, and the valuation of intellectual assets is neither an exact science nor simple. Never the less financial tools have their place as an aid in decision-making and during licence negotiations.

Invention Harvesting : To ensure that innovations are visible the IP function must itself be visible; this is something that all members of the IP function will need to prioritise. In larger organisations this can be aided by the creation of a larger, virtual IP function, in which a number of non-qualified IP champions are supported across the organisation. This dispersed network can act as an interface between the operating businesses and the core IP team.

Maintaining the Quality of Patent Drafting : The quality of patent drafting needs to be the subject of continual review, with peers commenting and assisting as necessary. Time and resources must therefore be available to support networking and mentoring amongst professional staff. Whether using internal resources or private practice, maintaining access to the necessary specialist expertise will also require management attention and resources.