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ANAQUA

Building a High Value Patent Portfolio

Where Strength Meets Quality

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15

The terms patent strength and patent quality get used frequently within the industry, but what do they really mean?

12:00 pm EST; 9:00am PST

Speakers:

Gene Quinn
IPWatchdog.com

Kent Richardson
Partner, ROL Group

Erik Reeves
CTO Anaqua

The webinar will begin momentarily. These slides will be e-mailed to all registrants with the webinar recording.

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AcclaimIP is designed to simplify patent research and competitive analysis. Conduct patentability, freedom to operate, and competitive landscaping with speed and precision. Containing over 100 million global patent documents from 100+ global patent authorities, AcclaimIP is your go-to tool for IP analysis and decision support. AcclaimIP provides an intuitive user interface, blazingly fast speed, and a large suite of analytics tools and visualizations.



The image shows the Acclaim IP software interface. At the top, there is a logo for "ACCLAIM IP" with a magnifying glass icon, followed by the text "Patent Search & Analytics Software" and "FROM ANAQUA". Below the logo is a screenshot of the software's search and analysis interface. A hand holding a red pen points towards the interface. The interface includes various search filters, a search results table, and a bar chart titled "Fast & Simple Patent Data". Below this main image are three smaller callout boxes: one about Quantitative Patent Scoring with a thumbs-up icon and a score of 92; one about US File Wrapper Data in AcclaimIP showing a document detail screen; and one about Full Text collections with a "FULL TEXT" sign and a list of 40 collections.

Speed, Ease-of-Use, and Global Patent Data

Quantitative Patent Scoring

92 Patent Score

US File Wrapper Data in AcclaimIP

FULL TEXT

40 Full Text English Translated Patent Data Collections



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Gene Quinn

President & CEO of IPWatchdog, Inc.
Webinar Moderator

IPWatchdog.com Webinar Series

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22

Global Patent Landscape 2018: Where to File and Why

The United States was once again the top ranked country in the U.S. Chamber of Commerce's annual Global IP Index for 2018, but the rankings are closer than ever. And while the United States continues to do well overall, patent protection continues to be problematic. In 2017 the U.S. ranked 10th worldwide in terms of offering patent protection to innovators. This year, the U.S. fell out of the top 10 to a tie for 12th place.

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12

Patent Prosecution Strategies for Building a Strong Patent Portfolio

Patents have been and continue to be an important asset for all innovators. Unfortunately, however, a patent is not an asset that typically possesses flexibility and adaptability.

Even after the original disclosure is filed a number of strategic choices remain available throughout the lifecycle of patent prosecution in order organically building a formidable patent portfolio from the ground up. Of course, there are landmines and pitfalls along the way that can significantly undercut any particular patent, as well as an entire patent family.

Panelists:

Kent Richardson

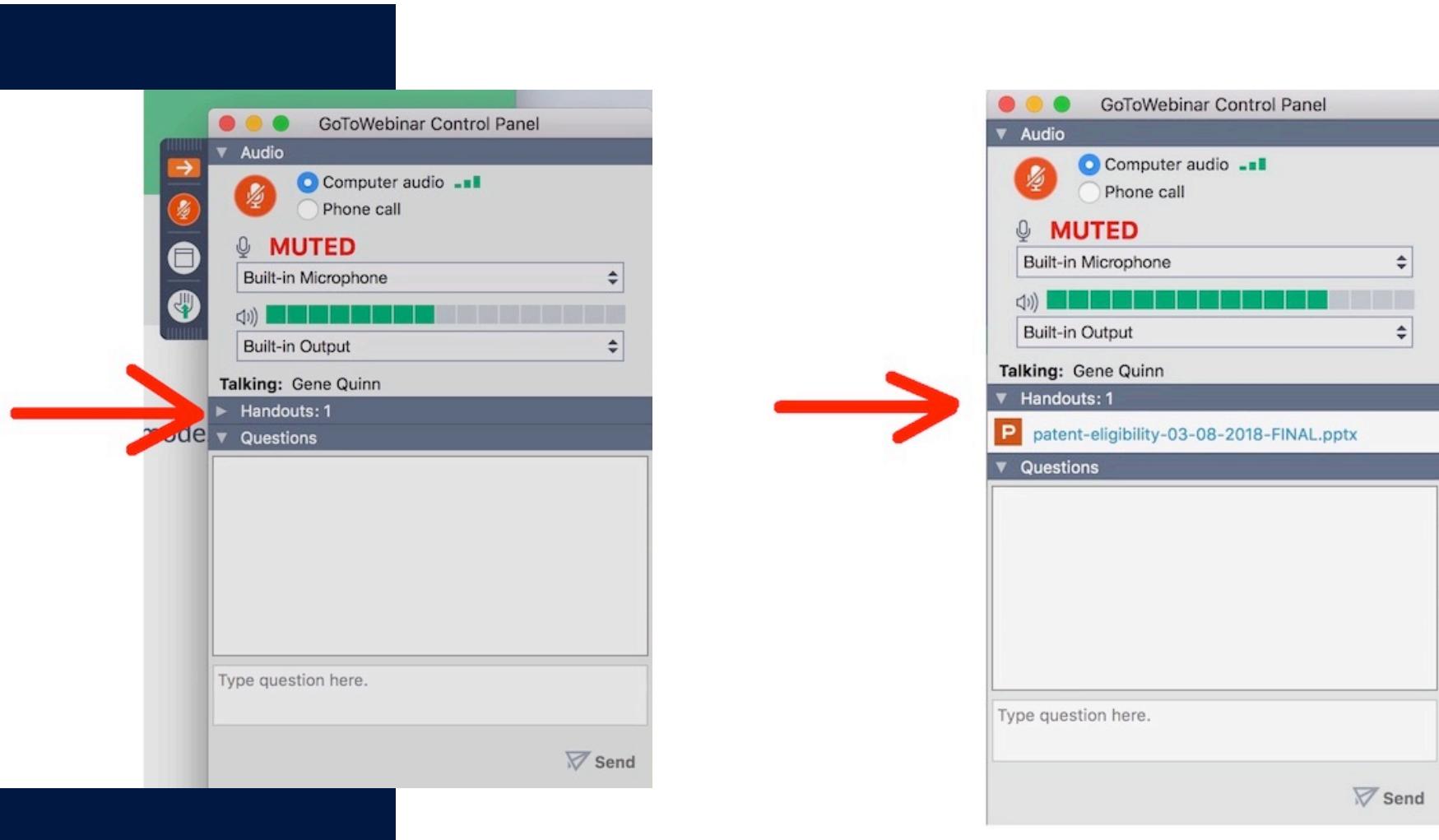
Richardson Oliver Law Group
Intellectual Property Strategist & Lawyer



Erik Reeves

Founder of Acclaim IP
CTO of Anaqua





Outline:

To a large extent the meaning of the terms patent strength and patent quality depend on your viewpoint. The United States Patent and Trademark Office has historically employed a variety of quality metrics, but is a patent that is considered high quality from the perspective of the USPTO a strong patent? Is it a patent that the industry would view as a high quality patent? Is it a patent that would be viewed to be a valuable patent?

From the patent owner's perspective it is virtually impossible to divorce patent quality and strength from patent value. But when you set out to create the asset in the first place it is often impossible to know what the value of the underlying technology will be. Thus, there necessarily must be a different analysis when one is creating a patent portfolio versus when one is acquiring patent assets after the fact.

In this webinar, we will discuss:

1. Quality vs. Quantity: Building a portfolio from the ground up.
2. Unlocking secrets of your patent portfolio to identify what you *really* own.
3. Identifying gaps in patent coverage in order to determine what you need.
4. Identifying worthwhile patent assets for acquisition.

Challenges with Portfolio Assessment and Measurement

- **IP is a naturally cross-functional issue** – touching finance, legal, product and brand management, product marketing, R&D, risk management, et al. – not all organizations have a “Chief Innovation Officer” or central role to manage strategy and the diverse stakeholders
- **IP is a “negative” right**, which complicates valuation and assessment.. How does one determine the value of PREVENTING others (competitors, etc.)?
- Similarly to the second bullet, **IP has a completely un-transparent marketplace** and the **accounting practices around valuation of IP are woefully inadequate** (e.g., internally-generated IP does not fall to the balance sheet)
- “Outside looking in” and “Inside looking out” approaches are different in terms of available data and information, but both should be “personal” (i.e, if I am looking at a portfolio, it should be in context of market, peers, competitors, financials – as stated earlier, **value is contextual**)

Strengthening a patent portfolio: starts with strategy and process of intelligent data capture

IP Development: Supporting Strategy (and Data Capture)

- At its essence, IP is there to maximize the ROI of R&D
 - It must support an organization's product portfolio and roadmap
 - IP strategy should be closely aligned with product life-cycle management and associated technology roadmap (this is particularly true for foundational technologies – an example today is nanotechnology).
- Key data capture should occur at IP creation or it becomes difficult to manage (tying to products, revenue targets, competitive positioning). Analyzing a portfolio of 1,000's or 10,000's of assets is challenging but if you have systemic approach at the beginning, the knowledge base is invaluable
- Through the life-cycle of IP development, there are overt decision points and "opportunistic" or strategic
 - Overt: Patenting decision, filing strategy, renewal decisions, acquisition analysis, etc.
 - Opportunistic: How do I direct my internal IP development and align with licensing, co-development or open innovation, acquisition and technology scouting approach, and competitive positioning

Maturity Model of Portfolio Assessment – “Outside In”

- **Stage 1: The basics**
 - Basic summary and counts by jurisdiction, families
 - Classifications clustering, and “packaging” (typically broker)
 - Citation analysis
 - Litigation/opposition summary (if applicable)
 - Cost Profile (maintenance)
- **Stage 2: Deeper dive**
 - More sophisticated treatment of legal “coverage”
 - File Wrapper Analysis (e.g., rejections, evolution)
 - Semantic Analysis, more sophisticated grouping/clustering
 - Targeted Analysis (e.g., portfolio fit/complement in acquisitions)
 - Network analysis (deeper citation analysis, potentially combined with classification/clustering)
- **Stage 3: Proactive; Data science applications, including AI**
 - Data mining and monitoring
 - Risk and opportunity assessment
 - Scouting and Whitespace analysis
 - AI, neural net applications for classification, decision support, strategic review

Opportunities for “Inside Out” approach

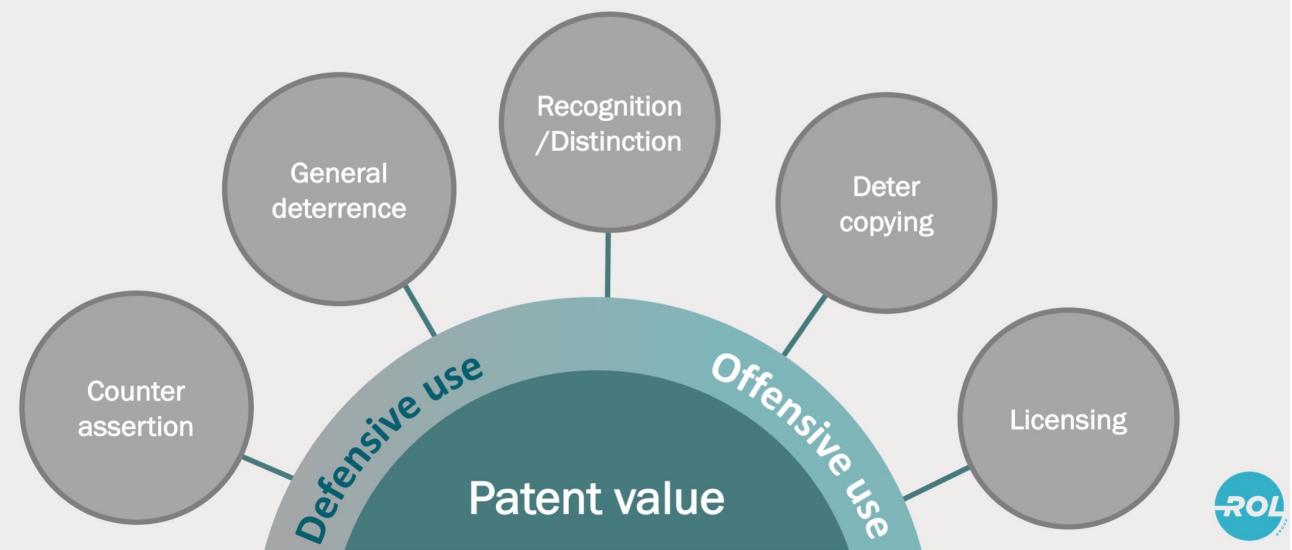
Combining Internal Intelligence with Market Analytics and Insights

- Real “360°” view, informed by internal priorities and strategy
 - Product mapping, revenue, geo market analysis, investment
 - Product and technology roadmap
 - Risk and threat assessment (product and IP)
 - Expert analysis (customize queries to target with precision)
 - Internal taxonomies mapped to competitors, peers, incubators, targets, etc.
 - Informed by Internal R&D and IP decision-making throughout lifecycle

Patent Quality Isn't the Question. Patent Value is the Question.

"It's not very helpful to talk about quality," said former Chief Judge Paul Michel. We agree. Quality has too many meanings for too many people. We all want quality patents, but we do not agree on what quality means. A better objective for patent strategy and patent management is the pursuit of valuable patents. "But wait!" you say, "Isn't 'valuable' just as confusing as 'quality'?" In short, "no," if you identify the value you care about.

Figure 1. Different Sources of Value of Patents



Patent Quality Isn't the Question. Patent Value is the Question

The framework on the previous slide is helpful for considering the primary value streams high-technology companies obtain from their patent portfolios. Additional considerations:

Value is contextual. The '123 patent held by a company with a defensive strategy can provide value through counter-assertion. If that same patent were held by a corporate assertor, the patent might provide value primarily through licensing revenues.

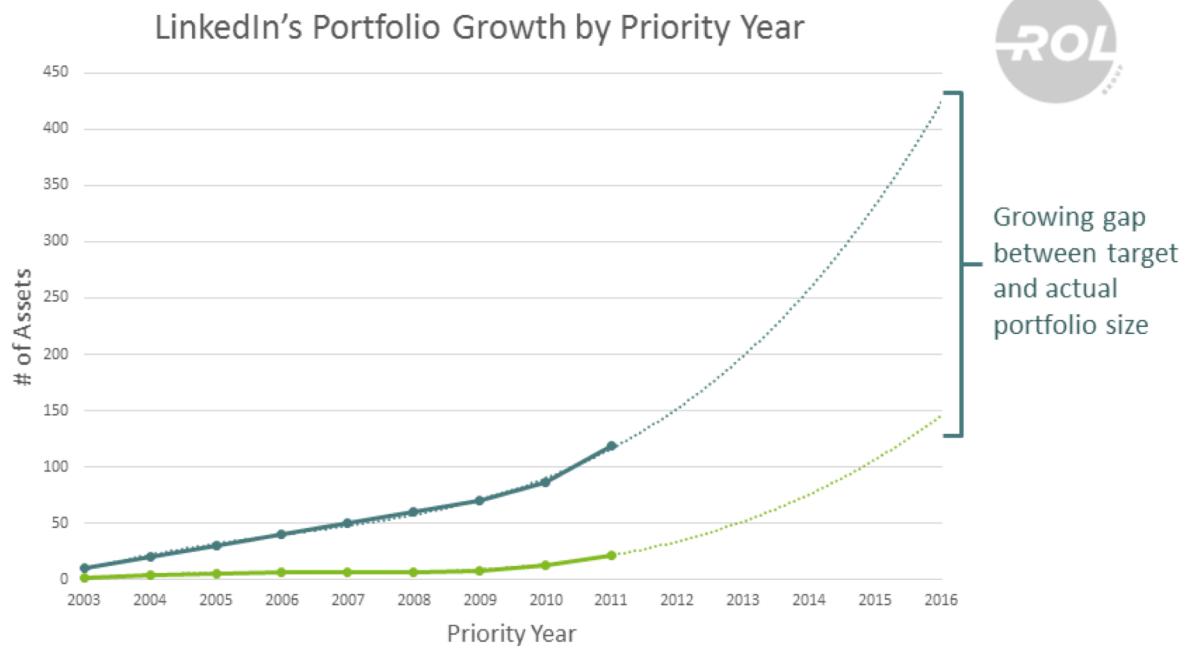
One patent can provide multiple value streams. The '456 patent held by a company with a defensive strategy may, for the most part, serve as general deterrence; however, when a specific corporate assertor shows up, that patent provides counter-assertion value.

One portfolio provides multiple value streams. For a company like IBM, the patent portfolio might be used both to support licensing and to provide external recognition.

Strategy implementation is required. If your company invests in a large number of patents for recognition but fails to publicize those efforts and link those efforts to its innovations, the value diminishes. Similarly, if the '456 patent is ready to license, but the company lacks a licensing team and associated capabilities, that value cannot be realized.

Quality vs. Quantity: Building a portfolio from the ground up

LinkedIn was a rapidly growing company with only 22 patents in its portfolio in 2012, putting itself at high risk for patent assertion. With a revenue reaching nearly \$1 billion and a growth of 86%, LinkedIn knew it had to develop a patent strategy to reduce its risk profile. So what was LinkedIn's patent strategy and how did it increase its patent filings? Let's start at the beginning.



Prosecution related portfolio building techniques:

First, for an extra fee of \$2,000 for small entities (\$4,000 for large corporations) you can obtain a patent decision with 12 months.

Second, filing a small number of claims, even exceptionally narrow claims, can significantly increase the likelihood that an examiner will quickly address an application.

Third, Patent Examiners are allowed credit for conducting an interview prior to undertaking work on a First Office Action on the Merits. Approaching the patent examiner and offering to discuss the invention prior to a Action on the Merits may pay dividends, particularly given patent examiners can obtain 2 full credits toward their quota if they dispose of a case without need for a Final Rejection.

Fourth, maintenance fees are required to be paid in order to keep the patent from falling into the public domain. If you find a patent that you might like to acquire, you should look to see when the maintenance fees are due and if you can use that information to your advantage in a negotiation with the patent owner.

Unlocking secrets of your patent portfolio

Check **forward rejection data** any time a case is going to issue or any time a case is going to be abandoned. By checking the forward rejections issued using those cases, you can identify opportunities to redirect your case towards a competitor's claims.

Example – Client loses an appeal. The claims are probably not worth pursuing further along the lines that they were previously filed. Before abandoning the matter, a search revealed that this particular matter had been cited as a 102 against a direct competitor reference, which was now an issued patent. In order to overcome the 102, the competitor had been forced to narrow the claims, but a review of the rejection using the client's case revealed that there was full support for the original, broader claim in the client's filing. If the client elects to file a continuation, and copy the competitor's original claims, the client can obtain a broader patent directed at claims that were of direct interest to a competitor. Since the competitor filing was post-AIA, no interference should be triggered. Also, since the client's patent was the prior art in the previous rejection, the Office will have to find new, older art in order to reject the client's claims. At the same time, the competitor has already levied a successful argument for the patentability of the concept generally, and has built an entire record of why they believe the case is patent worthy. This means the competitor is going to have an uphill battle convincing a judge that the case is suddenly invalid, in light of all the work the competitor did to prove that the case was valid.

Identifying gaps in patent coverage in order to determine what you need.

EXAMPLE: LinkedIn

The first step in targeted buying is to identify the companies of concern. In the case of LinkedIn, we analyzed the ecosystem to determine companies which might be of concern.

Then we reviewed each of these on the basis of past assertion actions, financial strength and technological overlap with LinkedIn – as well as its current and expected business relationship with LinkedIn. In many cases, good business relationships mitigate much of the patent risk and minimize the level of concern.

Then we reviewed the potential applicability of any current organic assets – although in 2012, this was an extremely short list.

From there, an ROI analysis was carried out to determine whether the expected value of the risk reduction was worth the cost of patent acquisitions. Sometimes it makes business sense to keep a low level of risk rather than to spend an exorbitant amount to remove it.

Finally, we completed a revenue analysis for each company to determine the products and technology areas of greatest value to it. Once these technology areas were determined, we created buying criteria. Richardson Oliver Law Group then monitored the brokered patent market, as well as privately sourced packages fitting LinkedIn's buying criteria .

<http://www.ipwatchdog.com/2017/07/20/patent-acquisition/id=82865/>

Identifying gaps in patent coverage: Forward Citations

We've identified five primary factors for consideration in patent ranking (in order of weighting):

- Forward citations (45%)
- Age of patent from priority date (19%)
- Independent claim count (adjusted by number of means claims) (14%)
- Claim 1 word count (12%)
- Family size and international filings (10%)

We evaluated millions of patents – and consistently forward citations were the biggest predictor of a higher value patent.

Why forward citations? Why not claim length or any number of other factors? We believe that forward citations are a proxy for industry-wide R&D investment in a technology area. With more investment, there are generally more products. With more products, there is a higher chance of infringement. Infringement drives value and most likely meets a client's needs. Specifically, a purchase either eliminates the client's own infringement or provides a tool to use against someone else).



Phone: 617-927-5820



A black and white photograph of a man and a woman in professional attire. The man, on the left, has grey hair and a beard, looking slightly upwards and to his right. The woman, on the right, has dark hair pulled back and is also looking upwards and to her right. They appear to be in an office or conference room setting.

Thank you!

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