

Developing a Global Patent Strategy for Your Business

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Outline

1. Why Your Business Needs a Patent Strategy
2. Your Patent Rights
3. How To Create a Patent Strategy
4. Case Studies: Implementing a Global Patent Strategy
5. Questions

WHY YOUR BUSINESS NEEDS A PATENT STRATEGY

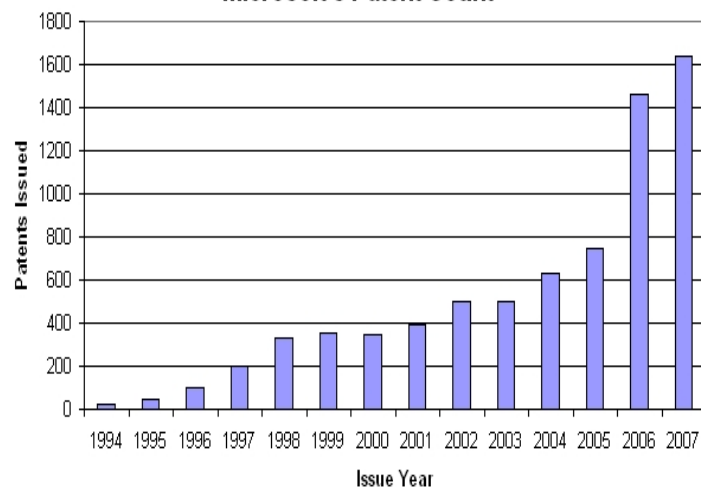
“Innovation without protection is philanthropy”

-Kevin Rivette
Chairman, USPTO
Public Patent Advisory Committee

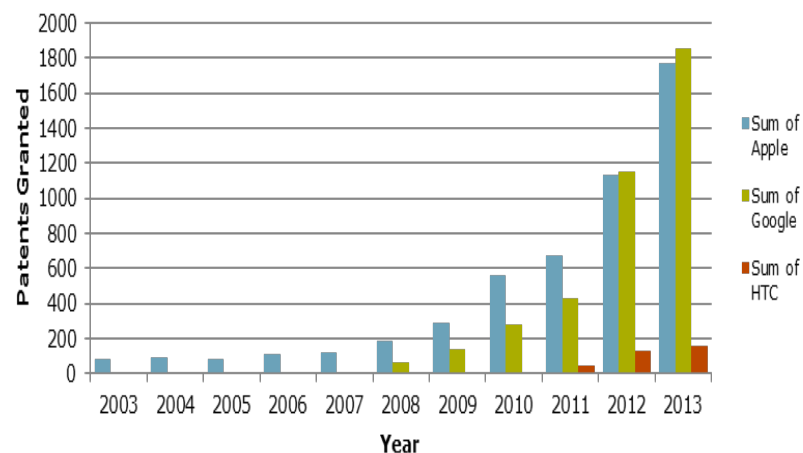
Patents **INCREASING** in Industry Sectors

Example: Mobile Phones

Microsoft's Patent Count



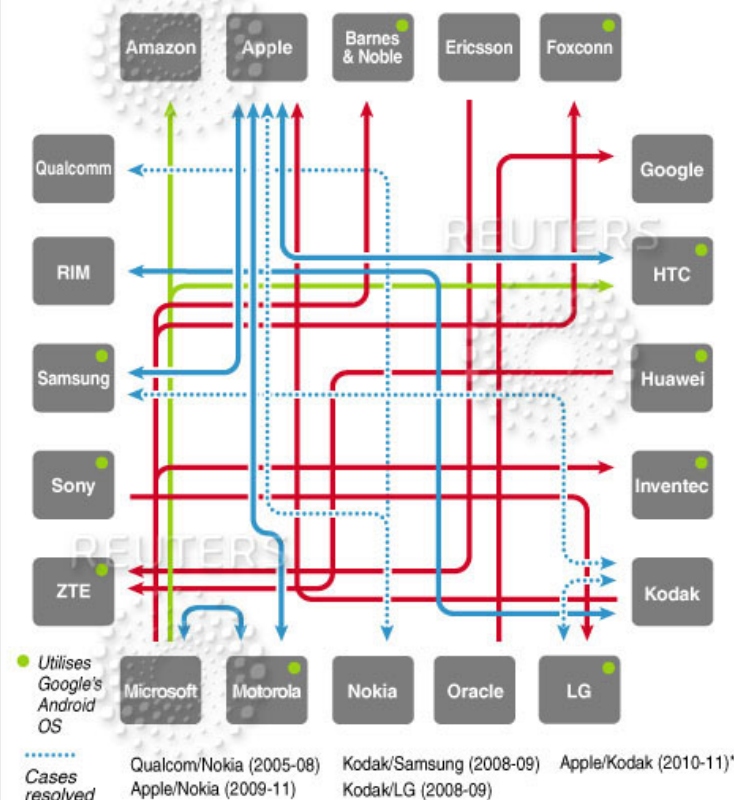
Yearly patent grants by Apple, Google, and HTC



MOBILE PATENT SUITS

Patent-related suits between mobile device/ component manufacturers

→ Suing
↔ Suing each other
→ Licensed technology to company



*Kodak's separate suit against Apple will be decided on Aug 30.

Source: Reuters, news reports

Innovative Companies Without IP rights

- May be blocked from using their own or their vendors' technology by third party patents
- Are leaving money on the table from lost licensing opportunities
- Have less leverage in negotiations to access valuable technology — their main tradable is cash
- May be unable to lower technology in-licensing costs or settle litigation

Canadian Companies are Vulnerable to Attack

“One frigid morning this January, I broke into a **cold sweat** thinking about the future for Canadian entrepreneurs. At a patent conference with some of the world’s foremost innovation experts and practitioners, the lead strategist from one of the world’s most valuable technology companies announced:

We don’t sue Canadian companies until they start to matter to us. The money is not worth it when they’re small and we don’t want to look like a bully. We wait until they get big enough, then we go after them. And we kill them”

– Jim Balsillie
Globe and Mail
May 8, 2015

Non-Practising Entities (NPE)* Are Turning to Canada

- General consensus: the NPE business model in the US is in decline.
- Canada presents as a new opportunity.
- NPEs are suing in Canada, for example:

MediaTube v. Bell Canada - 2013

Online Connectivity v. Hewlett Packard - 2015

Two-Way v. Telus and Bell Canada – 2014

WiLAN v. Rogers, Telus and Bell - 2016

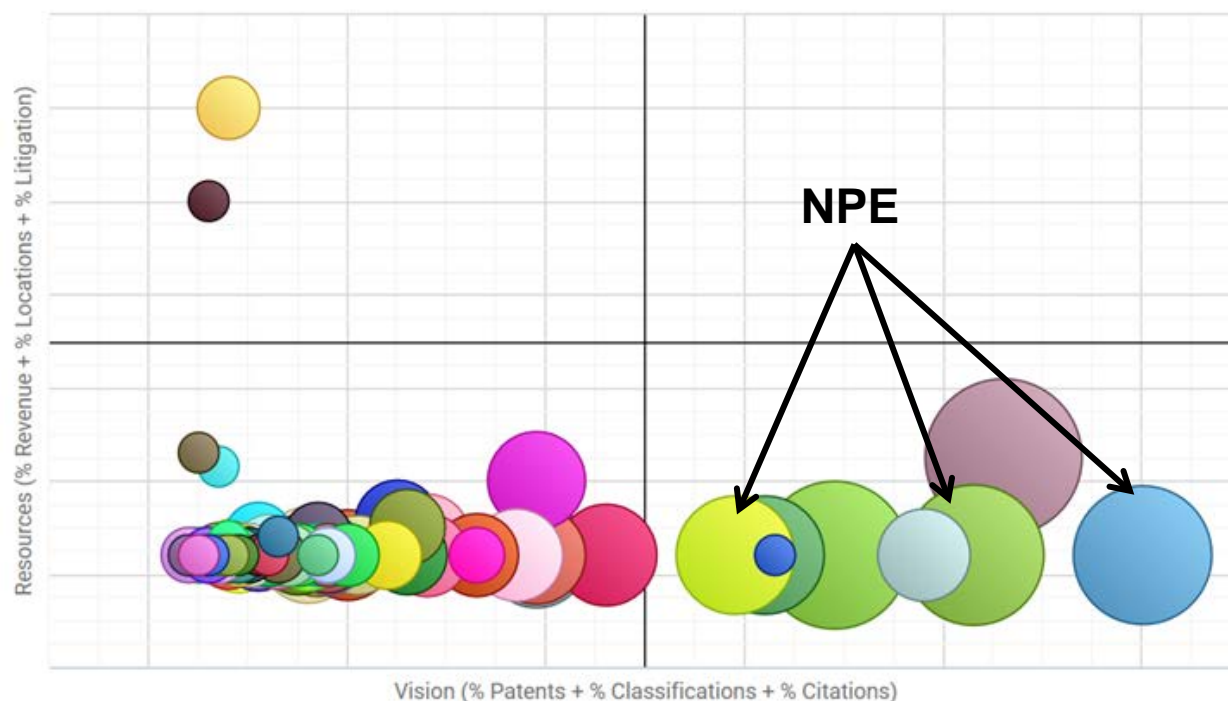
*Patent Trolls

NPEs File Aggressively in Emerging Tech

Example: Brain-Computer Interface Patents

Semantic search in US only by using wiki description

Patents, Revenue and Litigation per Company



IP Rights Are the Currency of Innovation

Patent Monetization Through Licensing

Ericsson

\$33.55B

Mkt. Cap.

37,000 Patents

9.9 SEK b

2014 IP Rev.
(4.34% of total)

4.6 SEK b

2010 IP Rev.
(2.3% of total)



InterDigital

\$1.98B

Mkt. Cap.

20,500 Patents

\$403.4M

2014 Recurring IP Rev.
(97.0% of total)

\$328.9M

2010 Recurring IP Rev.
(83.4% of total)



Nokia

\$23.85B

Mkt. Cap.

11,000 Patents

578M EUR

2014 IP Rev.
(4.5% of total)

534M EUR

2012 IP Rev.
(3.5% of total)



Qualcomm

\$101.3B

Mkt. Cap.

36,000 Patents

\$7.57B

2014 IP Rev.
(28.6% of total)

\$6.33B

2012 IP Rev.
(33.3% of total)



■ IP Licensing Revenue ■ IP Licensing as % of Total Revenue

Source: Bloomberg Intelligence

IP Strategy Provides both Defensive and Offensive Business Advantages

As a Shield

Defend against disruption

- Freedom to operate
- Negotiating with your own “trading cards”

Understand risk

- Litigation risk
- Business interruption risk
- Reputational risk

Mitigate risk

- Due Diligence
- Scope & strength of indemnification
- Insurance

As a Sword

Support innovative culture

- Capture new customers
- Grow internal expertise and capability

Revenue opportunities

- Monetize & commercialize
- Licensing
- Spinoff/sell assets

Go on the offensive

- Acquire and stake territory in a competitive space
- Pre-empt competitors

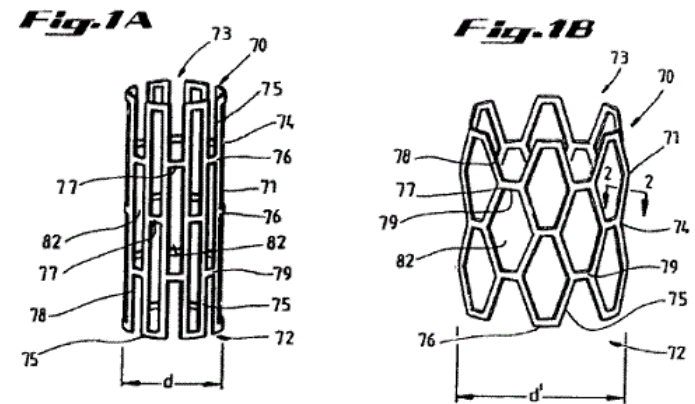
SIGNAL TO INVESTORS THAT YOU ARE INNOVATIVE

Business value is primary – IP must support business objectives

YOUR PATENT RIGHTS

Patents

- Protects an “invention”
 - Invention needs to be new, non-obvious, and useful
- Provides exclusive right to make, use and sell the invention
- Scope of rights governed by claims, the claims being supported by the description
- Provides 20 years of protection from the date of filing



What Can You Protect?

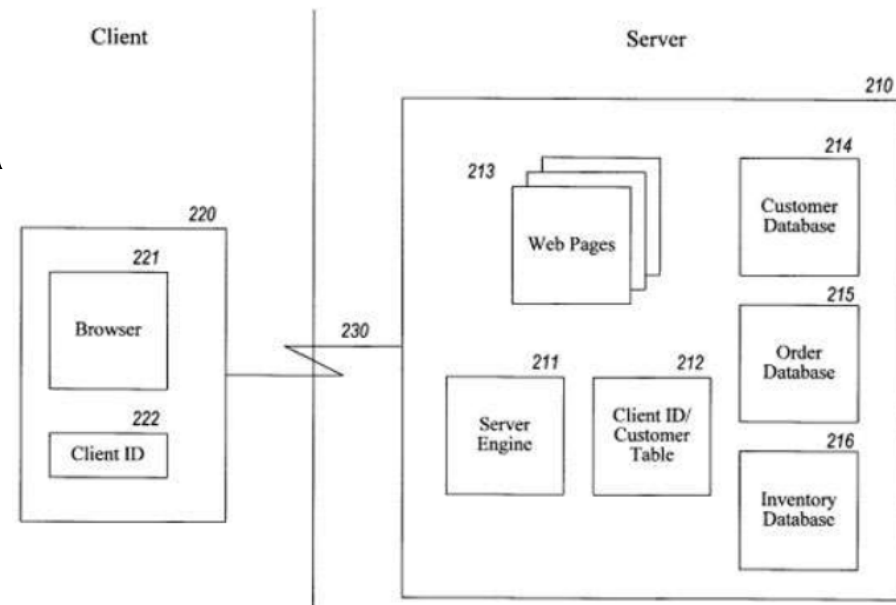
- What type of invention can be protected?
 - **Computer-implemented inventions**
 - Equipment, building designs, security systems, wearables, notification systems, managing online content, bio-signal feedback sensors, and more
- Example: Amazon's One-Click Patent



Amazon's One-Click Shopping

Amazon's One-Click Patent

- Method and System For Placing A Purchase Order Via A Communication Network” (Canadian Patent Application No. 2,246,933)
- an improved remotely-accessible virtual checkout kiosk



Top Patent Myths

1. Only leading-edge technologies will be granted a patent – **Myth**
2. Patents granted in one country are enforceable worldwide. – **Myth**
3. A patent is valid once it has been granted by the patent office – **Myth**
4. A patent gives the owner the exclusive right to make, use and sell invented product – **Myth**
5. IP indemnification against IP infringement claims is a failsafe - **Myth**

CREATE A PATENT STRATEGY

Baseline Assessment

Phase 1

Baseline Understanding and Data Gathering

Business objectives

Key projects and initiatives with innovative components

Key third party tech collaborations and tech vendors

Phase 2

Interview Executive and Core Project Teams

Identify protectable IP

Identify current IP rights through contractual relationships

Understand current protection measures for trade secrets

Phase 3

Assessment of IP Rights

Patentability and patent clearance searches and analysis

Assessment of contractual and negotiation framework

Business value and prioritization assessment

Phase 4

Workshop and Reporting

Review of key findings and recommendations

Develop offensive and defensive strategies

Final report with proposed action plan

IP Action Plan

Action 1

Develop Infrastructure

Patent Committee Formation

IP Policies/Program/Training

IP Clearance Program/Prepare for Litigation

Action 2

Create IP Portfolio

Patent Procurement Program

Copyright Protection Program

Trade Secret Protection Program

Action 3

Develop Offensive and Defensive Strategies

Third-Party Patent Watch Program

IP Acquisition Program

IP Out-Licensing Program

Action 4

Develop Contractual Framework

Update Templates

Negotiate Playbooks

Contract Revisions

CASE STUDIES



Case Study 1: Start-Up Company

BRAINwave Scenario

- designs and creates brain-wave controlled products
 - software and hardware
 - enables users to control things with their mind
- one prototype hardware interface
 - no corresponding software
- *BRAINwave* has no issued patents and no patent applications.

Where should *BRAINwave* start?



Case Study 1: Start-Up Company

BRAINwave Goal:

- Develop a long-term patent strategy to protect and build value in the business

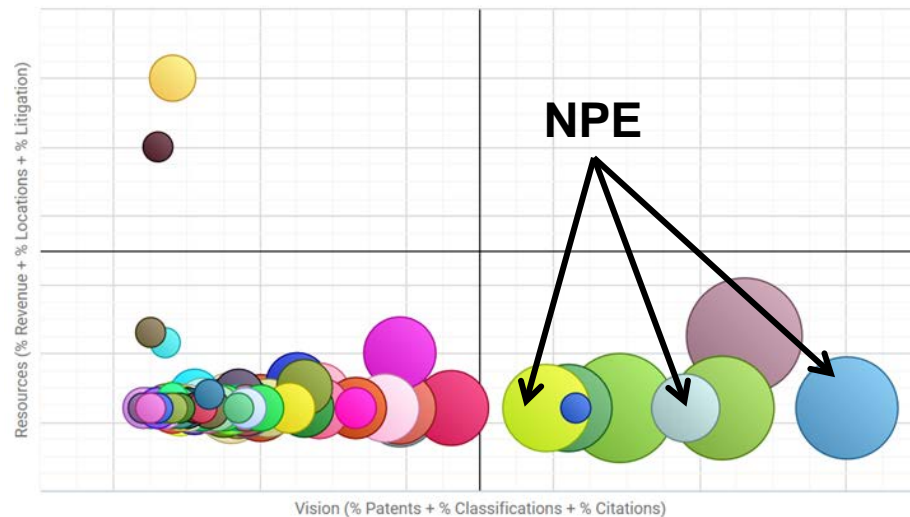
What is the business strategy?

Which IP rights could be protected?

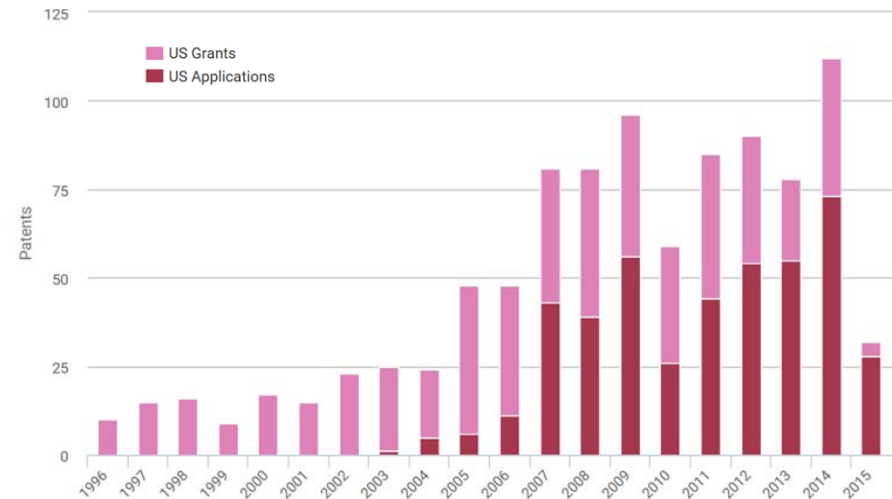
Who are the competitors in this patent space?

Case Study 1: Start-Up Company

Companies Occupying the Patent Space



Growth of Patent Filings in the Area



BRAINwave Strategy:

- ▢ Stake out space
- ▢ “Me-too”
- ▢ Cross-licensing strategy



Case Study 2: Mid-Size Private Company

GLOBAL POET Scenario:

- Online poetry community for authors and readers
- Filed patent application for software platform and for a specialised poetry translating software
- One issued US patent with a corresponding CA application
- Approached by patent troll to licence its portfolio (and threatened with litigation)

Where should GLOBAL POET start?



Case Study 2: Mid-Size Private Company

GLOBAL POET Goal:

- Exploit IP portfolio to growth and strengthen business

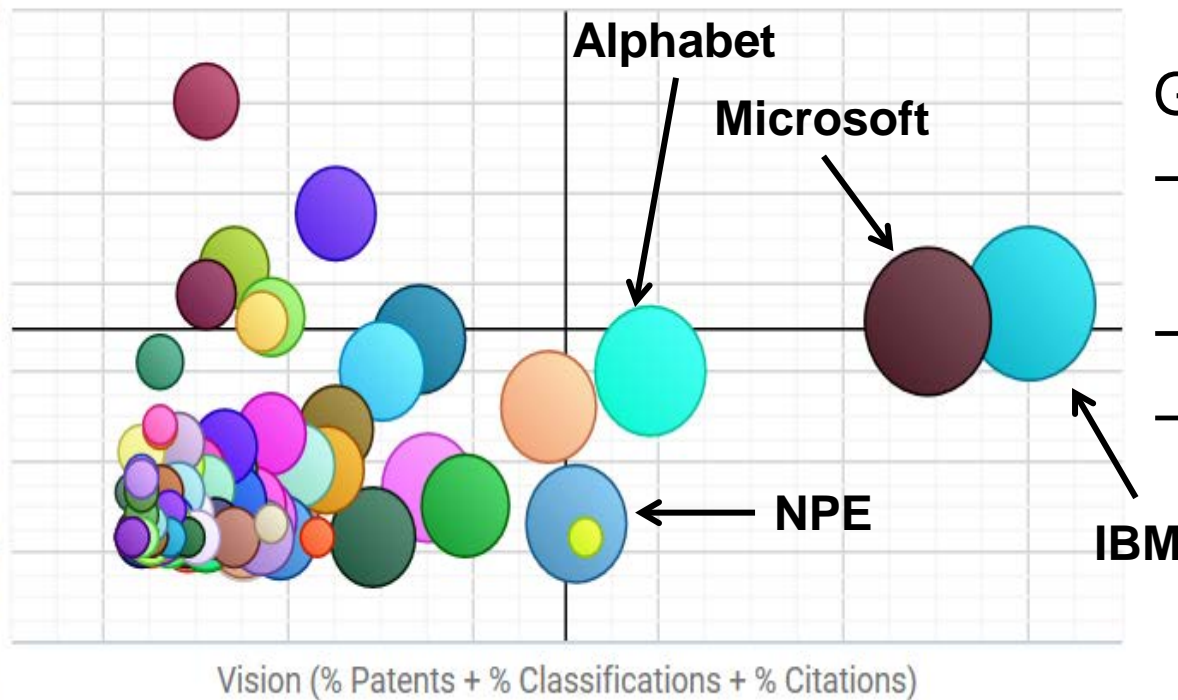
Valuation of portfolio?

Scale-up in the patent space?

Defend against patent trolls?

Case Study 2: Mid-Size Private Company

Companies Occupying the Patent Space



GLOBAL POET Strategy:

- ▢ Assignment of IP Rights
- ▢ Fast Followers
- ▢ Stake Out Space

QUESTIONS