

### Global IP Strategy – Get The Most Out Of Your Budget



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Every company in the technology sector from the smallest startup to the largest needs to consider its position as part of the global economy; as well as potential markets overseas, there are outsourcing opportunities, competitors and future buyers or acquisition targets.

The IP strategy should naturally follow the global business; beyond this detailed analysis must be tailored to an individual commercial situation and generalities are not very helpful. However, there are some steps which many businesses could take to get much more from their IP budgets.

US companies have enjoyed a sizeable, English speaking, affluent domestic market with familiar legislation, and their IP focus has often rightly been US-centric. However, many successful US companies have often found a point in their growth where they have faced serious IP issues in other countries which, frustratingly, might have been mitigated not necessarily by spending much more overseas but by spending more strategically, either during their own growth or on making the most of acquisitions.

Conversely UK based companies have had more of an impetus to consider overseas markets and competition to the business but generally are not as well-endowed with cash in the growing phases as their US counterparts. IP decisions are sometimes taken which have a disproportionately negative impact on the future value of the business e.g. to a US based potential suitor.

#### IP Law varies around the world

It is now reasonably well known, particularly in the IT and healthcare sectors, that what may be patentable varies appreciably between Europe, the US, Japan, China, India and Australia due to variation in the laws on patentability of software, business methods and medical methods; the fine detail is much less well understood but is outside the scope of this article. In addition, rules on fees and procedure are in a state of flux in Europe and the US in particular, the only readily apparent commonality between the two being that any proposed changes inevitably increase the burden on applicants, and not necessarily in a linear or logical manner. Finally, claim interpretation and enforcement issues vary from country to country, even within Europe, and failure to appreciate this can be very costly and detrimental to outcomes in licensing or litigation.

#### The PCT is not a panacea

The Patent Co-operation Treaty (PCT) or so-called International Application procedure has many benefits and is widely adopted. It is not, however, a substitute for a considered international IP strategy; the quirks of national laws, which conflict to some extent, remain and can bite later. Often due to timing issues or simply lack of full awareness of the subtleties, PCT applications are filed as little more than a copy of the home application. Once filed, any damage is done and can rarely be undone. Significant opportunities to enhance the prospects of gaining protection, or to mitigate major problems or costs are often thereby missed.

The author has seen numerous cases where a few hundred dollars spent prior to filing a US-based PCT application might have saved thousands in argument in Europe later and led to a very much more positive outcome, particularly in the software or medical device field, others originating in either the UK or US where broader or more robust protection might easily have been obtained, or where large costs might have been saved in China, and even some cases where honest frank advice would have been not to file that particular case but to save the budget for another. In some cases, the author has conducted such a review prior to original US filing, which has the benefit that priority issues do not arise.

#### Lesson one – a stitch in time

One simple step which almost all companies can easily take and potentially save thousands, is to have their PCT applications briefly reviewed against the practices and requirements of key potential target countries *before filing*. By someone appropriately experienced, this can be done with very quick turnaround for a small predictable, perhaps fixed, cost which will normally repay itself many times over when commencing the national procedure. Drafting first filings with overseas filings in mind can have significant advantages. You do not necessarily need to change your

existing attorney as this review can fit into their process.

### **Lesson two – any investment should include *strategic* review of the IP situation**

The second lesson which applies more to acquisition of companies or investment in a company is to have the IP portfolio examined strategically, as soon as possible, and preferably by a fresh pair of eyes trained to look for opportunities. It is a reasonable working assumption that any acquisition target, particularly a European one, has not yet made the most of its IP. However, often a US company will invest in a European entity, the corporate lawyers will do the due diligence, with basic input from patent attorneys, and close the deal, the patents will be parked and some time later (generally just too late) it will be discovered that a whole lot more could have been made of the European IP situation by timely spending of a few thousand dollars in a many hundred million dollar purchase. Conversely, a company preparing for inward investment can often make themselves very much more attractive to a potential suitor by making the potential of its existing IP (which might have been filed on a tight budget) more apparent, often at very little immediate cost.

### **Lesson three – the size of your portfolio can work to your advantage**

For many US companies, their European portfolio has historically by default been handled by overseas associates who happen to have sent reciprocal work to their US counsel, often whose native language is not English and who are not trained in the US/UK tradition of advocacy and enforcement strategy. Historically also, the patent process has caused a lot of non substantive paper to flow across continents and oceans. Engaging a European attorney who can handle the portfolio strategically and interface intelligently, using technology, with your internal resources and with your US counsel can lead to genuine economies of scale translating into massive savings overall and improved outcomes. The author has direct experience of saving literally hundreds of thousands of dollars for some larger clients by focussing on their specific needs and streamlining the processes, cutting both his own and US counsel's burden and hence costs, thereby enabling both to deliver better value by focussing on substantive matters, and significantly reducing the internal administration overhead.

In conclusion, if you have not already done so, use the present global economic situation as a driver to smarten and re-think your IP process. It may save you much more than simply trimming at the edges of budgets, and gain you better results.

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