

Strategizing for Effective Portfolio Management

KnowledgeBridge: Consero Global IP Management Forum

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The Perfect Storm

Won't AI do all of this?!?!

Global economic uncertainty

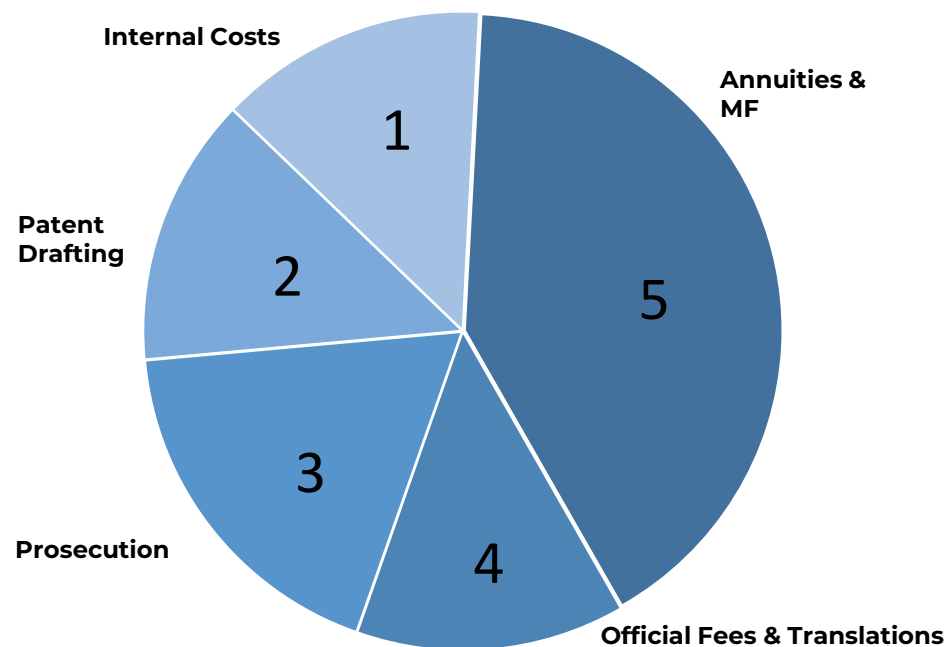


"IP is a cost center!"

But we need quality patents!

But . . . We need QUALITY assets that effectively block competitors and protect our innovations!

Typical IP Budget



How to Shrink the Pie

**Optimize
Drafting Costs
with AI and Flat
Fees**

(Reduces 1, 2, 3)

**Use Early
Indicators for
Fast Break
Patenting**

(Reduces 3 & 4)

**Reduce
Prosecution
Churn**

(Reduces 3 & 4)

**Align
Patenting
Decisions with
Business Goals**

(Reduces 4 & 5)

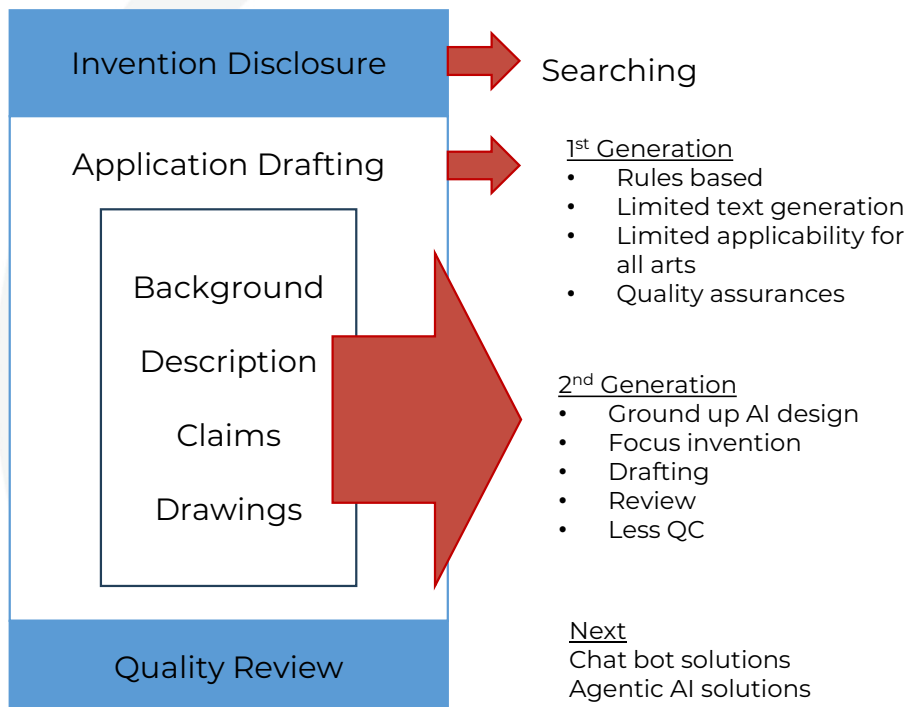
**Cull Non-
Strategic
Assets
Aggressively**

(Reduces 5)

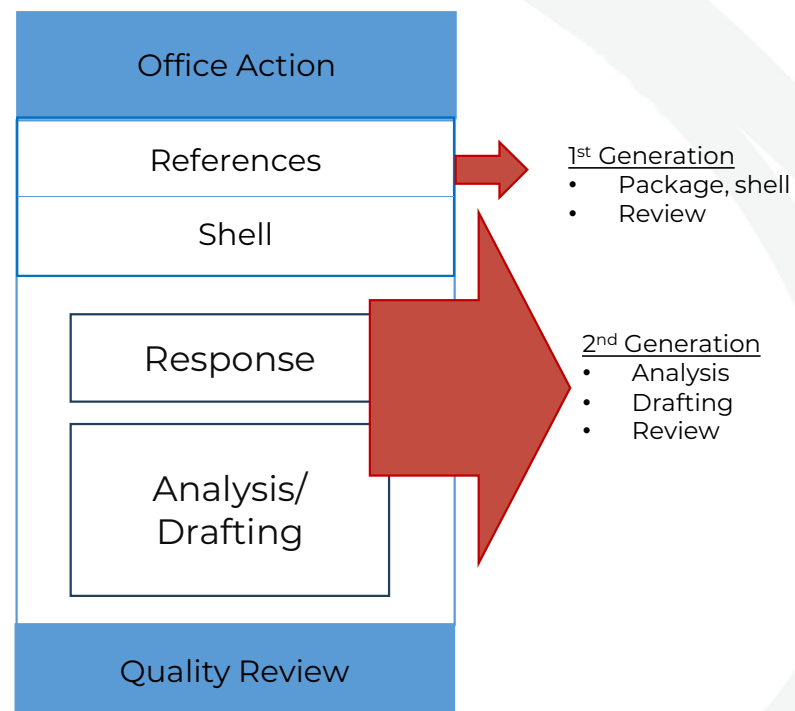
**The result is
*more efficiently procured,
strategically robust patents with less spend***

AI – Real Impacts We Are Seeing

PREPARATION



PROSECUTION



AI – What's the Potential Impact?

Estimated Efficiency Ceiling . . . Eventually		
	Generation 1	Generation 2
Prep	20%	20-40%
Pros	20%	20-50%



Fast Break Prosecution = Proactive Not Reactive

Typical Prosecution Approach

- Broad claims everywhere = prosecution history
- Claims may not align with business goals
- Family members may not have consistent claim scope

Prosecution Churn on Multiple Fronts = Prosecution \$ + Official Fees with Compounding Effect

Fast Break Approach



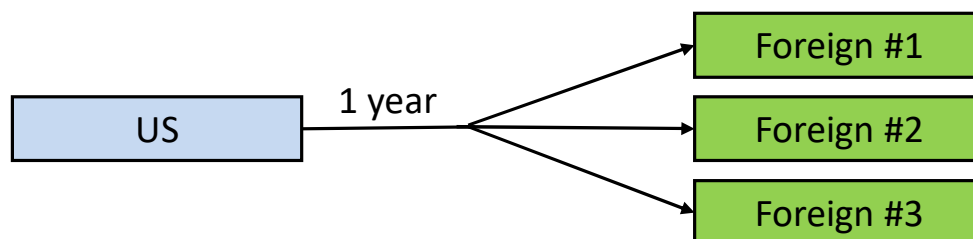
- Use the Early Indicator to reduce churn in downstream prosecution to save money (10% to 50+%) and reduce PHE
- Prosecute broad claims where it serves the business to do so
- Minimize inconsistencies among family members

Fast Break Patenting: Examples of Early Indicators



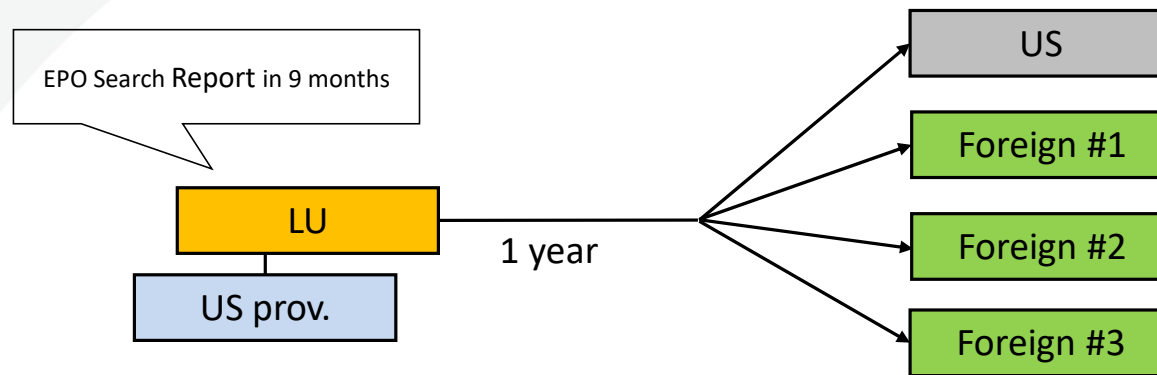
- Search report within first 6 to 12 months (e.g., by filing first in Luxembourg, The Netherlands, the UK)
- Early disposition (e.g., Track One, EP PACE)
- PCT ISR/WO (use for PPH and regional early entry [e.g., EP]) within 18 months
- Expedited lead case

Example #1 - Typical Filing Route



Estimated Costs							
US		Foreign #1 (EP)		Foreign #2 (JP)		Foreign #3 (CA)	
Drafting fees	\$10,500	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000
Official fees	\$1,700	Official fees	\$4,100	Official fees	\$1,300	Official fees	\$600
2 OA @ \$1750/OA	\$3,500	2 OA @ \$1500/OA	\$3,000	2 OA @ \$1500/OA	\$3,000	2 OA @ \$1500/OA	\$3,000
Subtotal	\$15,700	Subtotal	\$8,100	Subtotal	\$5,300	Subtotal	\$4,600
Est. TOTAL	\$33,700						

Early Indicator Route - Luxembourg



This EPO Search report is an Early Indicator that you can use to educate downstream decisions to reduce churn @ ~13% savings for same family

EPO and PCT often will credit \$ for this search

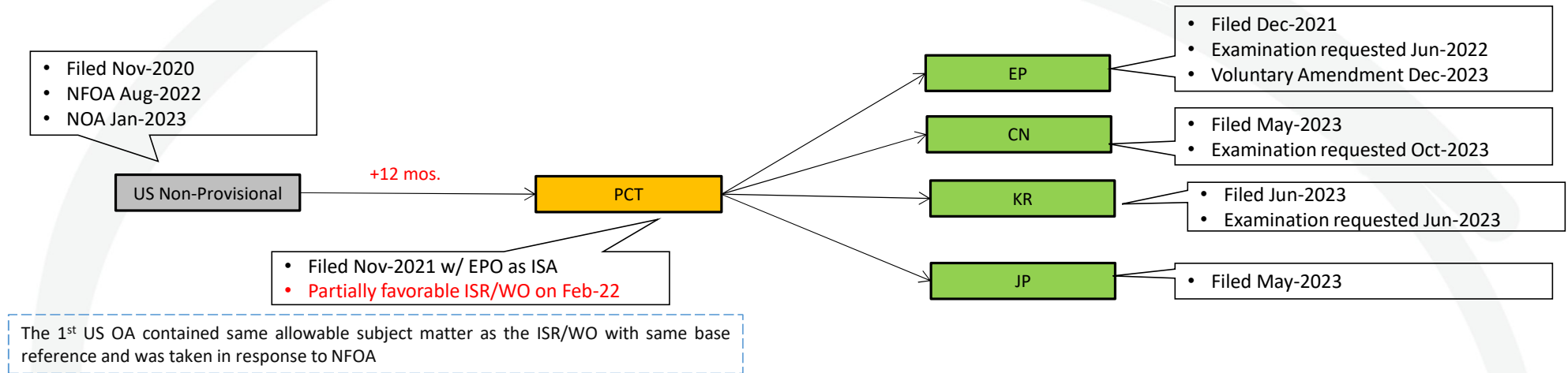
US prov.		LU		Estimated Costs							
US prov.		LU		US		Foreign #1 (EP)		Foreign #2 (JP)		Foreign #3 (CA)	
Drafting fees	\$10,500	Counsel fees	\$1,110	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000
Official fees	\$300	Official fees	\$560	Official fees	\$1,700	Official fees	\$2,900	Official fees	\$1,300	Official fees	\$600
				1 OA @ \$1,750/OA	\$1,750	1 OA @ \$1,500/OA	\$1,500	1 OA @ \$1,500/OA	\$1,500	1 OA @ \$1,500/OA	\$1,500
Subtotal	\$10,800	Subtotal	\$1,670	Subtotal	\$4,450	Subtotal	\$5,400	Subtotal	\$3,800	Subtotal	\$3,100
Est. TOTAL	\$29,220 (13% savings)										

How to Use an Early Indicator

Early Indicator	Offensive, Fast Break Prosecution
Highly Negative	<ul style="list-style-type: none">• Avoid investing in the expense of foreign filings• Go back to inventors for further development/data etc.
Some Negative, But Claims Can Be Amended or Reduced	<ul style="list-style-type: none">• Amend the claims before the foreign filings to reduce the number of office actions incurred• Potentially eliminate foreign filings• Go back to inventors for further development/data etc.
Positive	<ul style="list-style-type: none">• Do not amend claims• Consider expansion of jurisdictions based on business goals• Push claims in expedited pathways where valuable to do so• Push a lead case to get a second Early Indicator

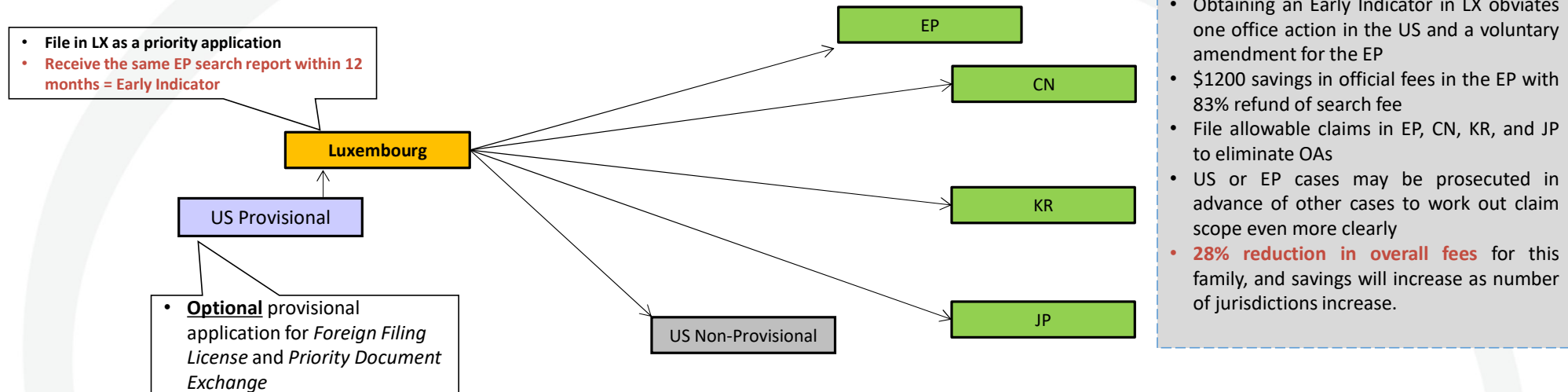
Done right, Early Indicators can selectively pull key patentability decisions forward and decrease prosecution expenses

Example #2 Original Filing Scenario



Estimated Costs											
US Non-Prov		PCT		EP		CN		KR		JP	
Drafting fees	\$10,500	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000
Official fees	\$1,700	Official Fees	<u>\$3,586</u>	Official Fees	\$4,100	Official fees	~\$530	Official fees	~\$900	Official fees	~\$1,300
1 OA@ \$1,750/OA	<u>\$1,750</u>			Vol. Amend.	<u>\$750</u>	Est. 1 OA @ \$ 1,500/OA	<u>\$1,500</u>	Est. 1 OA @ \$1,500/OA	<u>\$1,500</u>	Est. 1 OA @ \$1,500/OA	<u>\$1,500</u>
Subtotal	\$13,950	Subtotal	\$4,586	Subtotal	\$5,850	Subtotal	\$3,030	Subtotal	\$3,400	Subtotal	\$3,800
Est. TOTAL		~\$34,600									

Luxembourg Filing Route



Estimated Costs													
US Provisional		Luxembourg		US Non-Provisional		EP		CN		KR		JP	
Drafting fees	\$10,500	Counsel fees	\$1,110	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000
Official fees	\$300	Official Fees	\$560	Official fees	\$1,700	Official Fees	\$2,900	Official fees	~\$530	Official fees	~\$900	Official fees	~\$1,300
				1 OA @ \$1,750/OA	\$1,750	Vol. Amend.	\$750	Est. 1 OA @ \$1,500/OA	\$1,500	Est. 1 OA @ \$1,500/OA	\$1,500	Est. 1 OA @ \$1,500/OA	\$1,500
Subtotal	\$10,800	Subtotal	\$1,670	Subtotal	\$2,700	Subtotal	\$3,900	Subtotal	\$1,530	Subtotal	\$1,900	Subtotal	\$2,300
Est. TOTAL	~\$24,800 (28% savings)												

Why Luxembourg or the Netherlands?

- Easy and cost-effective for obtaining an EPO search report
- Main advantages:
 - EPO search report available ~9 months after filing, no response necessary = strong Early Indicator of patentability
 - LUX: Withdraw after receiving search report to prevent publication with payment of 170 EUR (unless want to grant [~18 months])
 - File in English (only translate claims; use machine translation potentially to save money)
 - No claims fees, no page fees
 - Possible to receive a refund of the search fee for subsequent PCT and EPO applications for EPO search done by NL or LUX

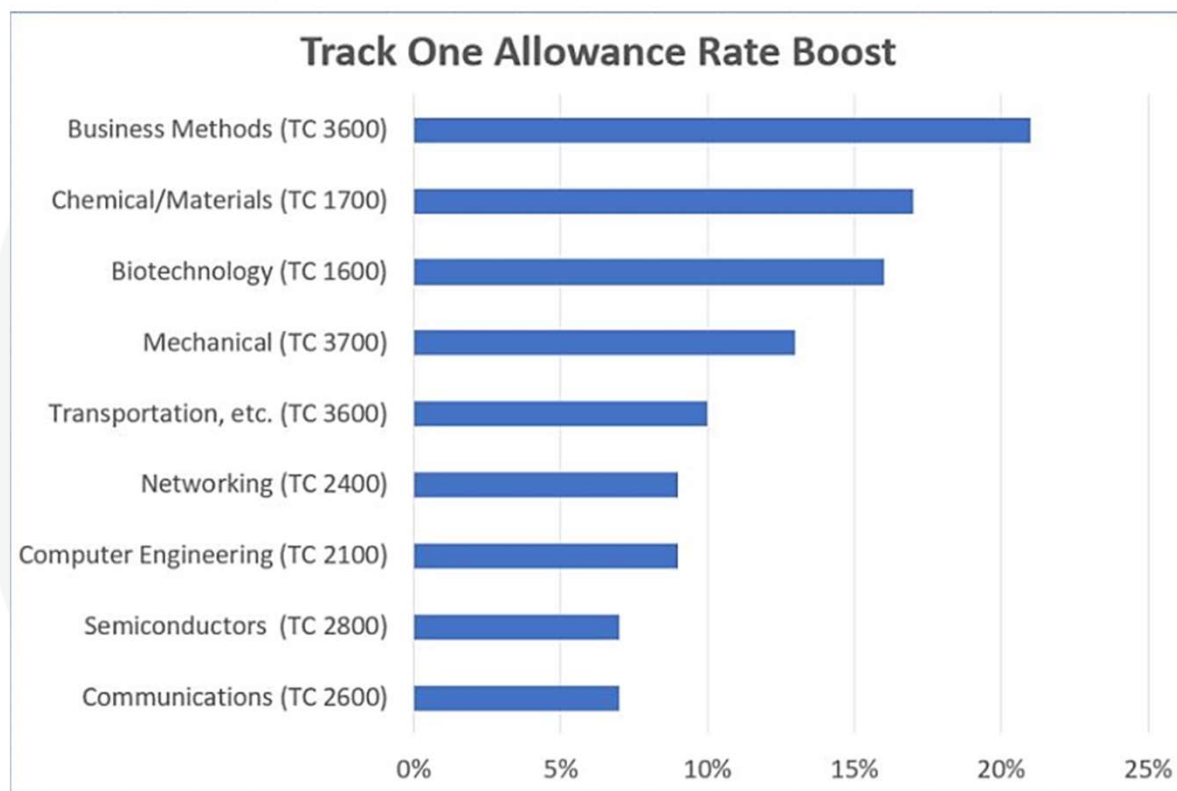
How to Get a Quality Early Indicator

- Include multiple types of claims in the application for review (e.g., product, process/method, use claims in one application) then plan for divisionals, etc. in strategy following early indicator
- Note that while the Paris Convention requires that the right to file mandatory divisionals is granted to applicants, it allows signatory countries to set conditions under which voluntary divisionals can be filed
 - Some countries limit divisional claims to those in the as filed application (*i.e.*, Argentina, Brazil)
 - Some countries don't allow for voluntary divisional applications (*i.e.*, China)
 - Some countries go to grant without notification (surprise!)
 - Consider need to file divisional applications prior to first grant
 - Manage double patenting concerns – jurisdictions have differing standards (*i.e.*, most restrictive jurisdictions using “same invention” standard and the “obviousness-type” standard are the US and Canada)

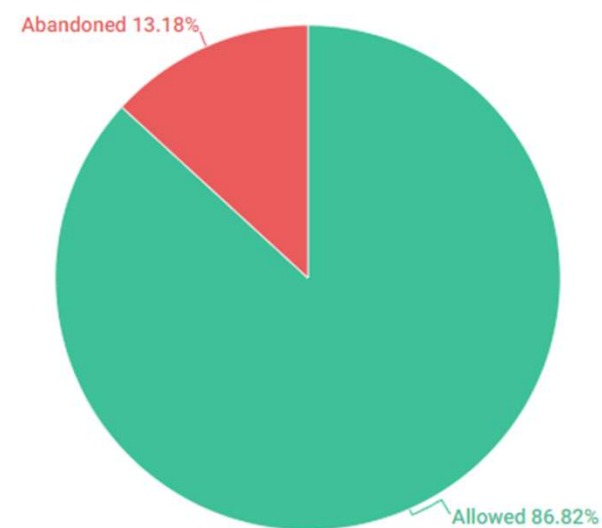
U.S. Track One = Great Early Indicator

- Track One moves the application to the front of the examination line, regardless of whether the application is an originally filed nonprovisional, a continuation, a CIP, a divisional, or even an RCE
- Final disposition guaranteed within 12 months, usually 6 months
 - **For FY2025:**
 - **Track One pendency from petition grant to final disposition = 4.6 months**
 - **Track One pendency from petition grant to allowance is 3.8 months**
 - **Pendency from filing to petition grant is 1.5 months**
 - Compare to regular track of 21.3 months to FOAM
- Fees (LE \$4,200) usually made up in saved prosecution churn downstream
 - Helps minimize prosecution history estoppel as well
- Higher allowance rates, especially in high tech arts

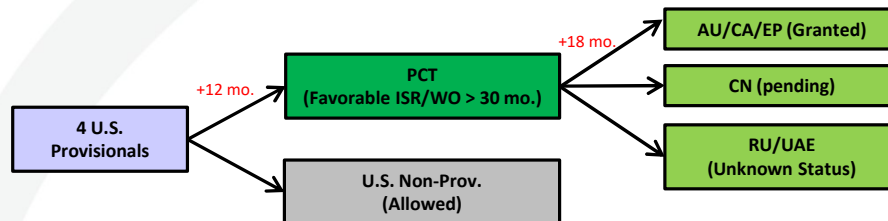
FY2023



7% to 21% boost in allowance rates



Example #3 Original Filing Scenario

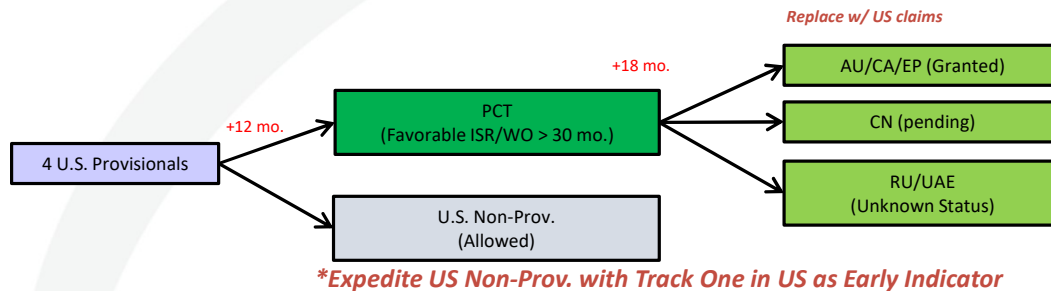


Estimated Sunk Costs:

- Total costs estimated at ~\$66,800
- ISR/WO shows novelty and inventiveness for all claims
- OAs rec'd in AU/CA/EP/CN in spite of favorable ISR/WO
- For simplification, translation fees are excluded

Estimated Actual Costs (See Assumptions)					
4 US Provisional (Priority Cases)		US (Allowed)		AU/CA/EP (Granted)	
• Est. Drafting fees (all 4)	\$10,500	• Drafting fees	\$10,500	• Foreign agent fees (3)	\$3,000
• Official fees (all 4)	<u>\$1,200</u>	• Official fees (actual)	\$1,700	• AU Official fees (actual)	\$690
Subtotal	<u>\$11,700</u>	• OARs (3 @ \$1,750/OA)	\$5,250	• AU Maintenance Fees	\$240
PCT		• 3 mo. Extensions (3 @ \$1,400)	\$4,200	• CA Official fees (actual)	\$600
		• 1 st RCE fee (actual)	\$1,400	• CA Maintenance Fees	\$250
• Counsel fees	\$1,000	• 2 nd RCE fee (actual)	<u>\$1,700</u>	• EP Official Fees (actual)	\$4,100
• Official fees (actual)	<u>\$2,379</u>	Subtotal	<u>\$24,750</u>	• EP Maintenance Fees	\$2,230
Subtotal	<u>\$3,379</u>			• AU OA (1 @ \$1,500/OA)	\$1,500
				• CA OA (1 @ \$1,500/OA)	\$1,500
				• EP OA (1 @ \$1,500/OA)	<u>\$1,500</u>
				Subtotal	<u>\$15,610</u>
		CN (Pending)		RU/UAE (Unknown Status)	
		• Foreign agent fees	\$1,000	• Foreign agent fees (2)	\$2,000
		• Official fees (actual)	\$530	• RU Official fees (actual)	\$70
		• CN Maintenance Fees	\$460	• RU Maintenance Fees	\$50
		• OA (2 @ \$1,500/OA)	<u>\$3,000</u>	• UAE Official fees (actual)	\$540
		Subtotal	<u>\$4,990</u>	• UAE Maintenance Fees	\$690
				• RU OA (Est. 1 @ \$1,500/OA)	\$1,500
				• UAE OA (Est. 1 @ \$1,500/OA)	<u>\$1,500</u>
				Subtotal	<u>\$6,350</u>

Track One Early Indicator Route



Fast Break Approach:

- Expedite US prosecution by Track One to reduce foreign prosecution costs by at least one OA in CN and 2/5 OAs in other countries
- Track One should give 1-3 OAs before foreign office actions; allowing reduction and/or withdrawal
- No extension fees in US and avoid 2nd RCE = 10% savings just on US case
- ~\$57,400 family total est.
- Savings if avoid at least 2 of the 5 OAs foreign = **16% with the same assets**
- Savings if avoid foreign filings = **49%**

Estimated and Projected Costs					
4 US Provisional (Priority Cases)		US (Allowed)		AU/CA/EP/RU/UAE (granted or status unknown)	
• Est. Drafting fees (all 4)	\$10,500	• Drafting/counsel fees	\$10,500	• Foreign Agent Fees (5)	\$5,000
• Official fees (all 4)	<u>\$1,200</u>	• Official fees (actual)	\$1,700	• AU Official Fees (actual)	\$690
Subtotal	\$11,700	• Track 1	\$4,200	• AU Maint. Fees (actual)	\$240
PCT		• OA (2 @ \$1,750/OA)	\$3,500	• CA Official Fees (actual)	\$600
		• 3 mo. EOT (3 @ \$1400)	\$4,200	• CA Maint. Fees(actual)	\$250
		• 1st RCE	-\$1,400	• EP Official Fees (actual)	\$4,100
		• 2nd RCE	\$1,700	• EP Maint. Fees(actual)	\$2,230
		Subtotal	\$19,900	• RU Official Fees (actual)	\$70
		CN (Pending)		• RU Maint. Fees(actual)	\$50
• Counsel fees	\$1,000	• Foreign Agent Fees	\$1,000	• UAE Official Fees (actual)	\$540
• Official fees (actual)	<u>\$2,379</u>	• Official Fees (Actual)	\$530	• UAE Maintenance(actual)	\$690
Subtotal	\$3,379	• CN Maintenance Fees (Actual)	\$460	• AU-OA (1 @ \$1,500/OA)	\$1,500
		• OA (1 @ \$1,500/OA)	\$1,500	• CA-OA (1 @ \$1,500/OA)	\$1,500
		Subtotal	\$3,490	• EP OA (1 @ \$1,500/OA)	\$1,500
				• RU OA (1 @ \$1,500/OA)	\$1,500
				• UAE OA (1 @ \$1,500/OA)	\$1,500
				Subtotal	\$18,960

Track 1 allows an applicant to reach final disposition in 12 mos. of filing and has higher likelihood of allowance

Assume at least 2 of 5 OAs avoided by using US claims

Example #4 Original Filing Scenario

NFOA (Oct. 2017) had allowable subject matter

US Non-Prov

Filed: Jan. 2016
2 OAs
NOA: Aug. 2018

ISR/WO contained similar allowable subject matter as US NFOA

PCT

Filed: Jan. 2017
ISR/WO: July 2017

SG

1 OA
Granted: March 2019

JP

1 OA
Granted: March 2021

CN

1 OA
Granted: Feb. 2021

EP

1 OA
Granted: March 2019

SA

~1 OA
Granted: March 2019

Family note: KR application was also filed but withdrawn before examination

Estimated Costs

US Non-Prov		PCT	
Drafting fees	\$10,500	Counsel fees	\$1,000
Official fees	\$1,700	Official Fees	<u>\$3,607</u>
2 OA @ \$1750/OA	<u>\$3,500</u>	Subtotal	\$4,607
Subtotal	\$15,700		

SG		JP		CN		EP		SA		KR	
Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000
Official fees	~\$1,660	Official fees	~\$1,300	Official fees	~\$530	Official Fees	~\$4,100	Official fees	~\$500	Official fees	<u>~\$215</u>
1 OA @ \$1,500/OA	<u>\$1,500</u>	1 OA @ \$1,500/OA	<u>\$1,500</u>	1 OA @ \$1,500/OA	<u>\$1,500</u>	1 OA @ \$1500/OA	<u>\$1,500</u>	1 OA @ \$1500/OA	<u>\$1,500</u>	Subtotal	\$1,215
Subtotal	\$4,160	Subtotal	\$3,800	Subtotal	\$3,030	Subtotal	\$6,600	Subtotal	\$3,000		

Est. TOTAL **~\$42,100**

Early Indicator Route – PCT ISR/WO

21

Take allowable subject matter

US Non-Prov

Filed: Jan. 2016
1 OA
NOA: Aug. 2018

Article 19
amendment

PCT

Filed: Jan. 2017
ISR/WO: July 2017

SG

1st action allowance
Granted: March 2019

JP

1st action allowance
Granted: March 2021

CN

1st action allowance
Granted: Feb. 2021

EP

1st action allowance
Granted: March 2019

SA

1st action allowance
Granted: March 2019

Estimated Costs

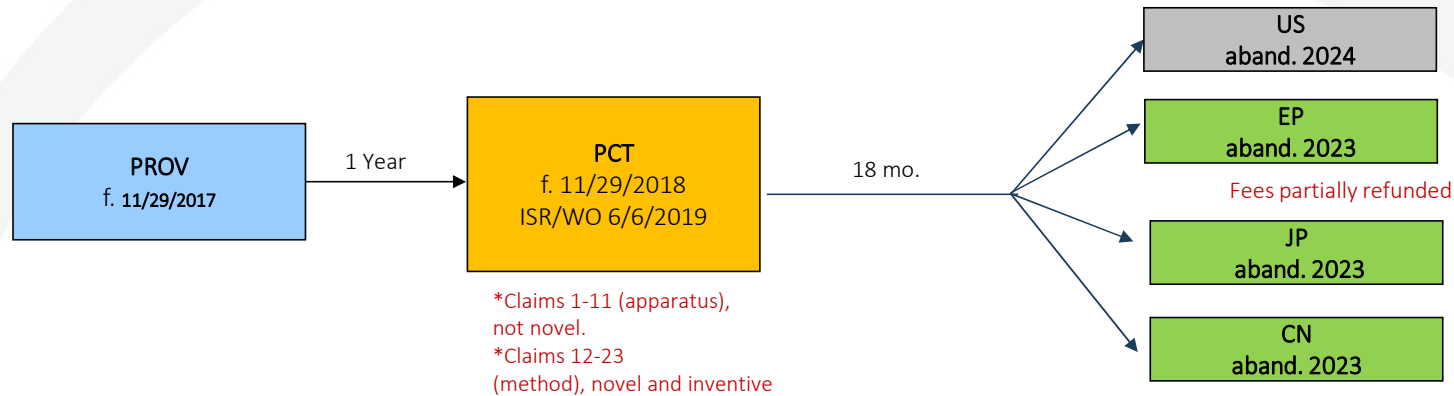
US Non-Prov		PCT	
Drafting fees	\$10,500	Counsel fees	\$1,000
Official fees	\$1,700	Official Fees	\$3,607
1 OA @ \$1,750/OA	\$1,750	Art. 19	\$750
Subtotal	\$13,950	Subtotal	\$5,357

SG		JP		CN		EP		SA		KR*	
Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000
Official fees	~\$1,660	Official fees	~\$1,300	Official fees	~\$530	Official Fees	~\$4,100	Official fees	~\$500	Official fees	~\$215
1 OA @\$1500/OA	\$1500	1 OA @\$1500/OA	\$1500	1 OA @\$1500/OA	\$1500	1 OA @\$1500/OA	\$1500	1 OA @\$1500/OA	\$1500	Subtotal	\$1,215
Subtotal	\$2,660	Subtotal	\$2,300	Subtotal	\$1,530	Subtotal	\$5,100	Subtotal	\$1,500		

Est. TOTAL ~\$33,600 SAVINGS 20%

*Withdrawn before
examination

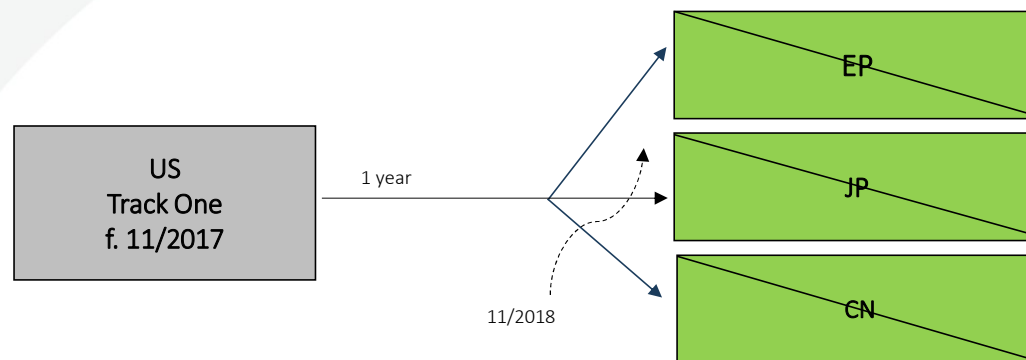
Example #5 Original Filing Scenario



***Filed the apparatus claims; did not pursue method claims in subsequent filings**

Estimated Costs									
PROV		PCT		US		EP		JP	
Drafting Fees	\$8,000	Counsel fees	\$750	Counsel fees	\$750	Counsel fees	\$1,000	Counsel fees	\$1,000
Official Fees	\$260	Official fees	\$3,526	Official fees	\$1,680	Official fees	\$820	Official fees	\$1,210
				2 OA @ \$2,000/OA RCE + ext.	\$4,000 \$2,000		2 OA @ \$3,000/OA	\$6,000	
Subtotal	\$8,260	Subtotal	\$4,276	Subtotal	\$8,430	Subtotal	\$1,820	Subtotal	\$8,210
Est. TOTAL		\$33,100							

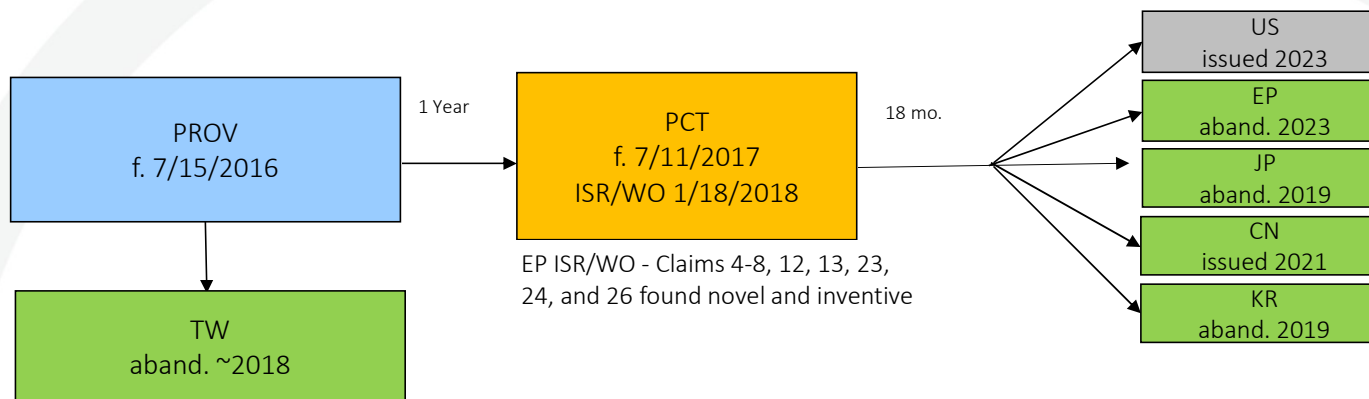
Early Indicator Route – Track One Filing



- This scenario presumes that a foreign filing decision can be made within 12 months after filing.
- **~53% savings by foregoing** foreign filings to get to same decision point in 2018 vs. 2023
- Although not relevant for this Track One scenario, allowable subject matter in the ISR/WO was disregarded (method claims not elected)

Estimated Costs										
PROV	PCT		US		EP		JP		CN	
Official Fees	Counsel fees	\$750	Drafting fees	\$8,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000
	Official fees	\$3,526	Official fees (inc. Track One)	\$5,680	Official fees	\$820	Official fees	\$1,210	Official fees	\$700
			2 OA @ \$2,000/OA	\$4,000			2 OA @ \$3,000/OA	\$6,000		
			RCE + ext.	\$2,000						
	Subtotal	\$0	Subtotal	\$0	Subtotal	\$15,680	Subtotal	\$0	Subtotal	\$0
Est. TOTAL \$15,680 (53% savings)										

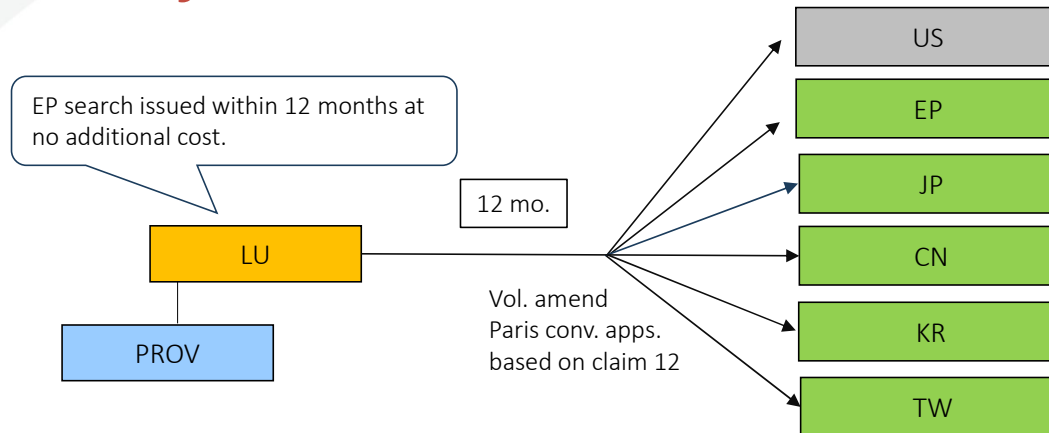
Example #6 Original Filing Scenario



- EP was abandoned after receipt of European search report w/o filing a response
- KR and JP were abandoned without filing a request for examination
- CN issued without an Office Action 2021
- In US, claim 12 was deemed patentable in the first OA and eventually incorporated for allowance (after 4 OAs & RCE)

Estimated Costs													
PROV		PCT		TW		US		EP		JP		CN	KR
Drafting Fees	\$8,000	Counsel fees	\$750	Counsel fees	\$750	Counsel fees	\$750	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000
Official Fees	\$260	Official fees	\$3,813	Official fees	\$110	Official fees	\$1,780	Official fees	\$3,100	Official fees	\$1,210	Official fees	\$700
						4 OA @ \$2,000/OA RCE + ext.	\$8,000			0 OA		\$0	
Subtotal	\$8,260	Subtotal	\$4,563	Subtotal	\$860	Subtotal	\$12,110	Subtotal	\$4,100	Subtotal	\$2,210	Subtotal	\$1,700
Est. TOTAL		\$35,850											

Early Indicator Route - Luxembourg



- Amending to incorporate allowable claim 12 (and dependent claims) achieves the exact same prosecution outcome
- **32% savings with same filings**
- If EP, JP, KR, and TW are not filed at all, the savings becomes **60%**
- If only the US family is considered, the savings is **42%**.

Estimated Costs																	
PROV		LUX		PCT		TW		US		EP		JP		CN		KR	
Drafting Fees	\$8,000	Counsel fees	\$1,050	Counsel fees	\$750	Counsel fees	\$750	Counsel fees	\$750	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000	Counsel fees	\$1,000
Official Fees	\$260	Official Fees	\$530	Official fees	\$3,813	Official fees	\$110	Official fees	\$1,780	Official fees	\$3,100	Official fees	\$1,210	Official fees	\$700	Official fees	\$50
								1 OA @ \$2,000/OA RCE + ext.	\$2,000				0 OA		\$0		
Subtot.	\$8,260		\$1,580		\$4,563		\$860		\$4,530		\$4,100		\$2,210		\$1,700		\$1,050
Est. TOTAL	\$24,290																

PatentlyIntegrated® Strategic Alignment

Business Goals Correlate

Indicates the Relative Degree of Alignment with Your Business Goals

Jurisdictional Factors	Business Actualities				Competitive Intelligence			Strategic Alignment Index™
Country Code	Use/Sell	Make	Enforce	Other Business Realities	Comp. Use/Sell	Comp. Make	Comp. Patenting	
US	***		***	**	***	***	***	229
DE	*	***	***	**	***	***	***	227
BR	***		*	**	***	***	**	221
JP	*		***	**	***	***	**	189
GB	*		***	**	***	***	***	188
NL	*			**	**	***	**	153
ES	*			**		***	**	135
DZ	***		*	**	**		*	134
IN	*			*	**	*	*	104
CH	*			*	*			83
MX	*			*	**			81
KR	*			*	*			79

Strategic Alignment Index: Case Study

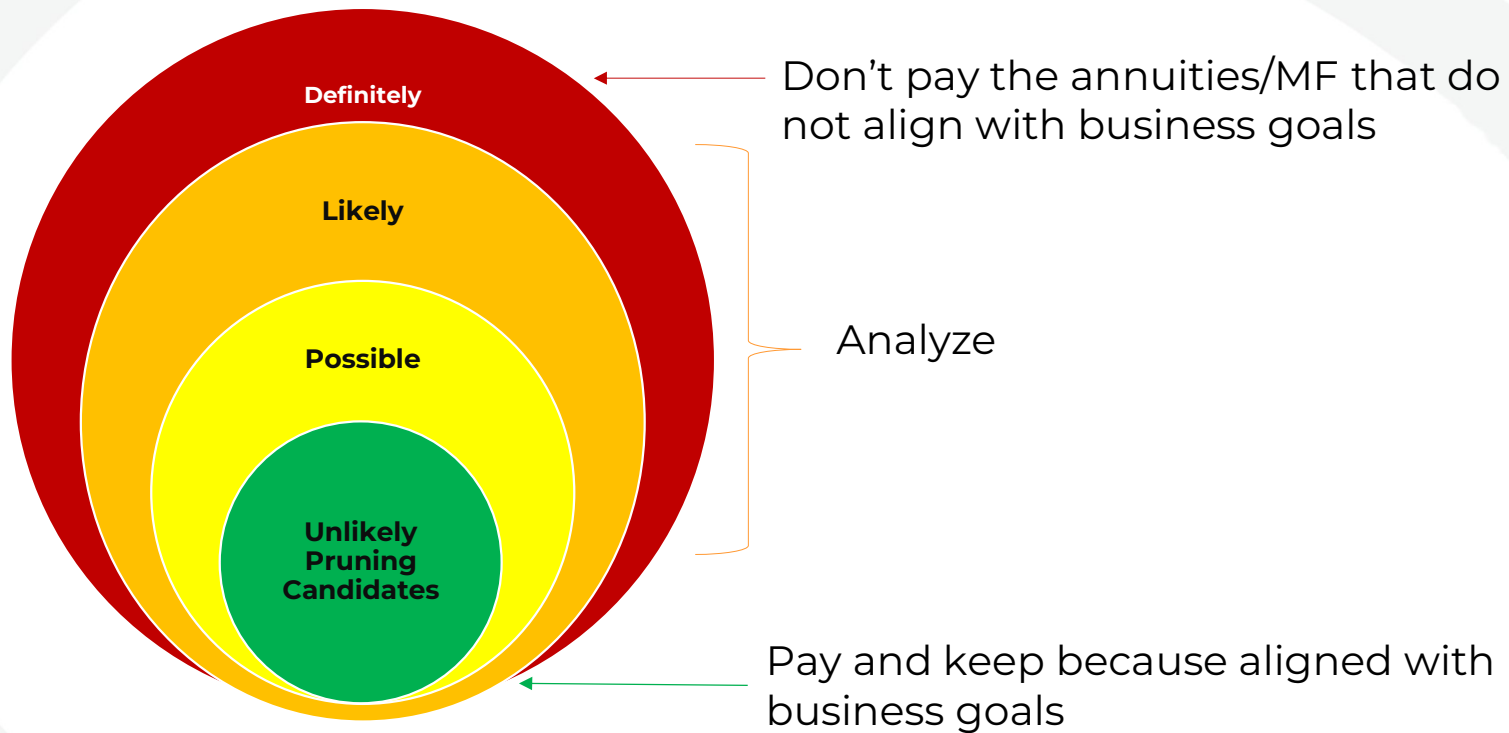
Country	PI Strategic Index™
United States*†	229
Germany*†	205
→ Brazil*†	221
Norway*†	215
France*†	220
Japan*†	189
United Kingdom*†	188
→ Italy*†	185
China*†	182
Russia*†	180
Denmark*†	163
Canada*†	163
Saudi Arabia*†	160
India*†	157
The Netherlands*†	153
Malaysia*†	152
Australia*†	143
Spain*†	135
Algeria*†	118

Tier 1

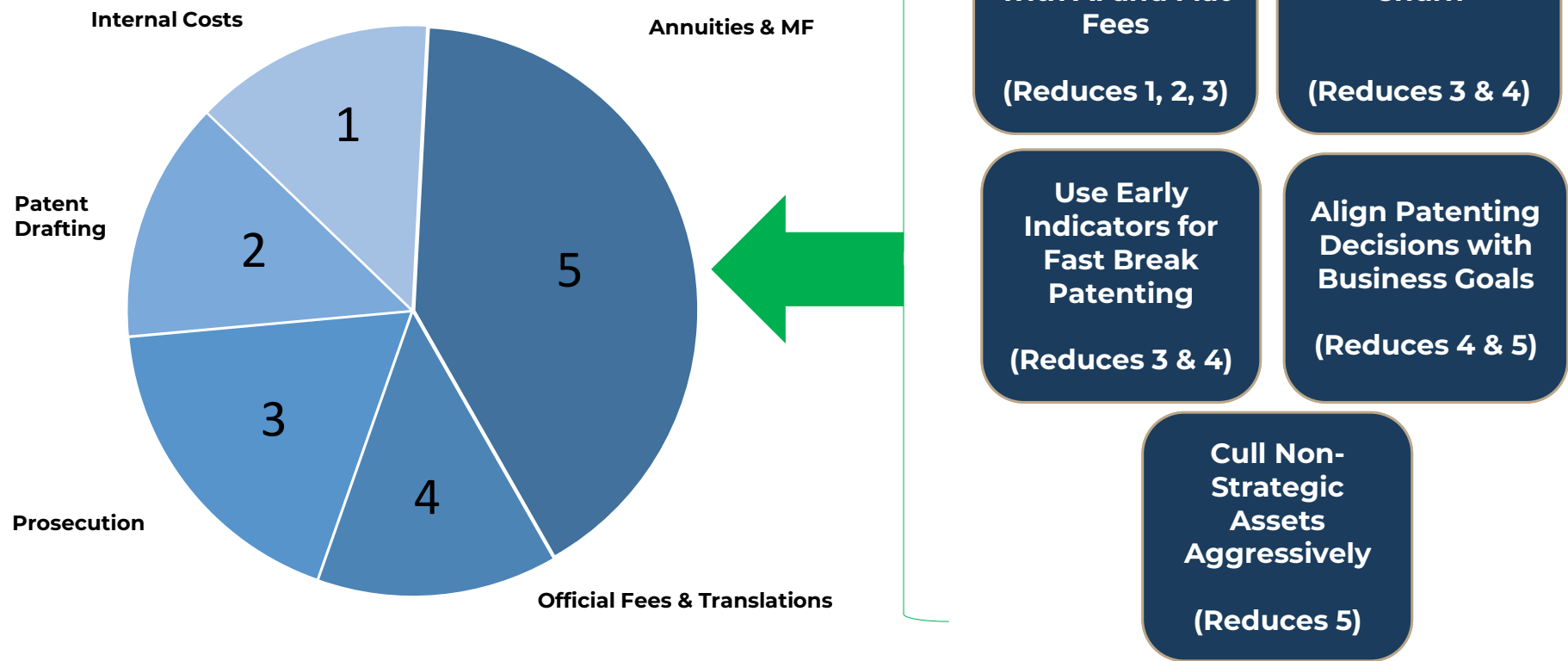
- 5 key Tier 1 jurisdictions identified
 - \$3,000 x 5 = \$15,000
 - 50 new families each year = **\$750,000 = 50% savings**
- Prune based on alignment
- Hub and spoke prosecution management recommended focusing on Tier 1 jurisdictions for seeking broader claims

Table 2. Tier 1 and Tier 2 Countries

Asset Triage with Strategic Alignment for Pruning



The Fix



Our Assumptions for the Fees Analyses Herein

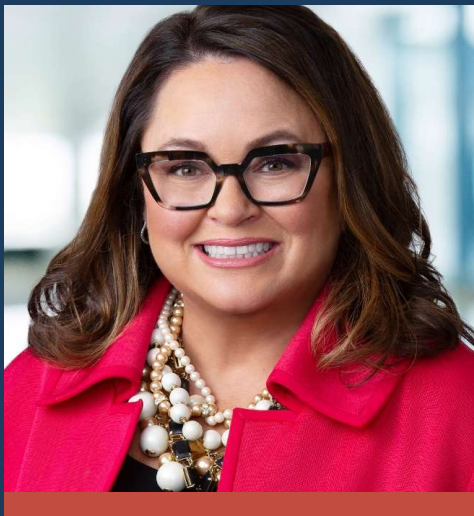
- To simplify our analysis, we relied on the assumptions described below.
 - U.S. and EP fees are based on published direct national stage filing or PCT-based national stage filing fees at the time the cases we analyzed were filed.
 - Where relevant, search fees are listed separately. Page charges, excess claim fees, and other filing fees are included in the official filing fees for each case.
 - Identical foreign agent prosecution fees are assumed for all countries outside the U.S.
 - Issue fees are not included in official fees.
 - Annuities are only included in certain scenarios.
- Priority counsel fees are only included for drafting the original application where noted.

Our Assumptions (cont'd)

- To simplify our analysis, we have assumed that each foreign case receives 2 office actions during prosecution, unless noted otherwise.
 - We assume applying Smart Prosecution principles decreases the office action count to 1 per case, unless noted otherwise .
 - We assume that Track One expedited examination in the U.S. will not reduce the number of office actions but, will result in an issuance in 12 months.
- The costs associated with EP validations are not included in pricing models.
 - We assume 3+ validations from EP application is more cost effective than direct filing. We are not recommending a European unitary patent at this time.
- The average costs assumed for an office action response are noted in the examples and may vary.

QUESTIONS AND ANSWERS?

Q + A



Carey Jordan



Mike Messinger