

WHY SHOULD YOUR COMPANY CONDUCT AN I.P. AUDIT?

Successful modern enterprises must know how to smartly manage their intellectual property (I.P.) assets to maximize return-on-investment (ROI). In order to do so, I.P. assets, like any corporate asset, require effective organizational management to achieve desired ends. These assets include worldwide patent, trademark, and in/out license portfolios. Optimally, annual or semi-annual internal I.P. audits should be conducted examining each of these portfolios to determine whether underperforming assets exist, and if so, to eliminate wasteful spending and/or generate new revenue streams from monetizing under-utilized assets. Frequently, however, legal departments (if they exist) within established, active technology companies lack the manpower and time resources to conduct such critical I.P. audits. In such situations, an externally conducted I.P. audit is warranted and valuable in improving the ROI from a company's I.P. assets. Specific areas where our firm conducts valued-added I.P. audits for technology companies include:

In-License Portfolio:

A typical technology company has an active worldwide in-license portfolio that includes rights to use third party materials and processes (whether patented or otherwise legally protected) desired or necessary for the company's ongoing or planned R&D and/or commercialization activities. Since R&D and commercialization activities and plans change over time, it is important to revisit (optimally on an annual basis) the in-license portfolio to ensure that it aligns with the company's shifting strategic activities. Auditing a corporation's in-license portfolio is desirable and necessary to identify irrelevant or unnecessary in-licenses for which a company is paying, but not utilizing, external technology. Specific benefits of such an audit include the identification of non-performing in-licensed I.P. assets to save money and improve the bottom line by:

- Eliminating wasteful spending (annual maintenance fees, minimum annual royalties, diligence payments) on licenses covering technology no longer used or needed by the company, which are not yielding suitable ROI for the company.
- Eliminating waste of legal department time and manpower resources maintaining and tracking such non-performing license assets.
- Typically an in-license portfolio at a given technology company will contain up to 5% under/non-performing in-license assets, and the savings from eliminating wasteful spending on such assets often more than pays for the cost of the audit.

Patent Portfolio:

A typical technology company has an active worldwide patent portfolio that includes issued, as well as pending, patents and patent applications covering materials and processes desirable or critically necessary to protect and provide exclusivity for the company's ongoing or planned R&D and/or commercialization activities. Often, patent filing decisions are made at an early point in time, when the commercialization or R&D plan for the covered invention is still under development, but when the filing must nonetheless be made to preserve priority. The portfolio will frequently cover, not only "core" technology (deemed essential to the company's competitiveness), but also "ancillary" and even "satellite" technology (deemed non-essential to the company's competitiveness but of potential market value). Since R&D and commercialization activities and plans change over time, it is important to revisit (optimally on an annual basis) the patent portfolio to ensure that it aligns with the company's shifting strategic activities. Auditing a corporation's patent portfolio is desirable and necessary to identify irrelevant or unnecessary patent applications and issued patents for which a company is paying (to prosecute and maintain such assets) but no longer has a definite intention of exploiting in the market. Specific benefits of such an audit include the identification of non-performing patent assets to save money and improve the bottom line by:

- Eliminating wasteful spending (official and attorneys' fees associated with the filing, prosecution, issuance, and maintenance of applications and patents, including substantial

translation fees) on patent assets covering technology that the company no longer intends to exploit in the market, which are not yielding suitable ROI for the company.

- Eliminating waste of legal department time and manpower resources maintaining and prosecuting such non-performing patent assets.
- Create a new revenue stream by identifying promising but under-utilized non-core patent assets having suitable market potential, which the company can actively bundle and out-license to third parties.
- Typically a patent portfolio at a given technology company will contain up to 20% under/non-performing patent assets, and the savings from eliminating wasteful spending on such assets often more than pays for the cost of the audit. Since worldwide patent costs escalate significantly as patents progress, significant savings can be realized by making early “kill” decisions.

Trademark Portfolio:

A typical technology company has an active worldwide trademark portfolio that includes issued, as well as pending, trademark registrations and applications covering marks desirable or critically necessary to provide strong brand recognition and exclusivity for the company’s existing or planned commercial products and services. Such portfolios may also contain third party trademarks, which have been in-licensed, used in connection with the commercialization of in-licensed products or with proprietary products produced by in-licensed methods. Often, trademark filing decisions are made at an early point in time, when marketing departments begin thinking about branding for in-development or future products, but when the filing must nonetheless be made to preserve priority. Often, the portfolio will cover, not only “core” product branding (deemed essential to the company’s competitiveness), but also “ancillary” and even “satellite” product and service branding (deemed non-essential to the company’s competitiveness but of potential market value). Since product/service development, launch/marketing, and commercialization activities/plans change over time, it is important to revisit (optimally on an annual basis) the trademark portfolio to ensure that it aligns with the company’s shifting strategic activities. Auditing a corporation’s trademark portfolio is desirable and necessary to identify irrelevant or unnecessary trademark applications and registrations for which a company is paying (to prosecute and maintain such assets) but no longer has a definite intention of exploiting in the market. Specific benefits of such an audit include the identification of non-performing trademark assets to save money and improve the bottom line by:

- Eliminating wasteful spending (official and attorneys’ fees associated with the filing, prosecution, registration, and maintenance of applications and registrations) on trademark assets covering brands for products/services that the company no longer intends to exploit in the market, which are not yielding suitable ROI for the company. Included in this area are license fees (annual maintenance and/or minimum annual royalty payments, etc.) associated with in-licensed trademarks for products/services that the company has ceased or intends to cease commercializing.
- Eliminating waste of legal department time and manpower resources maintaining and prosecuting such non-performing trademark assets.
- Create a positive new revenue stream by identifying promising non-core trademark assets of market potential, which the company can bundle and out-license (together with their associated products) to third parties.
- Typically a trademark portfolio at a given technology company will contain up to 20% under/non-performing trademark assets, and the savings from eliminating wasteful spending on such assets often more than pays for the cost of the audit.

Why Us?

AURORA NOVA’s Professionals include experienced registered patent/I.P. attorneys with life science focus, who have spent years within biotech corporations as senior Directors/Chief Counsel charged with designing and implementing I.P. strategies, managing worldwide portfolios, and ensuring return-on-investment from these assets. Accordingly, they bring unique I.P. asset management perspective and combined legal/executive expertise to our clients.