

Inside the Patent Factoryby **Donal O'Connell**

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Donal had a long career (21yrs) with Nokia and wide varied experience in the wireless telecoms industry having worked in the Netherlands, UK, USA, Finland and HK. He is former VP of R&D and Director of IP at Nokia. Presently he is Adjunct Professor Imperial College London and MD Chawton Innovation Services.

Sixteen chapters are followed by reference section citing e.g. BCG report Innovation 2006; www.wipo.int; ACPAA.

Themata are: The Scene – 5.6M patents in force worldwide 2005; 75% from Japan, US, EPO, PRC & ROK; 50% US & Japan assignees; applications grow 4.7%/yr, grants 3.6%/yr. 80% company valuation due to intangible assets. '98-'00 Nokia filed ~1,000/yr, each new patent costs ~€100k/20yr lifetime, i.e. ~€0.1B/yr. Plan – “Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat” Sun Tzu. The 1st English patent (1449) was granted to a Flemish national for 20yrs protecting an imported glass-making process, and China's 11th 5yr Plan ('06-'11) to build a knowledge based economy was IP-centric. In 2005 PRC had 600k patents and the highest global patent growth rate, >30%/yr. In 2006 23% PCTs were classified in three fields – Telecoms, Pharma & Cosmetics, and IT. The three fastest growing fields of Electricity & Electronics (32% worldwide patent filings 2000-04) were Medical Tech (+32%), Audio-Visual Tech (+28%) and Information Tech (+28%). Invention Harvesting – the innovation culture, well developed target setting process, efficient & flexible “idea-to-patent” process, and well focused patent portfolio management. Patent Creation – application, filing, preliminary exam/search, publication, substantial exam/search, and grant. Subtleties – UK Patent Act 1977 sec5 gives 12mo grace period where one need only submit a request-for-patent & description, but not always claims. Granting may take 4.5yrs yet maintenance fees start yr5. Jepson 2-stage claims are normal unlike in US. Maintenance fees £400 total (yr5-20 £50-270, yr5-16 increments are £20/yr, then £30, finally £40). Interfaces – inventor community, senior management, the “other half” of IPR, business & technology management, and external associates. “Other half”, the factory's customer, those who utilize the patents in one way/other: licensing IP, TTO (tech transfer ops), cooperation & collaboration with 3rd parties, standardization activities, university relations, M&A and litigation. Inventor community, the factory's supplier, is composed of (serial) inventors, suppliers, customers & the public. Rate, rank, appreciate them. Establish an internal appeals process. Consider Passive v Active Mode (Pull v Push) *modus operandi*. Organization – “it is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change” (Darwin). Outsourced external patent agencies can handle non-core activities: patent office paperwork, case prosecution, handling office actions, translation work, filing foreign cases, conducting detailed searches & examinations, and upon grant fee payment management. Critical factors are quality, remedies, and liability/indemnification. Internal metrics include inventive reports (IRs) received, classification, acceptance rate etc... External metrics are patent league tables, e.g. WSJ's The Patent Board Scorecard (2007) and the Patent Scorecard published in Business Week, MIT Technology review, IHT, Chicago Tribune & IAM. 1978-87 Bio-Tech patents were found inconsistently judged, examined & evaluated by EPO. Quality Improvement Initiatives – e.g. 1) USPTO: in 2000 72% of all patent applications granted, 2007 51%. 2) Open Source Development Labs' website (2006) OSAPA (open source software as prior art). 3) PQI (patent quality index) by IBM & Columbia Law School ranks. Optimization – “simplicity is the ultimate sophistication”. It is vital to clearly link the factory's production processes and organizational services to your business objectives. Benchmarking – is a continuous process of planning, project team formation, collecting comparison data, analyzing data for performance gaps, and taking action. Inform/involve everyone. Cost – European patents cost 11X US, 13X Japanese but London Agreement will reduce translation costs ~45%. What about EU/Community patent? EPLA single integrated EU judicial system? Future Scenarios (EPO) – 1) Market Rules: system overload from ballooning patent protection. 2) Whose Game: *Chindia* upsets 1st World's IP dominance. 3) Trees of Knowledge: open source movement drives changes. 4) Blue Skies: techno-centric, new *sui generis* regimes.

The patent factory's definition – “ideas/inventions” raw material to “portfolio of patents” finished product – is limiting. Expand into systematic innovation & IP-portfolio management strategy. Consider trademarks & copyright.

Overall – recommended with reservation. At times pedantic overview, but for the uninitiated this is its very strength.