



Confidence in a connected world.



Generating New Revenue Streams through IP Commercialization

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About Symantec.

- Founded in 1982 and Headquartered in Mountain View, CA. Symantec has more than 17000 employees worldwide.
- Symantec is a global leader in providing security, storage and systems management solutions to help businesses and consumers secure and manage their information
- Flagship products: Norton Anti Virus and Internet Security.
- Revenues of nearly USD 6 billion, Symantec is 4th largest software company in the world.
- More than 700 issued Patents

Protects Third Party, not Symantec

Do not use any third party code or open source code
in any Symantec product or project
without contacting Legal first

High Level Strategy to protect IP!

- To justify investments in R & D!
- To create a freedom of space in which to work around!
- To give competitive edge in the market!
- For Defensive and Cross Licensing Purposes!
- To create brand and product awareness and to inform about the group selling the products!
- To protect themselves from hackers and pirates!

IP Streams of Revenue

- The IP Revenue can be from licensing royalties, settlement payments, cross-licensing or court-ordered damages.
- Licensing of patents is the granting of a legal permission to make, use, sell, offer for sale, or import something covered by a patent.
- Royalty income from U.S. university patent licenses was over \$1 billion in 2002.
- IBM reportedly received licensing royalties for its patents and other technologies of over US \$1.6 billion; in 2001.
- Texas Instruments (TI) reportedly has received over \$3 billion in cumulative patent royalties since the 1980s.

IP Streams of Revenue

- Where a patent owner asserts a strong and justifiable claim, the licensing opportunity is certainly legitimate. Such activity strengthens the patent system by providing a valuation mechanism for intellectual property.
- In cross-licensing, an Infringee can continue to use the Patent, as it owns a Patent against the Patent-Owner.
- Patent portfolio is like Defense of a country. You can shake and throw your weight in the market without ever using it.

Defense System and Patent System

S. No.	Defense of a Country	Patents of a Company
1.	Show of strength	Throwing weight in the market
2.	Defines the Boundary	Defines the Market
3.	Earns Revenue	Earns Revenue
4.	Helps in being Aggressive	Helps you protect
5.	Helps you to defend & negotiate in case of aggression	Helps you to defend by cross-licensing in case of aggression
6.	No one arsenal can be a complete solution to win	No one Patent can be complete solution to win
7.	To justify Government taxation policies	To justify investment in R&D

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Case #1: The Lemelson Way: Everywhere

- Jerome Lemelson is the named inventor on more than 550 U.S. patents, most of which relate to what he called “machine vision.”
- The patents allegedly cover technologies that have been broadly adopted across many different industries. Automated manufacturing systems, Bar code readers, Automatic teller machines and Cordless phones, Cassette players and Camcorders, Fax machines and personal computers—even crying baby dolls. (See Lemelson Foundation website at www.lemelson.org.)
- Lemelson asserted and won eleven patents against Ford Motor Company, which he said cover “machine vision” and “bar code reading.”
- Individual inventors point to Lemelson as a crusader for the rights of independent inventors against corporate giants.

Case #2 – Targeting Industries

- Ronald Katz filed and obtained patents on technologies involving interactive voice response (IVR) systems.
- In general, the Katz patents have long descriptions and hundreds of claims. Most companies facing the 3,000 total patent claims included in the Katz patents are eager to find ways to limit their costs in analyzing and licensing the patents.
- Katz set up a patent holding company called Ronald A. Katz Licensing, L.P. (RAKTL). RAKTL sent letters to energy companies, banking companies, telecommunication companies, companies in the airline industry, and others in an effort to have the industries coordinate settlements jointly. Some of the target industries formed consortiums to jointly negotiate licensing terms.

Case #2 – Targeting Industries

- There is a risk that targeting industries will motivate those in the industries to form a joint defense group to share costs of litigations.
- Coordinated defense efforts from a large group of competitors can be difficult.
- Competitors may disagree on negotiation strategy, appropriate settlement amounts, or other important factors. A free rider problem exists in that a majority of the work for the group may be done by a smaller subset of the group.
- To date, RATKL has obtained significant settlements from many industry consortiums.
- Patent Office, Katz's patent licensing demonstrates that patent owners can enforce patents against groups of companies, in a collective fashion, without facing challenges to the patents in court. Companies opt to license the patents instead of going to court.

Case #3: Mass Mailings

- A growing trend with patent owners is the creation of licensing companies by lawyers and business people where the only corporate assets are patents.
- These patents may be purchased from individuals, bankrupt companies, or existing companies who do not believe they can or do not want to enforce the patent.
- One such licensing company bought a patent that they believed applied to on-line, searchable classifieds. The company sent letters to every newspaper company they could find with an on-line version of classified advertisements. Anecdotal evidence suggests that successful licensing fees were relatively meager sums ranging from \$10,000 to \$20,000—generally less than what a lawyer would charge to analyze the patent and provide an opinion. Nevertheless, such fees can total significant amounts, even if only a small percentage of the hundreds of companies take licenses.

Case #4: Targeting Customers/End Users

- Beginning in the early 2000's, one company sued dozens of companies using a particular industrial automation equipment to communicate information.
- Rather than suing the vendor for infringement, the licensing company—which purchased the patent from one of the vendor's competitors—sued the vendor's customers.
- Some suggest that the rationale for suing end users rather than the vendor is that end users are less willing than the vendor to fight and, thus, will settle quickly.
- From 1994 through 2001, the law firm won twenty multimillion-dollar jury verdicts in a row, garnering more than \$400 million for their clients.

Case #5- Pick & Choose targets

- Starting in 2003, Acacia Technologies Group (“Acacia”) began sending letters to hundreds of companies, asserting ownership in patents related to “digital media transmission (DMT) technology.”
- Acacia alleges that this DMT technology includes Internet streaming audio and video.
- Acacia has sent letters to universities with “e-learning” or “distance learning programs,” sports leagues with streaming video of live and archived sporting events, Internet pornography companies that provide video content, and others.
- Instead of suing colleges and universities, however, Acacia has filed lawsuits against more than fifty Internet porn companies.

Case #5- Pick & Choose targets

- Patent owners may choose to sue unsympathetic defendants—like Internet porn companies—or confront smaller companies with lesser resources and use them as a “straw man” defendant.
- Once the patent owner has a favorable court judgment, his or her licensing leverage increases.
- “Straw man” defendants may not challenge the validity of the patent as thoroughly as other, larger companies. Infact, they may help Court interpret the Claims in certain manner.

Patent Owner's Strategy

- Typically, a declaratory judgment action asks a court to declare that a patent is not infringed by the alleged infringer's technology or that the patent is invalid.
- One strategy employed by patent owners is to draft the license invitation letter in a way that avoids creating this "reasonable apprehension" so that they can control who they sue as well as if, when, and where there will be a suit.
- For example, the patent owner will avoid using terms that suggest litigation, such as "jury," "damages," "liable for remedies," or "past legal successes." The letters express concern for possible infringement without making any direct accusations.
- Courts have held that offering terms for a license is merely an invitation to engage in business transactions and not an implied charge of infringement.

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Popular Defenses: Before the letter

A variety of proactive activities can be carried out to limit the likelihood of adopting technology that infringes any patents before a company ever receives a letter from a patent owner.

1. Freedom to Operate Inquiry:

- Typically, a freedom to operate inquiry involves conducting a search to identify patents with claims that may “block” or “limit” the ability of a company to operate in a certain technology.
- A freedom to operate inquiry can provide a company with a better understanding of the patent landscape of a new technology before the technology is adopted, designed, or brought to market.

How to Conduct Freedom-to-Operate studies?



Freedom-to-Operate studies may entail the following steps:

- Understanding the product and it's features
- Conducting the Patent Searches – 1) Technology searches; 2) Competitor Analysis; and 3) Keyword Searches
- Identifying potentially infringing claims
- Mapping of elements of claims to Product features
- Preparation of formal report with conclusion/recommendations
- Identifying and Managing Intellectual Property risks and opportunities

Ofcourse there are critics who pint out the risk associated with Freedom-to-Operate studies. They say that:

- Such studies are costly
- It's standing in the Court is doubtful
- There is a chance of willful infringement that may lead to triple damages
- The results of such studies invariably start another chain of Invalidation Searches and Patent Litigation

Popular Defenses: Before the letter

2. Defensive Patenting:

- The phrase “defensive patenting” refers to obtaining patents for the sole purpose of creating prior art and preventing others from patenting or limiting the scope of patent claims available.
- Companies engaged in defensive patenting typically never plan to sue anyone for patent infringement.
- They hold their patents with the belief that obtaining patents reduces the likelihood that others will obtain patents and holding patents provides bargaining power against other patent holders.

Popular Defenses: Before the letter

3. Prior Use Defense and Defensive Publications:

- At least two defensive activities are available to businesses that do not file patent applications—documentation for the so-called “prior use” Defense and defensive publications
- Documenting use of technology within a company can provide records of prior use to thwart claims against methods of doing or conducting business for example, an Invention Disclosure Form.
- For example, a program of making defensive publications can generate pertinent prior art for the Patent Office to use in rejecting patent applications directed to similar technologies.

Popular Defenses: After the letter

The following are eight activities or “steps” that should be carried out after a company has received a letter from a “patent owner” offering one or more patents for sale or license.

Step 1: Contact patent counsel and send an initial response to the patent owner, asking for specific allegations and proof of the need for a license to the patent or patents.

- The first step in dealing with the patent owner is to contact patent counsel regarding the situation. A response to the patent owner’s letter should be drafted.

Popular Defenses: After the Letter

- Letter acknowledges the company's receipt of the patent owner's communication and that the company respects the intellectual property rights of others.
- Importantly, it emphasizes that the burden of showing the need to consider the patent or group of patents for a license is on the patent owner, not on the company.

Popular Defenses: After the Letter

Step 2: Determine dates of first use, sale, or offer for sale of the accused technology.

- A product manager or other suitable employee having information about the first use, sale, or offer for sale of the accused product or service should be contacted.
- The law is clear that something that was in commercial use or described in a printed publication prior to the filing date of a patent is prior art.

Step 3: Determine “exposure.” How much does accused product or service generate in sales? Profits? What are future plans for the product or service?

- Determine how many sales are made of the accused product or service, what profit the company made from these sales.
- Once financial and market information for the accused product or service is obtained, potential risks can better be understood.

Popular Defenses: After the Letter

Step 4: Examine the file history of the patent for statements that define what is and is not the “invention.”

- The file history includes all of the documents filed by the patent applicant and issued by the Patent Office during the proceedings that ultimately resulted in the issuance of the patent.
- The U.S. Patent Office has plans to have all file histories electronically available over the Internet.
- The file history may contain statements by either the applicant's representative (e.g., the inventor's patent attorney) or by the examiner that help clarify what the patent claims cover. These statements can place limits on what the patent claims cover.

Popular Defenses

Step 5: Examine foreign Counterpart patent applications and their file histories for helpful information, including prior art not cited to the U.S. Patent Office.

- Statements made during these proceedings can be just as helpful (or more so) as those statements made during proceedings with the U.S. Patent Office.
- Furthermore, the foreign patent offices may find prior art that the U.S. Patent Office did not find.

Step 6: Review the “proof” provided by the patent owner (if any) and conduct an analysis of non-infringement and/or invalidity.

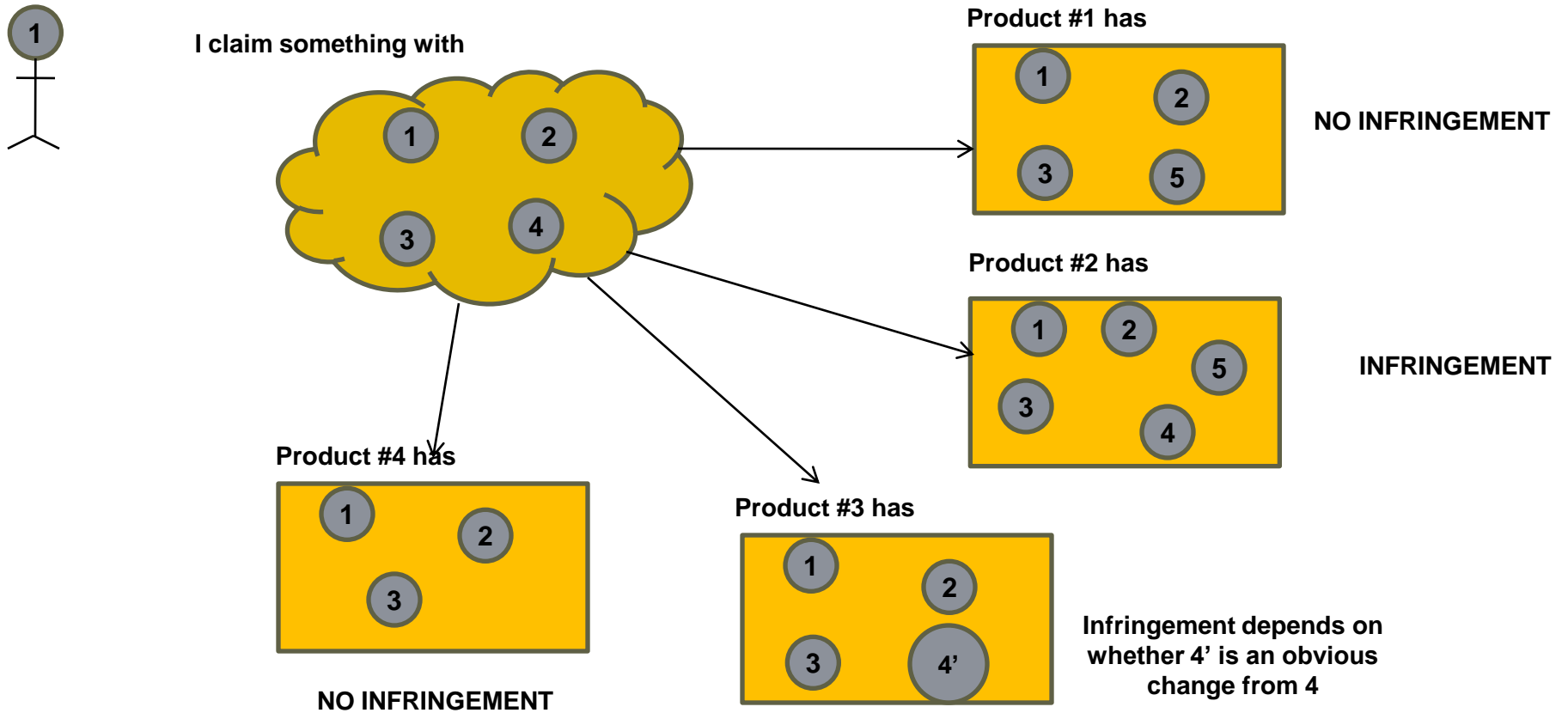
- Obtaining “proof” from the patent owner is often an ongoing process—as negotiations proceed, more and more “proof” may (or may not) be given.
- While attempting to obtain as much proof as possible from the patent owner, the company should have its own non-infringement analysis done.

Popular Defenses: After the Letter

a. Non-infringement Analysis:

- To literally infringe a patent claim, the accused product or method must contain each and every element of the asserted claim. A patent claim with elements 1, 2, 3, and 4 is infringed by something with at least all of these elements.

Popular Defenses: After the Letter

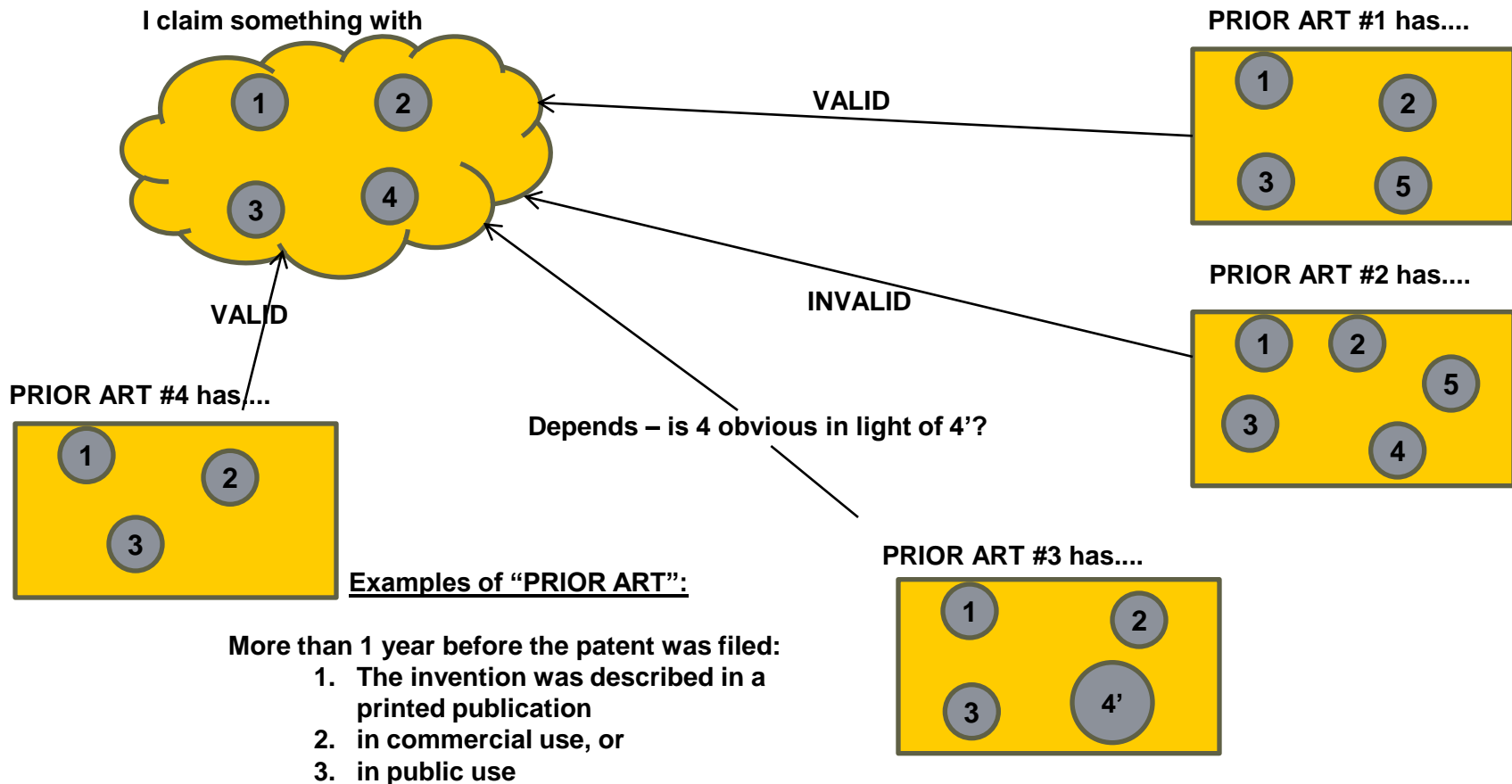


Popular Defenses: After the Letter

b. Invalidity Analysis:

- To prove that a patent claim is invalid, “prior art” must be shown to include all elements of a particular claim. Even if one claim can be shown to be “invalid” because it was in the prior art, the whole patent is not invalid.
- Each claim stands on its own and must be shown to be invalid individually.

Popular Defenses: After the Letter



Popular Defenses: After the Letter

Step 7: Determine whether to obtain opinion of counsel based on non-infringement or invalidity.

- One way to avoid a finding of willful infringement and the tripling of actual damages is to obtain an opinion of counsel that the patent is not infringed by the applicant's technology or an opinion of counsel that the patent is invalid based on certain prior art.
- An opinion of counsel can provide a company with important guidance for use in license negotiations and in litigation.

Popular Defenses: After the Letter

Step 8: Determine whether to seek re-examination from the Patent Office or a declaratory judgment from a U.S. federal court.

- Re-examination is a proceeding before the U.S. Patent Office that enables a third party to submit evidence of questions of a patent's patentability and, if the Patent Office finds the questions of patentability to be "substantial," the patent is re-examined.
- Re-examination can even be requested after the claims are found valid and the infringer has lost in court. The re-examination statutes and rules permit anyone to file with the Patent Office a request for re-examination of an issued patent. If the request presents "a substantial new question of patentability," the Patent Office will order a re-examination.

Popular Defenses: After the Letter

- Another option is to seek declaratory relief in the court, whereby the court declares the Patent as invalid and unenforceable.
- In 2004, the Electronic Frontier Foundation (EFF) began a project it calls “The Patent Busting Project: An EFF Initiative to Protect Innovation and Free Expression.”
- The EFF’s explanation of the “problem” and the “busting patents project” is available on its website, www.eff.org.
- Some critics question these efforts to save society from the evils of so-called “bad patents.”

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Saving Costs

- A variety of options are available to reduce the costs of dealing with allegations of patent infringement. Examples of ways to reduce costs include coordinating analysis or negotiation efforts with other companies.
- Coordinated efforts can help to reduce costs, exchange prior art, discuss strategy, divide up work, and push for early infringement contentions from the patent owner.
- Pushing the discovery costs to the Plaintiff is another example of savings costs.

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Conclusion

- To seek monetization of IP Portfolio, the Companies would require several techniques: Licensing, Cross-Licensing, Infringement Letters, Civil Suits for damages, etc.
- To prevent monetization, several pro-active or non-proactive Defensive mechanism are available to Companies.
- Whatever means are used, IP Protection and Commercialization will remain at market place. These cannot be ignored!



Confidence in a connected world.

Thank You!

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