

**AUTM Professional Development Programs**www.autm.net/events

The How-To's for Improving a Tech Transfer Office Legal Expense Review, Approval & Invoicing

Welcoming remarks will begin at
11:55 a.m. Eastern Time.

The formal presentation will begin at Noon Eastern

FOR AUDIO:

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The How-To's for Improving a Tech Transfer Office Legal Expense Review, Approval & Invoicing

Speakers:

Steven Bayliss, ISIS Innovation LTD

Kimberly Dunn, Thomas Horstemeyer LLP

Amanda Ottaway, North Carolina State University

September 30, 2015



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Questions?

We will be taking questions at the conclusion of the presentation.



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Operator Assistance

Audio difficulties: Dial 0 0

Other issues: +1-847-559-0846



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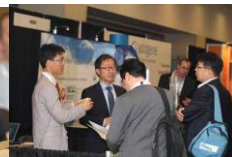
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• Access to AUTM Publications

- *AUTM Better World Report*
- AUTM Salary Survey
- AUTM Technology Transfer Practice Manual
- AUTM Licensing Activity Survey (currently for United States and Canada)
- AUTM Update

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Member Benefits

In-person and Online Networking

- Special Interest Groups (SIGS)
- Online Discussion Groups
- Volunteer committees
- Partnership Forum at Annual Meeting
- Meetings at national and regional levels

Additional Benefits

- Updates on legislative activity and how it affects you
- Meeting proceedings and presentations
- Member discount on the AUTM Licensing Activity Survey (currently for United States and Canada)
- Access to post data on the **Global Technology Portal**



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Steven Bayliss,
ISIS Innovation LTD



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Kimberly Dunn, GACP,
Thomas Horstemeyer LLP



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Amanda Ottaway,
North Carolina State University



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BEST PRACTICE – Is Plural not Singular

- It is simply what works for your office best!
- Gathering information based on practices of other similar organizations can make the task of creating SOPs easier. This allows for.....
- Clear instruction to your patent firm regarding fees, invoices, communication, processes also referred to as the *dreaded*

Attorney Guidelines



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Patent Prosecution Correspondence

What Do You Really Want to Know/See

- Have discussions with those within your organization who handle patent administration to determine what patent correspondence is necessary to the integral working of your office.
- What documents do you wish to receive from patent counsel?



Patent Prosecution Correspondence

What Do You Really Want to Know/See

- Do you want the kitchen sink or less? Reporting certain formalities may not be necessary?
- Advising your patent firm up front can effectively minimize internal review and reporting letters, which ultimately can lower patent expenses.



Managing Attorney Firm Expectations

- How do we want to receive correspondence?

Email Only, No Hard Copies

Correspondence and email: Please send all correspondence by e-mail only, we do not want follow-up hard copies. All correspondence should reference both the attorney docket number and the NC State case number. Attorneys should use the same matter ID/docket number/attorney reference number for both correspondence and invoices.

We have a "naming convention" that we would like you to use, if you do not use it currently:

- Include your docket number, our reference number, and type of attachment (Office Action, Application, etc.) in the email subject line.
Example: 297/201 PROV, NCSU Ref. 13051, Information Disclosure Statement
- Any additional information may be included as necessary (Action Required, Urgent, etc.)

We specify how each item should be labeled.

All official patent correspondence should be sent to ottpatents@ncsu.edu with a copy to the inventors, licensees, and NC State case manager. However, documents that require a signature (e.g. Declarations, Assignments, Entity Status, etc.) need to be routed through ottpatents@ncsu.edu and **not** sent directly to inventors and/or licensees, etc. OTT will review the forms, collect the signatures, and return the executed forms via scanned pdf.

When a new patent has been filed, please send a pdf copy of the filing acknowledgement with the full application to ottpatents@ncsu.edu with your firm reference/docket number, as soon as possible.

Copy the inventors and case managers.



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Managing Attorney Firm Expectations

- How do we want to receive invoices?

Billing: Unless the firm and NC State agree to other arrangements, we should be billed according to the fee schedule that you provided in your response to the RFP. Your invoices will be submitted via Electronic Expense Import (EEI) Invoicing. NC State cannot pay any invoice that bills at a higher rate than has been expressly approved by this office.

- We require a text file of the monthly invoices in LEDES1998 format and a pdf copy to be submitted to [Melicia Ryles \(melicia_ryles@ncsu.edu\)](mailto:Melicia.Ryles@ncsu.edu) with a copy to Roberta Terry (roberta_terry@ncsu.edu).
- Each line item must have an accurate as possible description based on the LEDES1998 codes. If you need a copy of this list, please contact [Melicia Ryles \(melicia_ryles@ncsu.edu\)](mailto:Melicia.Ryles@ncsu.edu). You should not use the codes for "Activity/Other" or "Expense/Other" unless no other code will adequately describe the activity or expense.
- The pdf copy of invoices requires a cover sheet that summarizes and totals the charges included. We endeavor to process statements for services and disbursements within thirty (30) days of receipt.
- Please send your invoices promptly. We will not pay invoices that are for billing periods older than 90 days.
- Please do not invoice for a matter if you have not already notified NC State of the docket number.

Electronic Expense Import (EEI)

File type and contact.

Examples NOT to use. Be specific!

We can't pay for expenses if we don't have the data.



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Managing Attorney Firm Expectations

- How do we want to receive invoices?

Provide required information:

- Institution Case Number
- Attorney Reference/Docket Number – BE CONSISTENT
 - 5051.201 5051-201
- Separate invoice for each patent
- Detailed description of work

If the invoices don't meet our requirements, we send them back.



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Managing Attorney Firm Expectations

- Other Routine Correspondence

Routine Correspondence: We recognize that you want to provide a service to us by sending us reminders and routine correspondence. However, in order to manage our patent portfolio in a cost efficient manner, we cannot pay for unnecessary correspondence.

Specify what you will and won't pay for.

- Annuities Reminders

Annuity/Maintenance Fee Reminders: While we expect reminders to be sent to licensees with an electronic copy to ottpatents@ncsu.edu for licensed patents, we do not wish to receive any individual reminders for unlicensed matters. We will not pay for fee reminders when the patent does not have a licensee. Annuity/Maintenance fee reminders should all be compiled into a single spreadsheet on a monthly basis.



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Managing Attorney Firm Expectations

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Specify what you will and won't pay for.

- Office Action Summaries

Office Action Summaries: You do not need to send us, and certainly must not bill us, for "reviewing and summarizing office actions." If an Office Action summary is needed, OTT will request one.



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Managing Attorney Firm Expectations

Government Sponsorship

- Always verify with OTT prior to including agency and grant information.
- Include **required** wording.
- Request changes be verified with OTT.

Because it is such an administrative burden to OTT when the language is not correct, if the language or contents of the support clause are incorrect, we expect you to correct it at no charge to NC State.



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Best Practices for Working with Outside Patent Counsel

Respond on time.

- Don't treat deadlines as flexible. Minimize the use of extensions.

Don't leave it until the last minute.

- If your Patent Attorney has to work late to act on your instructions it will be reflected in the bill.

Don't be vague or ambiguous.

- If your patent attorney has to constantly seek clarification of your instructions it will incur costs.

Plan ahead.


- e.g. Arrange execution of formal documents in advance so that they can be submitted with your instructions to Outside Counsel.
- Source and arrange for the provision of citations yourself.

Best Practices for Working with Outside Patent Counsel

- **Consider what communications you want your Outside Counsel to provide.**
 - Do you need publications to be reported ?
 - How often do you want to be reminded about Convention/PCT Nat Phase deadlines?
- **Consider what you can do yourself or via alternative providers.**
 - Instruct Foreign Associates direct.
 - Pay Renewals/Maintenance yourself or via a Renewals Service provider.
- **Make sure your Outside Counsel know who the client is.**
 - They should not take instructions from inventors for example.
- **Communicate via e-mail (request confirmation of receipt).**
- **Pay your Outside Counsel invoices in a timely manner.**
- **Use your Outside Counsel reference no.s.**

How-To's for Improving the TTO Legal Expense Review, Approval & Invoicing Process

Fee Structures

- Patent counsel is open to working with OTT office in offering a fee structure best suited for your situation.
- Always provide a budget -- unless your office has an open checkbook!
- Opt out of hourly  rate plans for most services.



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Fee Structures

One commonly used is a tier structure (flat fee based on complexity or value) i.e.

Category 1 – simple technology w/basic claim set; physical sciences

Category 2 – somewhat more complex, i.e. chemical that includes extensive claim set

Category 3 – most complex, i.e. biotech or invention which has multiple embodiments and extensive claims. Or an invention with voluminous figures



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Project	Flat Fee/ Hourly	Project	Flat Fee/ Hourly
U.S. Patent Preparation (excluding govt fees)		Patent Prosecution	
Provisional	\$1000 (\$750-1250)		
Review of cover sheet PROV. w/drafted claims		Category 1 Response Simple Response/Appeal Brief	\$1500 (\$1200-1800)
Category 1 Non-Provisional (based on coversheet provisional)	\$4500 (\$4000-5000)		
		Category 2 Response Average Response/Appeal Brief	\$2500 (\$2200-2800)
Category 2 Non-Provisional (based on coversheet provisional)	\$7000 (\$6000-8000)		
		Category 3 Response Complex Response/Appeal Brief	\$3500 (\$3200-3800)
Category 3 Non-Provisional (based on coversheet provisional)	\$9000 (\$8000-10,000)		
* An additional discount will be applied for all matters for a large transfer of matters to T H		# An additional discount will be applied when invoices are paid within 14 days of issuance of an invoice	



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Fee Structures

Other Common Fee Arrangements:

- Flat fees for specific projects; applications that are filed continuously, i.e. a center on campus that will always be similar in technical nature.

Tip: Good to indicate "not to exceed \$\$" rather than a fixed fee



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Fee Structures

- **Projected Fees - An Interesting Option.....**

A budgeted fee that incorporates everything from preparation and filing of application to all incidentals up to a first office action, i.e. reporting letters, etc.

Eliminates monthly invoices

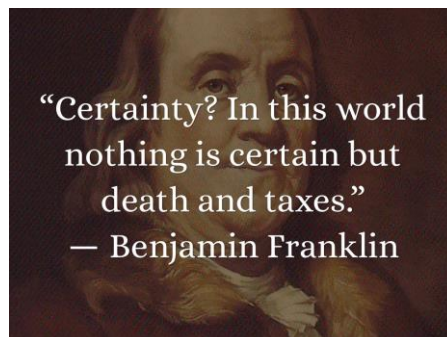


Using Fee Structures

- **When asking Outside Counsel to provide Fee Structures be very prescriptive and detailed regarding conditions and assumptions for pricing.**
 - Set out Fees for Outside Counsel, Official Fees and Foreign Associates charges.
 - Does Outside Counsel apply a Service Charge “mark-up” to Official Fees, Foreign Associate charges etc ?
 - Standard hourly rates for Partners, Associates, Paralegals etc. (including any discounts).
 - Draft & Provisional filing- set fee regardless of complexity?
 - PCT filing – (i) Assuming re-file of Provisional specification (ii) Assuming Attorney time required to incorporate new data.
 - Standard costs for National Phase territories in more frequently filed territories.
 - Charges for:
 - Travel to and from meetings.
 - Pre-filing discussions.
 - Docketing and reminders.

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Projecting Patent Expenses



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Projecting Patent Expenses

- Projecting Patent Expenses is NOT an exact science.
- The further you Project into the future the more unreliable your forecast becomes.
- Your Outside Counsel can help (see Fee Structures).
- There are services available that can help.
 - <http://www.patrafec.com/ip-forecaster/>
 - <https://www.quantifyip.com/global-ip-estimator/online/overview.aspx>

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FORECAST OF POSSIBLE PATENTING COSTS – 2014/19

Case Ref	Country	Application No.	Renewals Due	Estimated Costs	Known Official Actions Etc. Due	Estimated Cost	Potential Office Actions Etc. due	Estimated Cost	Remarks	Distinct Cost	Indistinct Cost	Total
4220	EPO	XXXXXXXX	ANNUALLY IN NOVEMBER	£ 3,729.00	Office action responding to objections raised in the Written Opinion of the ISA (due Jan-2015) → Express Claim Fees	£ 3,600.00	Estimate two office actions required until grant - and grant & validation cost to be incurred approx. 2017	£ 9,000.00	Assume patent will grant in 2017 and validation in Germany, France & UK.	£ 7,229.00	£ 9,000.00	£ 16,229.00
	China	XXXXXXXX			Exam request due Nov-14	£ 600.00	Estimate two office actions required until grant - and grant costs to be incurred approx. 2017 → Subsequent renewal costs.	£ 6,500.00	Renewals due after grant	£ 600.00	£ 6,500.00	£ 7,100.00
	USA	XXXXXXXX					Estimate two office actions required until grant - and grant costs to be incurred approx. 2017 →	£ 6,000.00	Renewals due after grant.	£ -	£ 6,000.00	£ 6,000.00
				£ 3,729.00		£ 4,100.00		£ 21,500.00		£ 7,829.00	£ 21,500.00	£ 29,329.00

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Managing Patent Expenses

Patent Expenses = PAPER.

OLD WAY:

50+ Paper Invoices per month
per person reviewed individually



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Managing Patent Expenses

Patent Expenses PAPER.

NEW WAY: ELECTRONIC EXPENSE IMPORT (EEI)

- Automated
 - Budget Parameters!
 - Only ~20% of invoices need to be reviewed
- <18 Invoices per month *per person* because system auto-approves.



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Foreign Patent Expenditure

Dépenses de brevets étrangers



Talk About Surprises

- Invoices related to US prosecution fairly simple to understand
 - Expectations met
 - Uniformity in patent prosecution



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Foreign Patent Expenditure

- Invoices related to foreign prosecution – not so much
- National Phase prosecution – variable and different for each jurisdiction
- More difficult to determine what is necessary versus not



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Foreign Patent Expenditure

Always best to request an estimate of potential costs when filing foreign

- Most estimates are based on certain criteria within a published PCT application to be used at National Stage
 - This can be provided by either a foreign associate or use of a global patent estimator program. Any other estimates would be too general and not at all accurate.



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Foreign Patent Expenditure

Estimates can be in the format of:

- Filing fees only \$
- Filing fees, plus examination fees \$ \$
- Filing fees, exam fees, grant fees, annuities \$\$\$

Note: Translations fees are also required in some countries

Country	Official	Associate	Translation	Misc.	In-House	Total	Estimated in Months**
EPO - Regional	4,295	2,939	0	150	2,000	9,384	60-72
Eurasia - Regional	2,218	1,236	3,486	85	1,100	8,125	60-72
ARIPO - Regional	2,275	5,285	0	85	1,100	8,745	60-72
OAPI - Regional	6,170	2,306	0	85	1,100	9,661	60-72
China	1,119	1,359	4,659	85	1,100	8,322	36-48
Japan	1,718	1,858	8,352	85	1,100	13,113	48-60
Brazil	661	2,135	3,105	85	1,100	7,086	48-60
India	590	951	0	85	1,100	2,726	60-72
Canada	535	1,700	0	85	1,100	3,420	36-48
Australia	627	1,950	0	85	1,100	3,762	36-48
Korea (South)	866	1,670	6,072	85	1,100	9,793	60-72
Mexico	554	1,293	3,602	135	1,100	6,684	36-48
Indonesia	268	2,593	2,732	85	1,100	6,778	48-60
Saudi Arabia	2,713	1,515	4,830	135	1,100	10,293	48-60
Colombia	690	2,639	2,481	135	1,100	7,045	36-48
Thailand	32	1,380	4,799	85	1,100	7,397	48-60
South Africa	54	1,655	0	85	800	2,594	12-24
Malaysia	438	1,044	0	85	1,100	2,667	48-60
Singapore	1,138	1,249	0	85	1,100	3,572	36-48
Israel	320	979	0	85	1,100	2,484	48-60
Egypt	911	1,045	2,001	135	1,100	5,192	48-60
Philippines	174	1,090	0	85	1,100	2,449	48-60
Total	28,497	41,416	50,948	2,220	25,900	148,980	
Russian Federation	130	1,543	4,829	85	1,100	7,687	

(*is not cheaper than filing in Eurasia region*)

**Time required for a patent to grant depends on number of factors, including registration procedure, entry of Request for Exam, subject matter of invention. Please note that the estimates provided above are based on deferring an entry of Request for Exam until a later date so as to save money up front and provide more time to assess whether to continue with pursuing a patent.

Foreign Patent Expenditure

What is missing from these estimates?

- Prosecution costs which include both your own patent attorney and the foreign agent
- Incidental costs such as
 - *filing Assignments, POAs, when required*
 - *legalizing/certifying documents when required*
 - *foreign filing license requirements*





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Foreign Patent Expenditure

Also not included is variable correspondence:

- Identifying timelines to amend claims, voluntary submission of prior art; translation issues; etc.
- These are all items which may appear on an invoice in which you are unfamiliar or unaware. @\$%\$%\$# whoops, not what we want!

A dual-edged sword exists.....



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Foreign Patent Expenditure

Example:

Receipt of EP Comm. 306 from FA. This is an invitation from the EPO to amend claims.

- This is standard reporting from an EP agent.
- After quick review of the application, it may be determined no need to amend claims.

So....



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Foreign Patent Expenditure

Choices are either:

- Send client reporting letter for receipt of EP306 correspondence indicating we will not respond (this is a billable activity); or
- Unilaterally proceed notifying FA no response necessary. No reporting letter to the client (no billable activity).

Either way foreign associate will submit a debit note for their reporting of the Communication!



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Questions? Comments?



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Discussion and Q&A

Click the raise hand button.

When called on, press * 7 on your telephone keypad to un-mute your phone.

Press * 6 to re-mute your phone.



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 Equity Based License Agreements
 Financial Conflicts of Interest
 Marketing: Whether By Traditional or Social Media, the Value
 Need to Know Basics of Technology Transfer for Support Staff
 Negotiation of License Agreements
 Nuts and Bolts for Compliance Under Federal Funding Awards
 The Basics of Open Source Licensing
 Tips for Managing MTAs
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- **Student IP**
- October 14, 2015





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Search groups for AUTM at www.linkedin.com



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AUTM Region Meetings



AUTM Central Region Meeting

July 18 - 20, 2016
The Pfister Hotel
Milwaukee, WI USA



AUTM Eastern Region Meeting

Sept. 29 – 30, 2016
The Westin Philadelphia
Philadelphia, PA

Registration Open Soon!



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AUTM Courses

AUTM TOOLS/ Essentials Courses

Oct. 5 - 7
The Westin Seattle
Seattle, WA USA



AUTM Business Development

Nov. 17 -18
Hyatt Regency Dallas
Dallas, TX USA



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Interested? Please contact Melinda Briggs – mbriggs@autm.net



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AUTM Annual Meeting



AUTM 2016 Annual Meeting

**Feb. 14 – 17
San Diego, CA USA**

