

Attorney's View on How to Select and Work with Patent Counsel

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Introduction

Technology transfer offices at a university or other academic institution have only one product to sell—technology. The value attributed to such technology is impacted heavily by the quality and scope of the intellectual property protection, specifically patent coverage. If a patent is drafted poorly or does not provide adequate coverage for the technology and reasonable extensions thereof, licensing opportunities may either be lost or greatly devalued. Unlike manufactured goods, patents are not made by machines—they are prepared by people, i.e., patent attorneys or patent agents. As a result, patents will vary in style and quality as a function of who prepares them. Due to the possibility of such variability, it is important to select carefully a patent attorney whose patent work will enhance the institution's prospects for obtaining profitable licensing arrangements. Guidelines on making this selection are suggested in this chapter.

Once suitable patent counsel is selected, it is important to develop a good working relationship between the patent counsel, the technology transfer manager, and any other individuals involved in these processes. One aspect of this developing relationship involves ensuring that patent counsel can prepare and prosecute patent applications in a manner that achieves good results in a cost-effective fashion. Beyond that, however, it is important to recognize that patent attorneys can provide general counseling, resolve inventorship issues, provide licensing and agreement support, and resolve disputes. Suggestions on how technology transfer offices can work effectively with patent counsel in all these areas are also provided in this chapter.

By selecting qualified patent counsel and developing a smooth working relationship with him or her, technology transfer offices can develop a resource that will ease their

workload and facilitate their ability to handle difficult situations. Inevitably, when patents are well-prepared and prosecuted, they become more valuable and licensing income may be enhanced. Making an appropriate selection of patent counsel and developing a good working relationship with him or her is one of the essential elements to operating a viable technology transfer operation.

Selecting Patent Counsel

The Patent Attorney

Attorneys and agents must be registered with the U.S. Patent and Trademark Office (USPTO) to practice before that governmental agency. Obtaining such registration is not like registering to vote. Patent attorneys and agents have passed an extensive examination given by the USPTO. To qualify to take this exam, attorneys and agents must have a degree in science or engineering or a sizable amount of course work in those areas.

Those with law degrees and admission to a state bar are registered as patent attorneys, while individuals who are not lawyers are registered as patent agents. In a law firm (as opposed to in a university setting) the practice of a patent agent is usually limited to preparing and prosecuting patent applications before the USPTO. Patent attorneys also handle these responsibilities and, additionally, may litigate patent disputes, prepare and negotiate license agreements, and provide legal advice.

Names of patent attorneys can be obtained from a variety of sources. Like most professionals, patent attorneys are best located by seeking references and by word of mouth. Listings in the Association of University Technology Managers (AUTM) directory and the USPTO's register of patent attorneys are potential sources; however, they provide no basis for distinguishing between the listed individuals. The local bar association or intellectual property law association may be somewhat better resources, because these organizations would have some knowledge about individuals' reputations in the community and, presumably, would recommend someone with a solid reputation.

As members of AUTM, technology transfer managers have an excellent source of counsel who have experience with academic institutions and have provided quality assistance to

peers in other technology transfer offices. A few calls to the technology transfer offices of other institutions should result in names of recommended individuals.

Another source of patent counsel recommendations is through local companies. Companies with their own in-house patent attorneys are still likely to use attorneys in private practice for some projects. As a result, in-house patent attorneys can be a very good resource. In companies with no in-house patent attorney capability, the individual in charge of research, development, or engineering or the company's general counsel are likely to be working with outside patent counsel and should have some recommendations.

Evaluating Patent Attorneys

Once the names of some patent attorneys have been obtained, the technology transfer manager is ready to begin the evaluation of those recommended. The following items are offered as criteria to be considered when determining which attorney will best meet the needs of the institution:

- size of the attorney's firm
- scope of the attorney's legal experience
- attorney's experience with academic institutions
- attorney's technological background
- firm's location

Size of the Firm

One consideration is the size of the firm with which the attorney is affiliated. Large firms will have a critical mass of patent attorneys and the resources to handle whatever problems the institution might encounter. These resources include large libraries, access to databases, staff to maintain and utilize these resources, etc. The staff of patent attorneys at a large law firm is likely to include individuals with biotechnology, chemical, mechanical engineering, and electrical engineering backgrounds, so that the firm can handle work in virtually any technology.

In addition, these attorneys will collectively have experience in patent prosecution, litigation, intellectual property counseling, interferences, and licensing. As a result, a large law

firm is generally able to handle most any legal problem that confronts a technology transfer manager.

On the other hand, smaller firms might have the advantage of lower cost while having individuals with the skills needed to service the institution. Although firm size is a consideration, its significance should not be overstated. The technology transfer manager will be working with individual attorneys, and, therefore, the attorney's capabilities should receive the bulk of the manager's attention during this evaluation process.

Scope of Legal Experience

A manager should know the patent counsel's scope of legal experience. Because a significant portion of the work required by technology transfer offices involves preparation and prosecution of patent applications, the attorney selected should have a solid patent prosecution background. Careful scrutiny of an individual's capabilities in prosecuting patent applications is appropriate. Ask how long the attorney has been doing such work, how many applications he or she has prepared and prosecuted, etc. Make sure the attorney does a significant amount of original patent application drafting as opposed to prosecuting cases that originated overseas.

Ask to review patents and patent applications that the attorney prepared and the files of issued patents he or she prosecuted (these are publicly available after the patent issues or when the patent application publishes). The technology transfer manager should also examine whether the attorney being considered has experience in other areas, such as litigation, interferences, licensing, and counseling. There will inevitably be times when a technology transfer office will need such skills.

Experience with Academic Institutions

It is also beneficial for the patent attorney selected to have experience representing academic institutions. Attorneys with such a background are comfortable working with technology transfer offices as clients and in dealing with faculty. Unfortunately, such experience includes the ability to prepare patent applications under the seemingly constant pressure of filing a case prior to publication.

Another facet of expertise in handling patent matters for academic institutions is the ability to work with faculty who have little knowledge about intellectual property and have a variety of undertakings competing for their time and attention.

Lastly, the attorney needs to be acquainted with procedures commonly used by technology transfer offices to delay or minimize costs. For example, patent counsel should be familiar with the Patent Cooperation Treaty procedure for foreign filing to delay payment of national filing fees in the selected foreign countries. Further, patent counsel without experience working with universities may not know Bayh-Dole regulations, such as the fact that a reference to government rights should be inserted in the specification. Rapport and mutual respect between patent counsel and faculty inventors are also crucial to cost-effective strong patent protection.

Technological Background

Another selection criterion is the extent that patent counsel's personal or the firm's technological background matches the needs of an academic institution. Larger institutions may have work in a myriad of technologies from electrical engineering to biotechnology. As a result, such institutions must retain different attorneys with these backgrounds (or a firm with such attorneys).

On the other hand, a smaller institution, such as a medical center, may only need an attorney with a biotechnology or medical background. In selecting patent counsel, technology transfer offices should evaluate their needs technologically and find someone with a matching background and assure that counsel has sufficient depth within the needed technology areas.

The Firm's Location

How close are patent counsel's offices to the institution? Generally, it is preferable to utilize a local attorney if he or she is otherwise satisfactory. If there is no local attorney with the necessary legal and technical expertise, however, proximity must give way to quality. If a manager needs to go outside the local vicinity to find a patent attorney with suitable credentials, the manager should try to structure the relationship so that the attorney has

maximal opportunities to be at the institution. For example, if possible, the technology transfer manager should give the attorney more than one project to work on at a time so that he or she can come to campus, talk to the inventors, and handle the matters in a cost-effective fashion.

Personal meetings between technology transfer office personnel and patent counsel are also important in fostering a good working relationship and making it easier for the technology transfer manager and office staff to receive advice. When personal meetings are not possible or cost effective, a patent attorney outside the local area should be able to work effectively with the technology manager and the institution's faculty by telephone, e-mail, fax, overnight courier, and other means, such as scheduled annual meetings.

Selecting one Firm vs. Many

Another criterion to consider in retaining patent counsel is how many individuals or firms the technology transfer manager should select. This depends on the volume of work generated at the institution. The technology transfer manager must, of course, select enough individuals or firms to handle the institution's work volume. On the other hand, it is preferable to use as few firms as possible to ease administrative requirements on the technology transfer office and to increase the visibility of the office within the firm. It is also easier to establish a good working relationship and to ensure that the institution's procedures are followed when only a few firms are utilized.

Nevertheless, it may not be a good idea to use only one firm, because that firm may not be able to handle certain projects for any of a variety of reasons. For example, the legal profession has rigorous conflict-of-interest standards that prevent attorneys from representing one client in an action against another client. In patent matters, conflict-of-interest issues are complicated by the need to avoid representing clients with technologically similar inventions. It is difficult to anticipate conflict-of-interest issues; they may never arise or may arise years after patent counsel is first retained.

Another potential problem is that the counsel or the firm selected may not, at some distant time in the future, have the capacity to handle a particular project. This may occur

because the attorney or his or her firm are otherwise engaged or lack the required technical expertise. Rather than dealing with a conflict-of-interest or a lack-of-capacity situation on a crisis basis, it may be better to select and work with a backup firm that can handle such projects.

Conditions of Representation

Once the technology transfer manager has selected patent counsel, the conditions of representation should be established. In many jurisdictions, lawyers are required to establish such a relationship in writing through an engagement letter.

One purpose of the engagement letter is to establish contact people on both sides to handle administrative matters, particularly billing issues. The technology transfer office should select the person from its staff who is most likely to interact with patent counsel as counsel's contact person. The retained attorney or law firm will designate the attorney who will prepare and send out bills. It may also be appropriate to use one attorney as the point of contact between the institution and the law firm. That person can act as ombudsman within the law firm to ensure that the institution's special needs or requirements are met. It is still a good idea, however, to know which attorney will be taking primary responsibility for particular projects and to ensure that that individual is qualified.

The engagement letter should also establish billing procedures. Because most law firms work on an hourly rate basis, the engagement letter will likely specify attorneys, agents, and other personnel and the billing rates for those likely to be handling the institution's work. There is also occasional use of alternative billing procedures, such as fixed fees or fee-and-equity combinations. Further, some technology transfer offices choose to pay their counsel a monthly retainer fee to cover routine counseling and advice. This makes technology transfer office personnel and faculty less reluctant to contact counsel with small but important questions. The terms of any special fee arrangement should be stated in the engagement letter.

The engagement letter will also specify billing cycles. Generally, bills are rendered by most law firms every month and other costs, such as USPTO charges, legal research resources, travel, and copies are addressed at that time.

Another feature of the engagement letter will be a specification of the bill content. An acceptable bill will include, on a daily basis, an indication of which attorney worked on a particular project, the amount of time spent daily on that project, and what that work involved. This will make clear the services for which the technology transfer office is being charged. Block bills containing a narrative of all work done on a particular project without specifying which attorney did that work, how much time that attorney spent on a particular task, and when that task was done should not be accepted.

Regardless of whether there is an engagement letter, the technology transfer office should state what it expects from counsel in general and on every project. For example, as a general matter, the technology transfer office—not the faculty—is counsel's client. This is a seemingly simple concept, because the technology transfer office is receiving and paying the attorney's bills. Nevertheless, things can become confusing in academic settings where patent counsel is working heavily with faculty members who operate somewhat autonomously. It is easy for such faculty members to regard patent counsel as their attorney and to begin asking the attorney to perform tasks without approval by the technology transfer office. The technology transfer office should emphasize to both counsel and faculty that patent counsel represents the technology transfer office—not the individual faculty member—and that any patent work the faculty member wants carried out should be channeled through the technology transfer office.

Working with Outside Patent Counsel

Allocation of Work

Having selected patent counsel, the technology transfer office should begin establishing a working relationship with that attorney. Determining how work is to be allocated between patent counsel and the technology transfer office is an important starting point in establishing such a relationship. Generally, the less work that is sent to the attorney, the lower the technology transfer office's legal fees. On the other hand, the more work the technology transfer office retains for itself, the less time its staff will have for other matters and the expertise of the attorney will be lost. It is, therefore, important for the technology transfer office to assess how its resources are to be utilized and then to distribute its workload accordingly.

Evaluating the Invention Disclosure

Quite often, a technology transfer office will receive an invention disclosure from a faculty member while the underlying research is ongoing. An evaluation must then be made to determine whether the matter is ripe for filing a patent application. The technology transfer office should consider:

- whether there has been or will be a public disclosure regarding the invention;
- what the stage of development is, what is planned, and how it is being funded;
- whether that publication will enable those skilled in the art to practice the invention; and
- whether meaningful protection can be obtained at this stage of the invention's development.

Generally, the technology transfer office should make an initial effort to decide whether (and when) a patent application should be applied for on a particular technology. However, where resolution of this issue becomes legally and technically complex, patent counsel should be consulted.

Another important consideration with respect to a newly submitted invention is whether that *invention warrants an investment* in patent protection. This decision should be made by the technology transfer office that has experience in marketing and valuing technology.

Prefiling Patentability Evaluation

Once the technology transfer office makes a preliminary decision to proceed with obtaining patent protection, it is advisable to make a *prefiling patentability evaluation*. An initial evaluation of this type can be conducted by the technology transfer office if it has access to computer search databases or is willing to work directly with an outside search firm. Generally, computer searching is appropriate for biotechnology and chemical inventions.

On the other hand, devices are best searched by manually reviewing the USPTO's collection of patents in the relevant area. The technology transfer office, of course, must have the staff to conduct and/or evaluate such searches.

One possibility to increase staff assistance in a technology transfer office is to use engineering or law students at the institution on a part-time basis for such work. When utilizing such part-timers, however, it is recommended that their role be restricted to gathering information for evaluation by patent counsel or a staff person who has experience in evaluating patentability. Staff persons making initial patentability evaluations need to acquire a working knowledge of patentability standards and what is prior art (i.e., subject matter capable of preventing issuance of a patent). An ideal way to gain such an understanding is to attend AUTM programs on the subject. Other organizations also have basic courses about patents and patentability. Ultimately, however, knowledge is best obtained over time by working with (and learning from) patent counsel.

A technology transfer office that does not have the staff to make an initial patentability evaluation should send disclosures out to patent counsel who can then arrange for a patentability search and make an evaluation. This, of course, is the more expensive route, because patent counsel is taking responsibility for obtaining a patent search, evaluating that search, and providing a recommendation. Many technology transfer offices, however, utilize this approach because their staffing resources are committed to marketing and technology transfer.

It is important to discuss the scope of claims the attorney thinks are likely to issue so that you can determine whether those claims will be commercially relevant, i.e., licensable.

Preparation and Prosecution of a Patent Application

Once a patentability search has been obtained and a decision is made to proceed with preparation and prosecution of a patent application, patent counsel will bear the bulk of work responsibility. Nevertheless, the technology transfer office should act to facilitate the process (i.e., to minimize costs and ensure that there is valuable intellectual property to license). This can be achieved in a number of ways.

Inventor Participation

The technology transfer office should make introductions between patent counsel and the inventor(s) personally or by mail. The technology transfer office should insist that

the number of meetings between counsel and the inventor(s) be held to a minimum. In most cases, one meeting to discuss the invention and one meeting to discuss a draft application is sufficient. Brief telephone conferences can be used to fill in gaps left by such meetings.

It is important to impress upon the inventor(s) the need to cooperate with counsel's requests for information. The inventor should furnish any draft journal article, grant application, prior publications, and/or patent application related to the invention to facilitate preparation of written examples for the patent application. If the article does not provide sufficient information for examples, the inventor will be requested to provide additional experimental writeups. This often requires a fair bit of work, but the inventors are much better able to do this than patent counsel. Moreover, having the inventors undertake this task (as opposed to patent counsel) will reduce cost.

For biotechnology and chemical inventions, patent applications will frequently be faced with a rejection under 35 USC § 112 (first paragraph), because the application's disclosure does not support the broad scope of protection being sought. To overcome this problem, the scope of protection may have to be narrowed to an often unacceptable extent. Applications based on little more than draft publications are particularly susceptible to such problems, because publications generally report only what work was actually carried out by the researcher; it does not usually discuss alternatives or how the invention can be expanded. To obtain a broad scope of protection, the inventor(s) will be requested to assist patent counsel by providing information about how the invention can be utilized. The technology transfer office should impress upon the inventor(s) the importance of their cooperation in this regard so that commercially valuable patent rights are obtained in a timely manner.

Duty of Disclosure

It is important for the technology transfer office to understand the duty of disclosure to the USPTO. Under this duty, patent applicants must disclose all information that a reasonable examiner would consider material in deciding whether a patent should issue. Inventors must not submit inaccurate data or neglect to submit bad data and must dis-

close all patents, publications, and other disclosures (i.e. prior art) that would be relevant to patentability.

In the drafting process, it is often helpful to have copies of prior publications and/or patent applications relating to development leading up to the invention. Counsel can pay to obtain copies of these publications, but it is more cost effective for the technology transfer office to provide them. This includes the inventor's own efforts to disseminate information as well as those of others. Published abstracts and information disseminated at poster sessions must also be disclosed. This duty is not extinguished upon filing of the application. If the inventor discovers prior art after his or her application for patent has been filed, he or she has a continuing duty to submit such information to the USPTO.

Coordinating Patenting with Commercial Activity

It is also important for the technology transfer office to advise patent counsel what aspects of an invention it regards to be valuable. The attorney can then frame the patent claims in a way that will provide the desired protection and enhance licensing opportunities. It would be prudent for the technology transfer office to monitor what is being claimed initially and throughout prosecution to ensure claim-scope expectations are met.

Most U.S. patent filings by nonprofit entities are entitled to a 50 percent reduction in fees paid to the USPTO as a result of qualifying for small-entity status. However, if patent rights are exclusively optioned or licensed to a company with more than 500 employees, the university is not entitled to such a reduction in fees going forward. Failure to pay the proper fees jeopardizes the validity of any patent. Therefore, it is important for the technology transfer office to advise the patent attorney when an exclusive option or license is granted to a company so that the entity status can be evaluated and the correct fees are thereafter paid.

The nonexclusive license to the U.S. government arising from federally funded inventions pursuant to 35 USC 200, et al., does not affect the ability to qualify for small-entity status.

Office Actions

After the application has been filed, the USPTO will eventually issue an office action that must be responded to by patent counsel. Generally, counsel will need input from the inventors when preparing this response. The technology transfer manager can assist in this process by stressing to the inventors that a prompt response to the attorney's request for information or additional experimental data is imperative and will save money in unnecessary fees. If a response to the USPTO office action is filed without all the information requested by counsel, it is likely that the USPTO will mail another office action; thus requiring the technology transfer office to incur the expense of filing another response, which includes the information that should have been put into the prior response.

In responding to office actions, extensions of time can be obtained by payment of additional fees. However, doing so may reduce the term of the patent, if one eventually issues. As a result, there should be limited use of such extensions.

Foreign Filing

After an application is on file, counsel will eventually inquire as to whether the case needs to be filed overseas. Decisions on foreign filing require consideration of whether:

- the return on foreign filing justifies the expense;
- such filing is going to be considered valuable by domestic licensees; and
- the invention has sufficient value to attract a licensee in a particular foreign country.

There are, of course, other factors that must be considered in deciding whether to foreign file, but they are beyond the scope of this chapter. A technology transfer manager should provide the attorney with plenty of advanced notice about foreign filing plans. This will enable the necessary papers to be prepared without rushing at the last minute or paying a surcharge to foreign counsel. Estimates of the filing costs, including translation fees, are useful in evaluating options.

Further Research and New Data

After an application is filed, inventors often breathe a sigh of relief and assume that they are done with patent applications. They then continue their research without informing the technology transfer office or patent counsel of any developments. This is unfortunate, because such later work can be the basis for further (and, indeed, often more valuable) patent protection. The technology transfer manager should impress upon the inventors the need to keep the technology transfer office apprised of future development—positive and negative—as well as licensee activity in development and commercialization, so this can be conveyed to the patent counsel.

Maintenance Fees and Annuities

Once patent protection is obtained in the United States or overseas, it is necessary to decide who will be responsible for paying maintenance fees and annuities. The technology transfer office can undertake this task itself or work directly with an annuity service. On the other hand, it can rely upon patent counsel and counsel's docketing system to handle this task.

Working with Patent Counsel on other Matters

Working with patent counsel should not be thought of only in terms of preparing and prosecuting patent applications. There are a number of other areas where counsel can provide valuable assistance.

Dispute Resolution

Quite frequently, inventorship disputes arise in academic settings. These issues are best resolved before any patent application is filed.

Inventorship disputes may arise between faculty members and their graduate students. Sometimes, graduate students are merely a pair of hands who simply follow instructions from the faculty member. In other situations, the student conceived or helped conceive the invention. To make a proper inventorship determination, it is necessary to interview the parties and review their documents to ascertain each inventors' contribution. Patent

counsel should have a level of expertise in resolving inventorship disputes that will make all parties involved feel that their views have been properly considered.

Faculty often collaborate with scientists at other institutions or companies. Such collaboration is rarely undertaken with an eye toward patents. However, once a decision is made to go forward with a patent application, disputes can arise regarding who will be named as inventors. Again, patent counsel can be useful in investigating the situation and providing an opinion on how to resolve the matter. This is particularly important when dealing with a collaborating institution or company, because, in order to maintain what has been up to that point a good working relationship with the collaborating institution, the technology transfer manager may choose to use patent counsel as an advocate to resolve these conflicts. Moreover, early involvement of patent counsel in any such dispute will enable the attorney to position the dispute to the advantage of the client—the technology transfer office.

Preparation and Negotiation of Agreements

Patent counsel can also provide technology transfer offices with support in the preparation and negotiation of licenses and other intellectual property agreements. Some technology transfer offices have a great deal of experience in these efforts but a skilled patent or licensing attorney often can make a unique contribution based on experience in many deals for a variety of types of clients.

For instance, counsel can prepare agreements, review draft agreements from potential licensees or the technology transfer office, provide selected clauses for inclusion in any agreement, and negotiate with potential licensees. Involving patent or licensing counsel in such negotiations is particularly critical where discussions are centered around substantive patent issues, such as the scope of patent protection available and whether the potential licensee has rights in the subject technology due to a dispute over inventorship or over who was first to invent.

Patent counsel should be involved in such due-diligence investigations and negotiations to help persuade potential licensees that his or her client has a meritorious position. At

the very least, patent counsel should be kept apprised of the substance of any license negotiations so that any changes needed to enhance the quality of the application can be promptly made.

Interference Proceedings

Issues of priority of invention (i.e., who was first to invent) are resolved in the USPTO through proceedings known as interferences. Often, these issues become apparent during license negotiations as discussed above. Alternatively, the inventors may become aware of similar work by others when they attend conferences. No matter how this information becomes known, it is important that patent counsel be kept apprised. This enables the attorney to undertake a strategy that will put the technology transfer office in the most advantageous position possible in any interference proceeding. The attorney should be involved in such situations at a very early stage and should meet with the inventors to discuss strategy. In the event that an interference is declared, such a proceeding is like a minipatent litigation. This is a complex proceeding, and patent counsel will need to be involved. Indeed, the attorney or patent agent should be the institution's representative in any such proceeding.

Available to Answer Questions

Lastly (and most importantly), patent counsel can serve a technology transfer office by being available to answer simple questions on intellectual property matters. Most patent counsel are willing, without charge, to help a technology transfer manager in patent-awareness efforts by giving seminars to groups of institution faculty or participating in special events such as invention fairs relating to the technology transfer program. By providing such advice to that office and faculty, patent counsel can help ensure that protection for valuable technology is not lost but, instead, enhanced.

Conclusion

The product sold by technology transfer offices is their technology. The patents covering this technology are an important investment often critical to incentivize the investment required by a licensee to develop and commercialize the technology. To ensure that there

is a valuable product to sell, it is important to select the institution's patent counsel carefully. Once counsel is selected, a good working relationship with him or her should be actively pursued. This will ensure that quality patents are obtained in an enjoyable, efficient, and cost-effective manner.