The only thing that keeps us alive is our brilliance. The only way to protect our brilliance is our patents.

—Dr. Edwin Land

**PATENT PROTECTION STRATEGY—AN OVERVIEW**

Until the early 1980s, patent practitioners were relegated to the backwaters of the legal profession. In many large companies, patent lawyers did not report to the general counsel. In some companies patent lawyers were not even members of the law department. Rather, they worked for the head of research and development or for the chief engineer. Hence, the term “patent engineer” was a common job title.

In the 1980s, when President Reagan perceived a threat to the U.S. economy from Japan’s technological prowess, he conceived the need for a strengthened enforcement system for patents belonging to American businesses. The result was the creation of the Court of Appeals for the Federal Circuit (CAFC) to unify and strengthen the patent law system. As
a result, not only did the United States defeat Japan’s threatened technological superiority, it also increased respect for patents in the business community.

Businesspeople came to realize that a patent and the exclusionary rights it provided represented a valuable asset. This realization produced several results. First, the number of patent applications skyrocketed. Second, the number of patent infringement lawsuits increased. When the business community recognized that a patent was a valuable asset, it needed a strategy to manage this valuable asset. All that had been written about managing invention protection up through the late 1980s could fit into a three-ring binder. Only a handful of schools in academia perceived the need for methods to manage invention protection.

PATENT PROTECTION STRATEGY—A HISTORY

One of the first to provide an in-depth treatment of the management of intellectual capital, particularly patents, was Leif Edvinsson, an executive at the Swedish financial services company Skandia. His book *Intellectual Capital* has become a modern classic. Shortly thereafter, Patrick H. O’Sullivan became the first U.S. author to publish a book on the management of patent assets, called *Introduction to Intellectual Capital Management*.

On October 3, 1992, in an article in *Fortune* magazine, Thomas A. Stewart predicted that the value of U.S. businesses would transition from tangible to intangible assets. While the idea was not new, this article was first to popularize it in the mainstream business media. In 1999, the book *Rembrandts in the Attic* was published by the Harvard Business School press. Authors Kevin Rivette and David Kline described how various companies were monetizing their patent assets. *Rembrandts in the Attic* caused patent counsel to search their portfolios of patents for claims having a broad scope that might be asserted against potential infringers. This practice became known as “patent mining.”

The next book examining management of patent assets taught that one size does not fit all when managing patent assets. Julie Davis and Suzanne Harrison, authors of *Edison in the Boardroom*, taught that there were five types of patent owners and, thus, five types of strategies for managing patent assets. Not readily apparent from the book jacket was that one of the authors, Suzanne Harrison, is the daughter of the first American scholar in patent asset management, Patrick H. O’Sullivan.
An unexpected consequence of *Rembrandts in the Attic* was the creation of businesses to locate and buy patents with claims having a broad scope to pursue infringers. These businesses were pejoratively labeled “patent trolls.” One of their suits, *NTP v. RIM*, involved the well-known BlackBerry handheld device for e-mail communication. The end result was that the plaintiff, which made no products and owned patents only to pursue infringers, obtained damages of $612.5 million. These huge damages sent a scare through U.S. businesses.

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<th>NTP sued RIM for patent infringement. A jury found NTP’s patents valid and infringed in 2002. RIM faced the possibility of a permanent injunction and monetary damages.</th>
<th>RIM appealed the jury’s verdict to the CAFC. The CAFC generally upheld the jury’s verdict. RIM obtained a rehearing by the CAFC en banc. The earlier judgment of infringement of seven claims was affirmed, and the infringement of six claims was reversed. These six claims were sent back to the trial court for reconsideration.</th>
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<td>The Director of the USPTO initiated a reexamination of NTP’s patents. The reexamination produced a rejection of the patents containing the claims found to be infringed by the CAFC. This rejection was appealed to the BPAL. During these proceedings, the trial judge pressured the parties to reach a settlement.</td>
<td>RIM paid RTM $612.5 million. At the time of this writing the reexamination of the NTP patents continues.</td>
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An unexpected consequence of the *NTP v. RIM* judgment was an opinion by the United States Supreme Court limiting the ability of businesses who were not product manufacturers, but only patent owners, to obtain injunctions against infringers. This opinion represented a major change in U.S. law, and a major blow to businesses whose mission was to buy patents for the purpose of pursuing infringers.

Some forecasters predicted a business revolution based on the recognition of the large value of intellectual capital. The predicted revolution has yet to occur. However, intellectual capital continues to garner the attention of the business press. See *The Wealth of Knowledge Intellectual Capital and the Twenty-first Century Organization* by Thomas A. Stewart, and *Business Power: Creating New Wealth From IP Assets* by Robert Shearer and Robert C. Cresanti.

Increased attention to the management of inventions appears to have produced an increase in patent infringement lawsuits. While businesspeople of
prior generations were exposed to patent infringement litigation only by reading an infrequent article on the last page of the business section of the newspaper, now patent infringement litigation is a realistic possibility. In addition to involvement in time-consuming and attention-distracting litigation, potential exposure to large damages is a real threat. The time to learn how to manage patent infringement litigation is not in the wake of being sued but well before any litigation begins. That is the purpose of this book.