How to Hire an IP Attorney and Not Go Bankrupt

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ABSTRACT

As a result of the growth in intellectual property (IP) protection, more and more institutions are establishing technology transfer offices (TTOs) to spearhead or support the effective transfer of technology. These offices serve a variety of functions, all of which must be integrated in order to transfer the technology cost effectively and to benefit the institution. One responsibility of a TTO is to provide services: from strategy development to contracts and agreements; from patenting to trademark protection; and from conflict-of-interest analysis to negotiation support. In all of these areas, legal inputs are important, and few offices will have the necessary range of in-house expertise. Gaining access to and developing relationships with attorneys are important elements in any strategy to set up effective TTOs. This chapter provides important information for deciding how to select and work with an attorney (or attorneys) who will provide IP backstopping to the TTO.

1. INTRODUCTION

The process of hiring an attorney to represent your IP interests can be complex and costly. It is therefore important that your office finds dynamic, effective, and user-oriented representation from the beginning—first impressions really do count. The support of administrators and scientists to the technology transfer office is critical, especially in the first few months and years of its operation. Hiring the right lawyer can really help you achieve your IP goals.

The technology transfer office (TTO) serves many masters and has a range of functions; this makes it very important at the outset to clearly define the scope of the office and the ways in which work will be analyzed and implemented.

2. THE ATTORNEY-CLIENT RELATIONSHIP

The legal relationship between a lawyer and a client is protected under a special set of legal rules that encompass the concepts of "client confidentiality" and "legal privilege." This umbrella of confidentiality and legal protection from disclosure is an important part of the relationship, that allows attorneys and clients to deal with sensitive issues without compromising a client's privacy. This confidentiality can be particularly important when a staff member of a client company wishes to discuss a matter that involves disclosing potential wrongdoing but does not want to risk having the disclosure made public. It is important early on in the relationship for the client to understand the nature of this special relationship and use it effectively for the benefit of the TTO.

3. THE SCOPE OF THE TTO AND ITS LEGAL-REPRESENTATION NEEDS

Establishing the scope of the work for the TTO is an important initial step. The TTO should be able to provide a comprehensive IP service without being overwhelmed with work and

Dodds J. 2007. How to Hire an IP Attorney and Not Go Bankrupt. In *Intellectual Property Management in Health and Agricultural Innovation: A Handbook of Best Practices* (eds. A Krattiger, RT Mahoney, L Nelsen, et al.). MIHR: Oxford, U.K., and PIPRA: Davis, U.S.A. Available online at www.ipHandbook.org.

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obligations. The types of issues that need to be debated and resolved will affect the type of legal representation required and should include the ten items discussed below (see also Box 1).

3.1 *Strategy development*

A critical initial role of the lawyer should be to work closely with the TTO to develop an IP strategy that delivers benefits most effectively to the institution or company (more about this will be explained below). Early decisions on the goals and strategies of the institution or company will save funds later (for example, money can be saved by not filing applications deemed frivolous to the goals of the TTO). Helping the client to decide goals and strategies may be one of the most critical jobs for the lawyer, whose assistance in devising the new strategy is crucial to the long-term success of the IP office. Ensuring that expenses are incurred only in those areas that fit the strategy is also crucial.

3.2 *Patenting*

The area of patenting includes patent searches, work related to freedom-to-operate, prior art searches, patent filing, patent maintenance, and so forth.

In your discussions you need to think about whether the type of patenting done by the TTO will involve utility or design patents, or utility patents on plant. When should provisional applications rather than nonprovisional applications be used? If in doubt, use a provisional application to buy yourself a year to seek partners and develop interest in the concept. (You also need to be aware of the Patent Cooperation Treaty provisions and when to apply them in order to file for multicountry coverage.) It is vital to involve a patent attorney in these steps of the process and to be guided by him or her as to the nature of the subject matter. Try to develop a portfolio of experts that can be called upon to advise you when patents are being sought in their particular areas of expertise.

3.3 *Trademarks and copyright work*

The trademark area is often significantly underused. Product branding is an important marketing element in a global environment. Think of the brand value of names such as Coca-Cola® and Kodak®. Again, use the guidance of the lawyer when choosing for inventions, their names, logos, slogans, and so forth, so as to minimize costs later when dealing with potential infringement actions.

Copyright is a simple and cheap form of protection; it is useful for books, papers and databases. In the genomics area, more attention is being given to using database protection as a cost-effective form of IP coverage. The use of this type of IP in the overall strategy development of an office is critical. As an example, companies such as Celera Genomics and Human Genome Systems have used highly effective copyright and contract law provisions to protect and exploit their databases on sequence data.

3.4 *Trade secrets*

Protecting innovative ideas from becoming public knowledge is the cheapest form of coverage—it is free! And not very popular with IP lawyers! The downside of this IP approach is that you *must* keep your secret a secret. If you do not, you risk having someone reverse engineer your invention and patenting it. Then you could be precluded from using your own invention! Protecting a secret in a commercial environment is really not as simple as one might imagine, and substantial effort is required to maintain secrecy, or to license it.[1]

3.5 *Plant variety protection*

An important area of IP specifically applied to sexually propagated plant species is plant variety protection. Separate chapters in this *Handbook* deal with the topic in detail.[2]

3.6 *Contract and agreement development*

Develop a good portfolio of standard agreements and templates that can then be customized as needed and as appropriate. But take care to fully customize the required content. Use a lawyer to review them and ensure that your interests are covered. It is tempting to think that once you have used one agreement you can just use the same for others without consultation—this is a mistake!

3.7 *Policy development*

You will need to create an internal office policy document, which may well assist the institution in developing its IP policy and guidelines. Obtain a lawyer to review and comment on progress during the initial strategy development stage. Remember, it is hard to go against something that is included in the policy document. Again, this is a crucial area since the policy of the TTO can be used as a tool in both negotiations and litigation.

3.8 *Conflict analysis*

Consider using a lawyer and an ethics-and-conflicts panel to regularly review the TTO's actions regarding potential conflicts. Conflicts are a surprisingly common problem, especially where staffs develop consulting contracts, serve on boards, and so forth. Having a review panel is also valuable when faculty or staff develop competing technologies. Effective rules must be established so that support of one patent does not affect a competing patent, a situation that would breach a fiduciary relationship.

Box 1: Scope of TTO Activities—The Easily Forgotten Items

Legal Documentation:	One of the key outputs from your lawyer should be legal documentation. Do not measure the volume of paper as an indication of output. Instead, focus on a limited amount of high-value text such as opinion letters, contracts crafted, and so forth.
Keeping Up to Date:	It is very important for the TTO to maintain an active surveillance of keeping abreast of changes. The lawyer can be used to "police" agreements and technologies. This can be an important way to identify infringers and potential licensees.
Legal Matters Linked to Office Organization:	A wide range of legal matters needs to be addressed early on in the establishment of the TTO. These include, but are not limited to, the following: ■ **Staffing contract**: This should lay out a staff line-of-authority plan and work definitions. The employment contract needs to be reviewed by a lawyer. ■ **Staff employment handbook**: This must include matters related to confidentiality, ethics, and conflict of interest. The lawyer should review and give input on this. ■ **Governmental and state filing requirements**: Your local equivalent of the Secretary of State can help on this. Requirements include work permits, pension plan provisions, occupancy permits, fire inspection permits, and other documents. ■ **Possible incorporation of the entity**: The TTO may wish or may need to form a separate legal entity. In the U.S., many of these offices are known as research corporations and have charitable, so-called 501(c)(3) status. This is the domain of the lawyer. Seek his or her counsel before you proceed. ■ **Tax matters**: Be aware of all U.S. federal and state tax matters if you are in the U.S. (Other countries have local, regional, and/or national laws) Hire a good accountant and audit company. They are as important as your lawyer.

3.9 *Licensing*

The bread and butter of a TTO is licensing. The flow of information, ideas and materials is two-way. Some staff members will be accessing the IP of others through license agreements, and the TTO will be licensing technologies through license agreements. Be careful, you will be bound to abide by any agreements that you sign! Make sure a lawyer reviews all major-deal documents. You may also wish to seek advice from a lawyer on creative arrangements for licensing your technology. Such arrangements may involve using your IP as an investment by contributing to a joint venture. Consider hiring a lawyer or technology transfer company to do this on a contingency or partial-contingency basis.

3.10 *Negotiations support*

Successful negotiating is an art that takes skill, practice, and sharp wits. Lawyers are trained in the skills and use them each day. Moreover, the representational responsibility of a lawyer can make him or her an excellent advocate for the TTO. Under certain circumstances, you may wish to use a lawyer as your negotiator.

3.11 *Strategy development and technology assessment*

The area of strategy development and technology assessment is one of great importance. It is perhaps the area to which money spent on lawyer fees can be applied most effectively. If your TTO strategy is ill conceived, all efforts in the other aspects of your office are redundant.

One of the key challenges facing any TTO, especially in the early stages, is trying to decide which inventions to protect and to what extent the protections should apply (that is, in which countries or fields of use). Costs and fees are such that no individual entity has the resources to patent all inventions. Typically, ten invention disclosures will lead to one patent, one license will come from ten patents, and royalties will come from 10% of the patents. That is why the lawyers' input here is so vital. Use patent attorneys to help you evaluate the potential market for an invention.

It is critical to spend your money wisely and try to evaluate only those inventions that are truly innovative *and* that appear to have commercial value. Remember that some great science has no market, and some simple inventions have huge commercial value.

Most often, TTOs set up an internal committee, or panel, to review invention disclosures and give feedback to inventors. Use the lawyer as a part of this evaluation process.

4. THINKING OUTSIDE THE BOX

The lawyer can be used highly effectively to think of innovative ways of capturing value from an IP portfolio. Patenting may not be a viable option in some areas, and the use of creative instruments of copyright, trademark, and contract law may be viable, and even preferable, alternatives to consider.

4.1 *Outsourcing services*

An effective technology transfer office should consider building access to a set of contracting agents, who can provide external skills that can be counted on for needed advice or service. This might be achieved through the maintenance of an advisory panel, through a series of consulting contracts, or through a well-functioning personal (business) network. The lawyer can play a critical role in setting up such outsourcing arrangements. Before outsourcing services, consider the following:

- **Hiring patent attorneys**: Choose an attorney with a range of qualifications and specializations tailored to the nature of the invention portfolio. A chemical engineering background might be helpful for advising on a natural products patent, for example, whereas a background in biological engineering might prove better for handling a patent on a biolistic gun.
- **Retaining general legal counsel**: Find someone who knows the big picture but who understands the science of the invention and the client as well. Be guided by the attorney as to the big-picture issues.

4.2 *Costs and fees*

The cost of evaluating, protecting, and maintaining IP coverage is not insubstantial. A wide range of

fees is payable in relation to IP protection. The types of fees a TTO may face include the following:

- patent and trademark search fees
- patent and trademark filing fees
- plant variety protection fees
- maintenance fees
- copyright filing fees
- issue fees
- attorney fees
- drafting fees

These fees can be substantial. In the United States you would pay US$1,200–$2,000 for a trademark, US$2,500–$8,000 for a provisional patent application, and US$6,000–$30,000 for a nonprovisional application. A patent filed and maintained worldwide over its entire life will cost about US$500,000 in fees. When retaining a lawyer to negotiate for you, don't neglect to negotiate your legal fees!

4.3 *Use of form agreements and contracts*

Lawyers often do not like the use of standard forms. The forms are designed to be party neutral. The obligation of a lawyer is to act on the client's behalf, which is why lawyers react adversely to such forms.

At times, it is tempting to use standard forms and agreements to keep costs low. The situation can be resolved by using standard forms and agreements where appropriate, and then having a lawyer review the final version to comment on any specific clauses that need to be negotiated and agreed upon.

5. CONCLUSIONS–AND A NOTE ABOUT CONFIDENTIALITY

The importance of confidentiality and trust cannot be underestimated. The inventions of the clients, the nature of the business, and so forth, requires that all TTO employees observe the strictest rules in relation to confidentiality and conflict-of-interest matters. The hiring of personnel should take this into account. Moreover, full and adequate documentation about confidentiality and conflict-of-interest issues, in relation to the TTO's operations, should be used to further strengthen compliance with the rules. The lawyer has a special relationship to the TTO and can be used as a valuable resource to deal with difficult and delicate matters. Attorney privilege is a legal strength to be used to your advantage. ■

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1 See also in this *Handbook*, chapter 11.5 by K Jorda.

2 See also in this *Handbook*, chapter 4.7 by M Blakeney and chapter 10.11 by W Pardee.