

# The GC's Guide To Profitable IP Strategies





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# Foreword



High-quality protection of intellectual property (IP) is without doubt among the crucial factors for innovative companies to succeed in today's competitive markets. In Germany, technology leaders have for a long time recognised the value of safeguarding the innovations within their core products, like cars, industrial machinery, medical devices and all kinds of consumer goods. In the wake of the all-embracing digitisation of virtually any classic industry, and the increasing need to distinguish products from the competition through software and ICT-based added services, strong IP protection is becoming even more important – particularly as completely new players enter the market to stake their claim, now or in the very near future.

In the search for IP management best practices, it is worthwhile looking at the German *Mittelstand*, in particular the vast amount of hidden champion companies, ie medium-to-large businesses, which are not part of the Fortune 500 but nevertheless global technology leaders in their respective industry niches. How do they protect, manage and use their IP? And what are the best practices that can be learned from them to maximise the value of IP? BARDEHLE PAGENBERG collaborated with *The Legal 500* to find out.

This report, which consolidates the results of a survey of 105 in-house counsel and one-to-one interviews with industry patent managers, aims at drawing the big picture of the issues faced by technology innovators when it comes to IP protection today and in the near future. The findings of the study were discussed at an event jointly

organised by *The Legal 500* and BARDEHLE PAGENBERG, where various IP managers from innovative German companies shared their experiences and insights, which are combined in this report.

It turns out that an overarching theme is the growing complexity in-house IP managers are faced with – a complexity which comes in different dimensions. Building and maintaining IP portfolios is inherently complex from a strategic point of view, since they can be used both as a sword and a shield:

- On the one hand, IP rights can be used to proactively keep competitors out of the market, either by means of the mere presence of the roadblocks that these rights represent or by the proprietor actively enforcing its rights against infringers.
- On the other hand, IP rights are also useful for obtaining leverage against others' IP, such as by enabling countersuing and cross-licensing potential.
- But IP rights are also business assets that increase the company's valuation and can generate revenue in their own right through out-licensing.
- Lastly, and sometimes least considered, strong IP rights can also safeguard the proprietor's rights in co-operations and partnerships in joint development, production and distribution scenarios.



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What's more, setting up a successful in-house IP department is also difficult from an organisational perspective, as the department has to interface with various different stakeholders: engineers and researchers (ie the creators of the IP), management and sales, as well as external counsel, to name just a few.

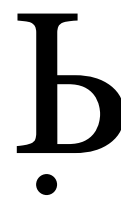
Further hurdles lay in wait throughout the lifecycle of IP rights. Regarding the initial creation of IP, the experts agreed that it is paramount for an IP department to strike the balance between: (a) fostering a culture of innovation and putting suitable incentives in place so that innovations are reported bottom-up out of the R&D departments; and (b) aligning the protection activities with the strategic business objectives of the company, ie in a top-down fashion.

Then, on the way to obtaining protection during IP prosecution, the experts point to finding the right interface between in-house IP managers and outside counsel that combines the strengths of both. Only in-house IP managers can ensure that the IP rights pursued are properly aligned with the business strategy and product roadmap of the company, while the in-depth expertise of outside counsel in IP law can hardly be attained by in-house personnel.

The strengths of in-house and outside counsel should also be aligned for the exploitation of IP rights. Every successful in-house department should have processes in place to actively manage the IP portfolio, eg by reviewing its coverage along the way as

new products are developed and technology evolves, as well as keeping the budgets reasonable by regularly pruning obsolete IP rights, thereby making room for renewing the portfolio. On the other hand, in-house counsel are well advised to take advantage of the expertise of outside counsel when it comes to enforcing the IP, not only as a final measure in court, but also to take a strategic approach in the handling of IP conflicts.

BARDEHLE PAGENBERG's IP practitioners are constantly striving to provide the best possible match for in-house IP departments to allow them to tackle the complexities outlined above. We pride ourselves on having a culture where our patent attorneys and attorneys-at-law collaborate at eye level, which has been part of the very DNA of our firm since its establishment. In particular, thanks to this synergistic setup our patent attorneys are able to feed back their expertise gained in high-stakes IP litigation into the prosecution process, which allows them to obtain strong IP rights that are not only legally valid but also enforceable and can be monetised at a later date. ■



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# Driving revenues from intellectual property

## *The Legal 500* asks top IP professionals in Germany about their approaches to protecting and monetising intellectual property

**H**iroshi Ueda, an engineer at Japanese camera company Minolta, which later merged with Konica to form Konica Minolta, invented a selfie stick back in the early 1980s. In an era before smartphones and trim digital cameras, the idea failed to get commercial traction and the patent lapsed in 2003.

Now the selfie stick is a must have gadget for many a tourist and with a bit of long-game foresight Ueda's invention could have made him extremely wealthy. Today, with innovation and technology driving global economic growth, the idea of protecting innovations and ideas is even more vital. 'You never know what you have in your hands. It could be potential gold in months or years,' comments Kai Mielke, manager legal affairs at Konica Minolta Business Solutions Deutschland.

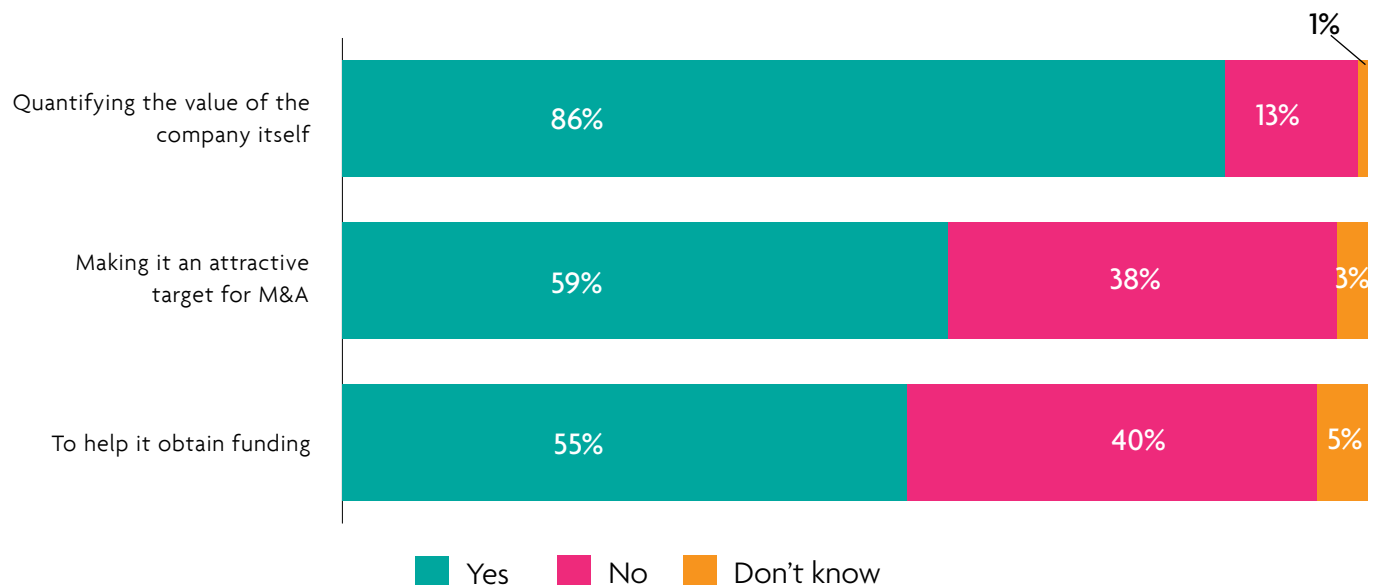
There is also a reason why the likes of Apple and Samsung seem to be in a constant struggle to assert their respective positions in the market through intellectual property (IP) litigation.

Mielke believes that many businesses that want to be at the forefront of the new digital economy, must put innovation and IP protection at the heart of their corporate strategies: 'It is a sign of the times. This is why we have set up five new business relations centres to come up with new products and ideas, and this is legally reflected in copyrights and designs, not just patents.'

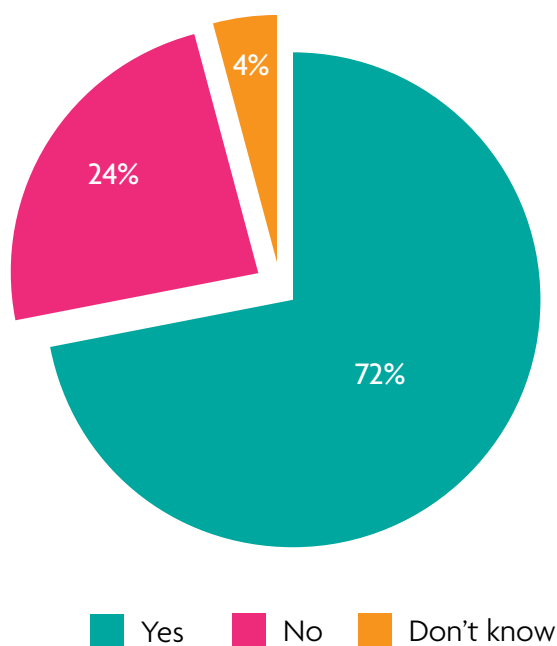
### **BOLSTERING THE BRAND AND VALUE OF THE COMPANY**

In the new economy, IP is a key contributor to the stability and success of businesses that want to get ahead. For major companies such as Apple, IP preserves and enhances its value. In our survey, a high proportion of companies state that IP has a key bearing on the value of the business itself, opening up opportunities for M&A and for investment, and keeping investors and shareholders happy. A sizeable 86% of survey participants say IP has a role in quantifying the value of the company and 59% believe it has a role in making it an attractive target for M&A.

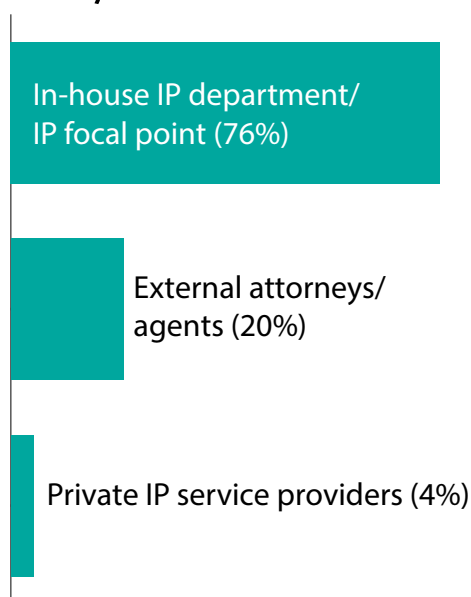
## Does IP play any role for your company in each of the following?



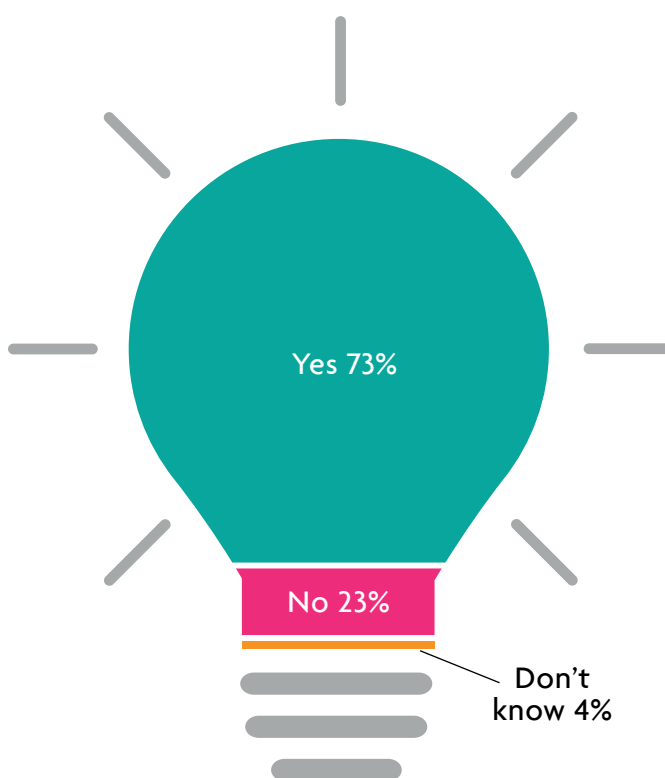
Is the IP strategy part of your company's corporate strategic planning?



Who is in charge of IP strategy (management, inside IP department, outside counsel...)?



Does your company have a defined strategy for building/renewing its IP portfolio (generating its own IP, acquiring IP rights, licensing in, etc)?







**‘IP is again an increasing area of focus to successfully tackle the complex challenges caused by increasing global competition and disruptive digitalisation in the 4th industry revolution.’**

**RENÉ SCHNEIDER, COGNIZANT**

Christian Reinders, chief IP counsel at Dräxlmaier Group, the automotive component supplier, says: ‘There has been a dramatic shift in the industry, especially with the entry of new non-automotive competitors, and automotive companies have to find their way to deal with new technologies and new business models. Therefore, IP is having a much greater impact on the automotive sector and you need to be very well prepared with patent strategies, and maybe by also contributing to technical standards, and focus more on the usage of patent data and patent landscapes.’

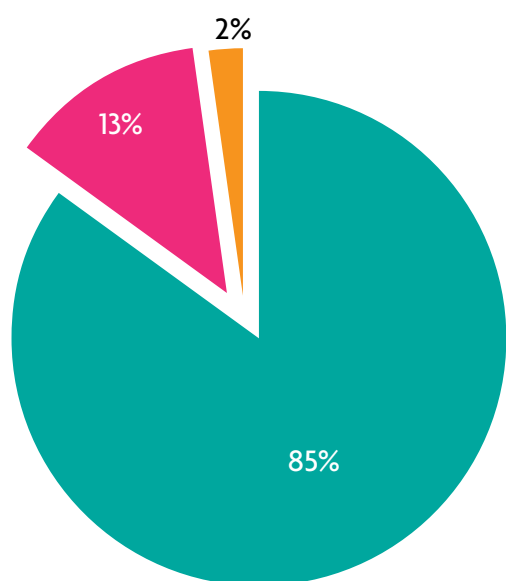
René Schneider, senior IP counsel Europe at Cognizant and former head of legal at Huawei Technologies’ European research centre, also recognises the growing importance of IP in the current

economic climate, suggesting that trade and investment laws are often failing to protect businesses: ‘IP is again an increasing area of focus to successfully tackle the complex challenges caused by increasing global competition and disruptive digitalisation in the 4th industry revolution. Trade wars, unbalanced market entry conditions across the world, fierce competition by new players, new technologies and business models pose various risks for companies. Securing innovation and assets through IP is one essential aspect for continuous commercial success.’





Does your company have any measures in place to help identify possible infringements of its IP?

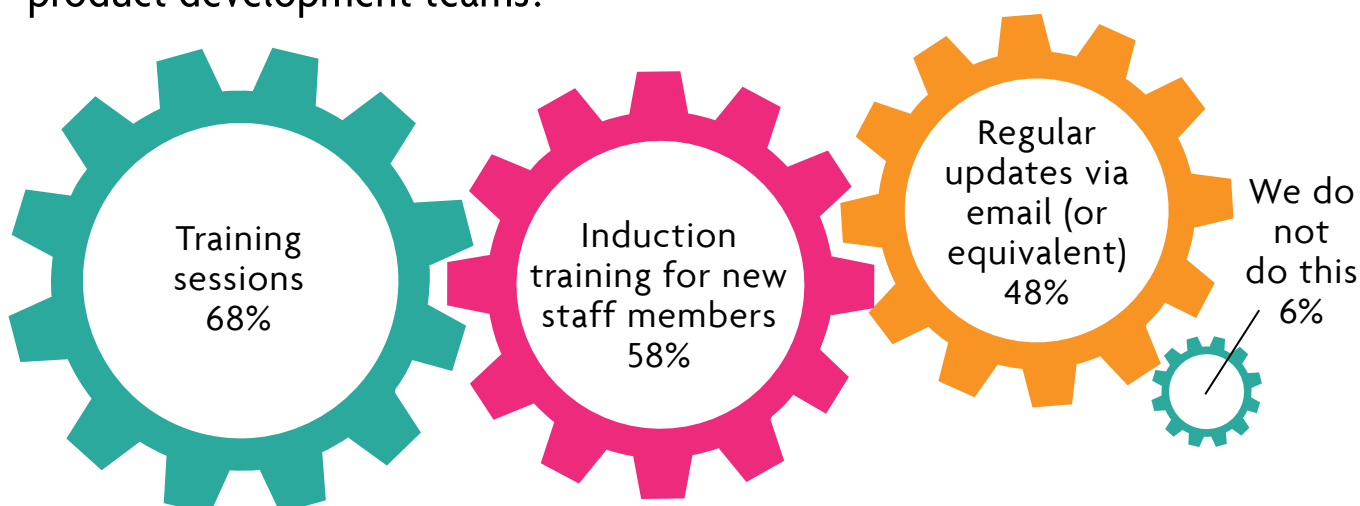


■ Yes ■ No ■ Not sure

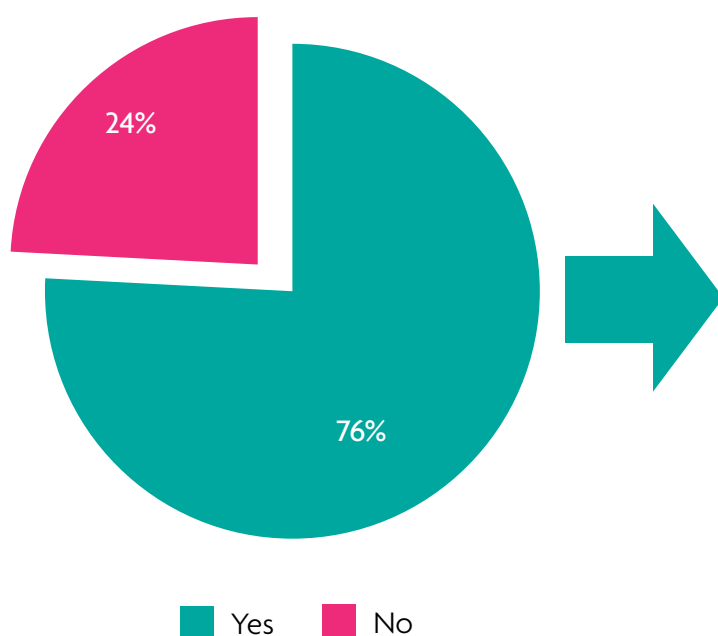
Which of the following does your company do to identify possible infringement of its IP?



How does your company ensure basic IP knowledge and awareness in its R&D and product development teams?



Is there a defined escalation plan for how to approach competitors who infringe your company's IP rights?



Which of these would your company typically use?

Contact the infringer with a request regarding entitlement to ask them why they feel authorised to use the protected subject matter (73%)

Contact the infringer with a warning letter and ask them to cease and desist (66%)

Obtain a preliminary injunction (43%)

File a lawsuit (35%)

The influence of IP on the global economy became even more apparent in June when US President Donald Trump slapped 25% tariffs on a range of Chinese goods. At the heart of this aggressive move is the belief that China snares IP by demanding that foreign businesses enter local partnerships or joint ventures if they want to enter the Chinese market.

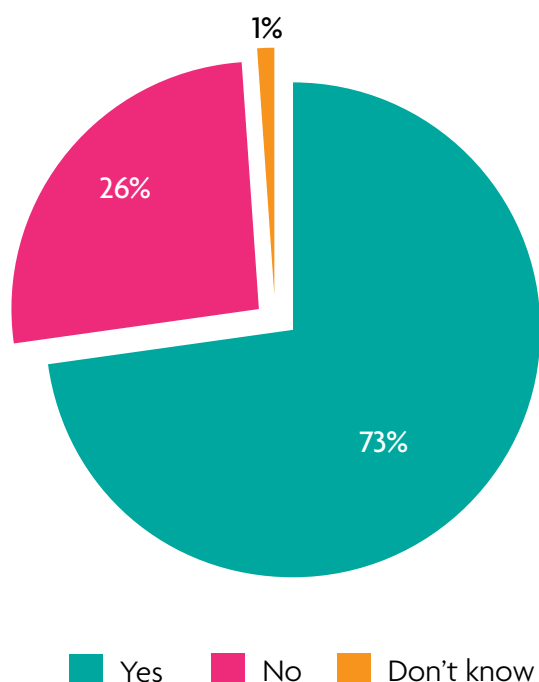
#### MANAGEMENT SUPPORT AND INTERNAL COLLABORATION

There is a growing recognition that innovation and associated IP protection is a way to get ahead of competitors. Yet it has not always been an easy sell to the internal workforce. IP departments have long operated as a support function, helping to ensure that

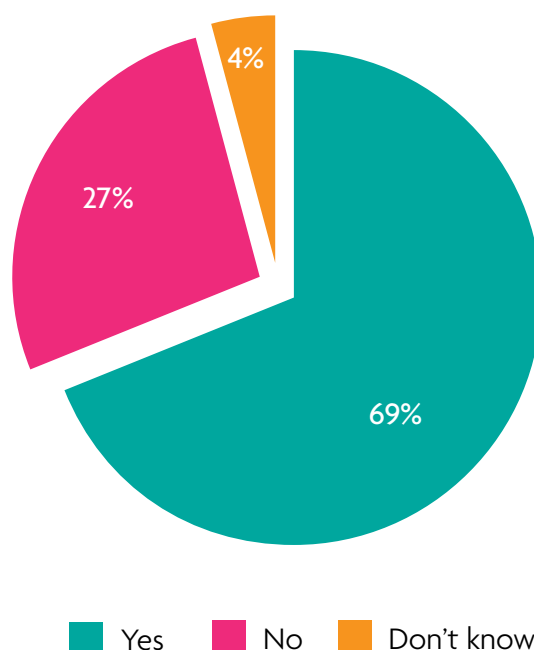
ideas and inventions are protected. But now they are inching their way to the heart of corporate strategy and German businesses are working hard to shift internal attitudes towards IP. André Körtgen, general counsel at THALES Deutschland, the company that designs and builds electrical systems for the aerospace, defence, transportation and security markets, says: 'We need to make people aware that protection is as important as generating the idea in the first place. We have to create a culture of awareness like with compliance. It is not enough to say that it is very dangerous. We need to meet with colleagues in their daily lives and give them examples of what has gone wrong in the past. If you leave the house, you lock the door.'



Does your company have a defined strategy that allows you to license out your IP?



Does your company have a strategy for generating IP to obtain freedom to operate?



To truly exploit a business's IP assets, survey respondents suggest that greater internal collaboration is required, along with unhindered support from boards and management. Jörg Dreyhsig, global head of litigation and opposition in the IP department at Fresenius Medical Care, says there is a growing emphasis on internal collaboration within the business to ensure that IP is part of the strategic decision-making process: 'We are embedded very close to the development team. Our global IP department is part of the Global R&D organisation and we report to the board member responsible for Global R&D.'

While in the past IP departments would often operate as a distinct group, the value of these teams is getting additional recognition.

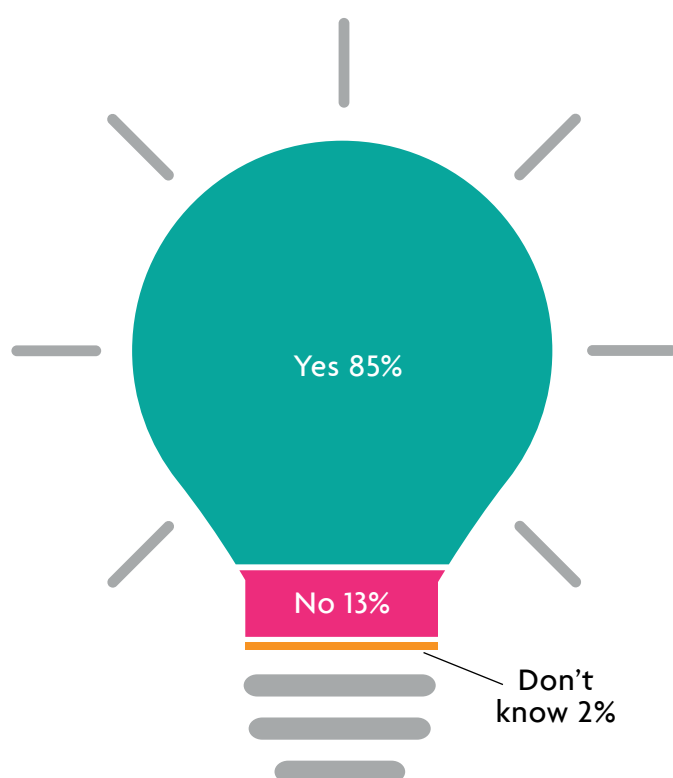
Management and boards should be more attuned to the value of IP, though many have already recognised its importance as disruptors come into the market. Seventy-two percent of respondents say IP strategy is part of the company's corporate strategic planning.

Reinders sees a number of reasons why IP departments are playing a more pivotal role at the centre of businesses: 'Compared to the good old days, where patent prosecution was the main responsibility of an IP department in the automotive sector, nowadays the resources of the IP department need to be allocated to a variety of topics in addition to the traditional responsibility, such as developing different patent strategies for different technical fields, competitor analysis and benchmarking, finding adequate corporation partners, licensees, licensors, patent pools or patent portfolio valuations. As mentioned, the use of patent data is becoming more and more important for R&D and sales departments, but sometimes colleagues of these departments do not have an in-depth knowledge regarding IP or how to interpret patent data.' An impressive 68% of survey respondents provide training sessions to heighten basic IP knowledge and awareness in their R&D teams and a further 58% deliver induction training for new staff members.

#### **BUILDING M&A AND INVESTMENT OPPORTUNITIES**

Having IP considerations at the heart of the business delivers

Does your company use its IP to enable co-operation and strategic partnerships?



countless benefits, according to our experts. In the consumer products industry, digital economy and numerous other sectors, IP is one of the primary considerations for investors and for companies that are engaged in M&A. IP has value and it has an increasing role in investor relations, in the same way that diversity, compliance and anti-corruption is now at the top of investors' priorities. Dreyhsig comments: 'When you look for investors then I think they always ask how the business model is supported by IP. Where you have IP that is expiring next year, you know that may make a huge difference.'

Maike Weber, head of the legal department at Native Instruments, adds: 'A lot of businesses are not aware of the opportunities. If you want to find an investor, then a long list of patents can impress. If you watch out to make sure that your IP is protected, then it can be a good foundation for your company.'

Schneider sees a similar picture, but recognises that in some industries the time taken to secure IP protection is just too long: 'IP does drive M&A and investment. IP protected innovation and knowhow increases the likelihood of being an M&A target or



**'We need to make people aware that protection is as important as generating the idea in the first place. If you leave the house you lock the door.'** ANDRÉ KÖRTGEN, THALES DEUTSCHLAND

receiving investment from other companies or venture capital. In the extremely fast-paced IT industry, however, new technology and promising new business models are the main driver of investments and M&A activities. Nowadays companies must bring new technologies and business models to market faster than ever before and before any IP protection can be granted. Therefore it is essential to seek IP protection before going to market.'



### STRATEGIC APPROACHES TO FILING AND RENEWING IP

There is no denying that having an effective IP strategy requires a great deal of time and resource. Filing and renewing IP is not necessarily a straightforward process, but 73% of survey respondents do have a defined strategy for building and renewing their IP portfolios. Martin Fröhlich, GC and head of M&A at Krüger, the German food production company, sums up the extent of the challenge to the business: 'We are investing more into the management of IP, whether trade marks or patent, where we are looking to scale European and global business. It requires specialists for research on patent and trade mark registrations. It requires a lot of expertise.'

Many businesses are becoming more sophisticated in how they register and protect their IP, while keeping a close focus on IP registered by competitors and others in the market. Schneider believes that many businesses lack a long-term vision and strategy for their IP assets: 'Companies must have a clear, holistic and long-term IP application and renewal strategy. IP-related decisions should not be based on short-term needs, current impacts or views. Licensing models and strategies need to be constantly reviewed, adapted and must provide freedom and flexibility to try new approaches. Often large organisations seem not to be flexible enough.'

### ASSESSING THE WIDER MARKET

Sometimes though in fast-moving industries such as the digital economy, assessing others' IP assets is not top of the agenda. Some experts believe that too much focus on IP protection, and the assessment of competitors' IP, causes companies to handicap themselves. Being agile and innovative enables businesses to bring their product to the market first, to get a headstart on competitors. In this instance, a fixation on the IP landscape can be a hindrance. Dreyhsig comments: 'I cannot imagine that manufacturers of mobile phones who decide to launch a new device would have the time to make a risk assessment of all possible IP out there. That would end up with years of legal assessment and then the market would progress to the next level without them.'

Most businesses though would take some form of action to test the market and identify possible infringements. Sixty-six percent of survey respondents perform periodic searches via search engines to try to identify similar products and a further 56% monitor competitors' patent applications. Half of survey participants even carry out test purchases of competitor products to detect potential IP infringements. Monitoring the market is tough though, according to Weber, who believes that significant internal resources are needed to effectively analyse the landscape. 'You need to have the in-house resources to monitor competitors' IP,' she says. 'If you bring in someone from the outside to monitor competitors, they won't have knowledge of the industry, the company strategy and be able to

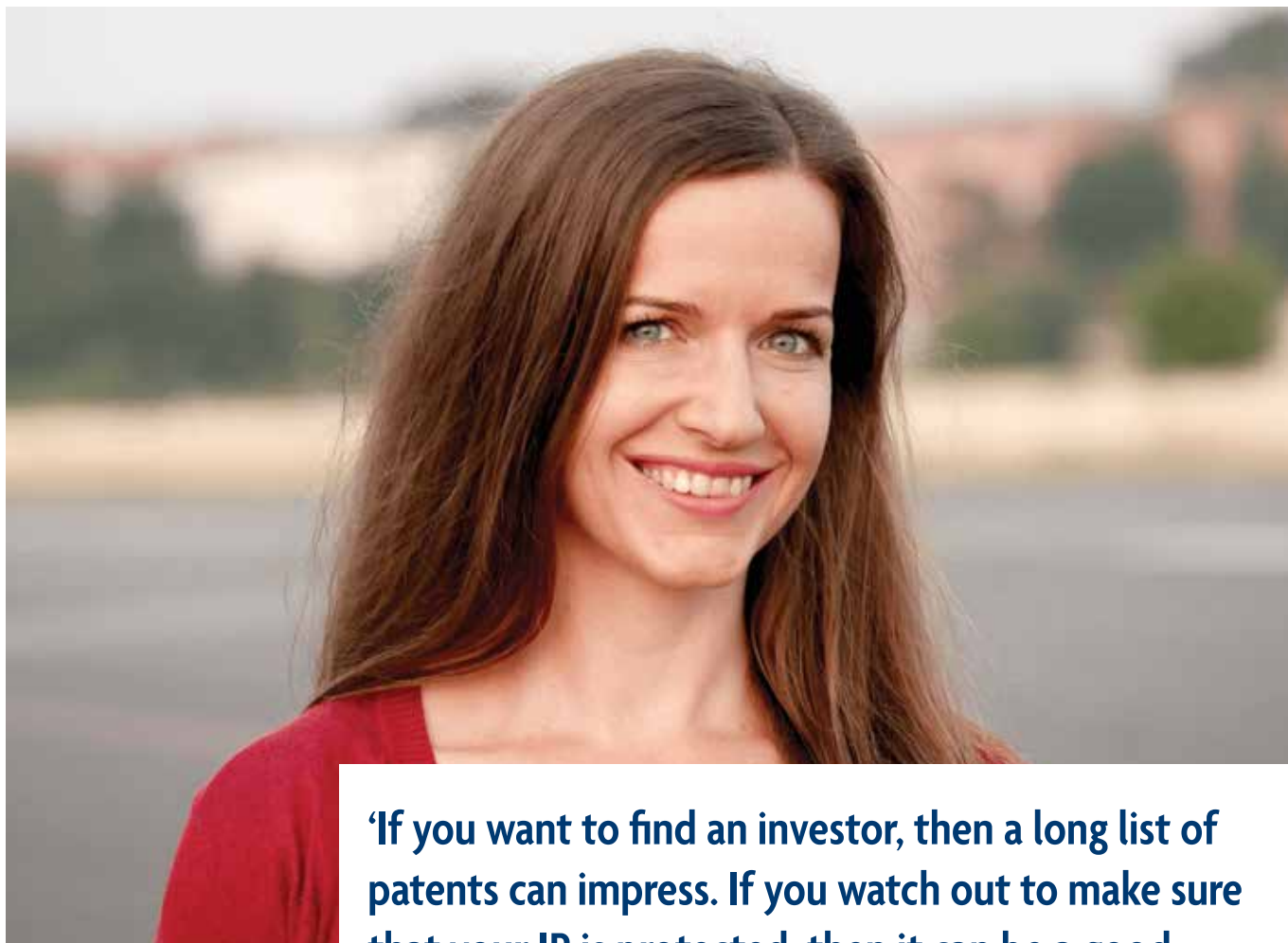


**'We are investing more into the management of IP where we are looking to scale European and global business. It requires a lot of expertise.'**

MARTIN FRÖHLICH, KRÜGER

evaluate what competitors are doing. To do this internally you need well-paid people with the right resources to do that. It could be that this won't be seen as a priority.'

Reinders believes that a general level of IP proactivity can serve a company extremely well, especially when it does not come at the expense of ingenuity and a pioneering spirit. Protecting IP assets is a well-developed field though with 42% of respondents to our survey considering themselves to be 'aggressive' in the market with regards



**‘If you want to find an investor, then a long list of patents can impress. If you watch out to make sure that your IP is protected, then it can be a good foundation for your company.’**

**MAIKE WEBER, NATIVE INSTRUMENTS**

to IP infringement. Businesses are generally well prepared to take action against rivals with 76% having a defined escalation plan to approach competitors that infringe IP rights.

There is a value to analysing competitors’ IP to identify commercial opportunities, but it is time and resource intensive and smaller businesses are at a natural disadvantage. A sizeable 69% of survey respondents have a strategy for generating IP to obtain freedom to operate. A further 63% of respondents have used patent mapping technologies to get an understanding of the IP environment. Beyond that, businesses struggle to identify market opportunities by assessing competitors’ IP. Only 36% of survey respondents often watch competitors’ IP to identify new market opportunities.

Dreyhsig says that approaches can depend on a business’s financial position and resources: ‘If you have a strong patent position and then you see your first competitor challenging this by bringing a similar product to the market, then you can recognise and assess IP infringements very quickly. In more complex situations where IP infringements do not manifest themselves so clearly it may become necessary for companies to spend more time and efforts on product analysis, but they may not have the R&D capacity to do that. The extra headcount to perform such kinds of investigations is a kind of luxury that many companies can’t afford.’





## ENTERING JOINT VENTURES AND PARTNERSHIPS

Luxury or not, many businesses will enter joint ventures and partnerships during their lifetimes and they will have to safeguard their respective IP assets and those that are created during the collaboration. IP is a key asset when entering these relationships with 85% of our survey respondents indicating that they use IP to enable co-operation and strategic partnerships.

Partnerships and joint ventures can be very attractive for multinational businesses that want to enter new markets, but there are a multitude of instances where they have shared IP and not gained the market access that they hoped for.

Enercon, the German wind turbine manufacturer, lost its Indian subsidiary and its patents in India, after a dispute with a local partner. Enercon's experience in a developing economy, such as India, is far from isolated.

Eighty-four percent of our survey participants use a contractual model with a written agreement to cover IP generated in joint business, engineering and development projects with other entities.

Dreyhsig says that businesses should pay real attention to IP protection as they enter partnerships and joint ventures: 'In co-operations it is crucial from the beginning that you are clear on which partner owns which IP and in particular the future IP. If it is clearly defined from the beginning, in a fair and transparent way, then it is easier to work with that plan and all can benefit from it. You don't want to have any surprises.'

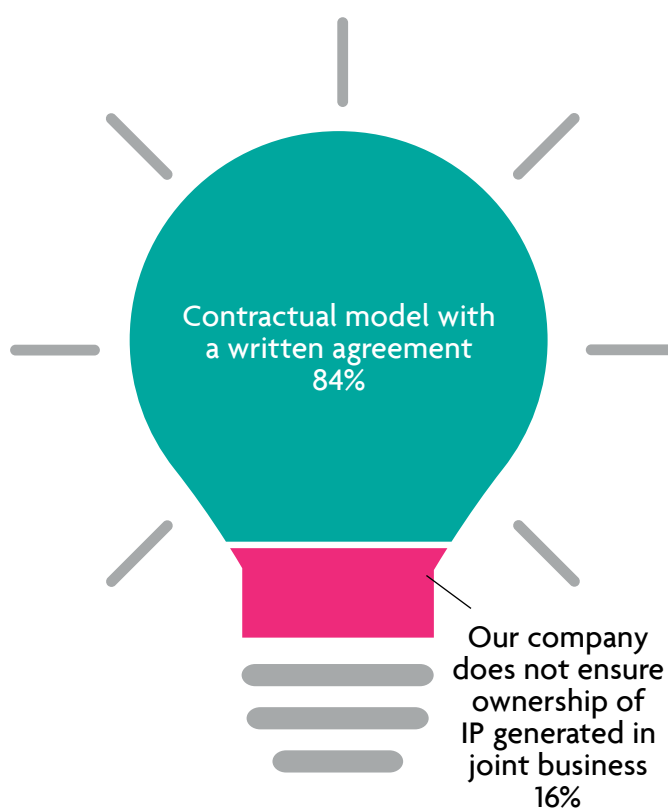
Weber believes that protecting IP created as part of a partnership can be incredibly complex: 'It is difficult to create respective contracts to cover joint venture projects. Often the contracts will say that whatever I brought in belongs to me. For inventions that come as part of the collaboration it is more difficult. You might say that two-thirds belongs to you, but what does two-thirds look like?'

In any case, sometimes businesses can get stuck on the detail and lose opportunities to get ahead of competitors. 'With lengthy negotiations over months to achieve best potential IP conditions companies risk losing the novelty of inventions and market opportunities,' Schneider comments. 'Being first into the market might be worth much more than being second but having the better licensing conditions.'

## GENERATING INCOME THROUGH LICENSING

Licensing is an increasing priority for businesses that want to generate real income from their IP assets. IBM is a classic example of a long-established company that now has a major emphasis on licensing out its IP. Other technology giants such as Qualcomm also earn significant revenues from licensing their IP.

## How does your company ensure ownership of IP generated in joint business, engineering and development projects with other entities?



Getting access to others' IP is becoming an increasing phenomenon too with the greater advent of patent pools. An impressive 73% of survey respondents have a defined strategy to license out their IP.

Last year, BMW became the first vehicle manufacturer to take a license with Avanci, the patent licensing platform for Internet of Things products.

BMW's move illustrates the greater importance of IP as traditional businesses seek to adopt cutting-edge technologies that keep them at the forefront of their markets. Well-defined strategies to accessing, developing and protecting IP could make the difference between business growth or decline. ■

*Chris Crowe*



# The IP forum: Creating profitable IP strategies

In addition to the research undertaken by *The Legal 500* by way of the interviews with the intellectual property (IP) professionals already mentioned in the report, *The Legal 500* also organised an IP forum in co-operation with IP boutique BARDEHLE PAGENBERG. *The Legal 500* Intellectual Property Forum in Munich welcomed a range of in-house counsel and a representative from the European Patent Academy to discuss, together with two attorneys from BARDEHLE PAGENBERG, what it means to create profitable IP strategies. The two-panel structure of the forum allowed for an in-depth discussion of patent portfolio-building strategies and patent portfolio management and exploitation.

The first panel focused on the role of the IP department in extracting inventions from R&D departments. While our in-house panellists experienced different set-ups on account of their different company sizes, the message was uniform and clear: it is crucial to be as close to innovation as possible. For Jörg Dreyhsig, vice president and global head of litigation and opposition – global IP at Fresenius Medical Care, this means that IP is part of the R&D organisation, which ensures a continuous IP presence for maintaining IP awareness – ‘rather than waiting for invention disclosures to arrive, pulling and supporting them when considered valuable, pro-actively together with inventors’. The closeness between IP and R&D extends to preferably being located in the same building or the same floor. While Fresenius Medical Care also has a dedicated IP strategy team, Dr Deborah Schmauß, patent engineer at Efficient Energy, as a one-women patent department may not have the same resources, but

also sees an advantage in more easily being able to develop close relationships with the inventors in a smaller company, from attending monthly developers’ meetings to a chat over coffee in the company kitchen or watching football together.

While creating an atmosphere of encouraging inventions, as Schmauß puts it, it is paramount to ‘make the processes transparent for engineers’. Schmauß, Dreyhsig and Thomas Bereuter from the European Patent Academy, all agree on the need for avoiding the perception of IP silos by using clear language and less legal terminology or, in the case of Schmauß, developing and providing an easy-to-access and easy-to-use invention disclosure form. As Bereuter puts it, ‘innovation is a team sport’, so you have to ‘remove barriers, create transparent processes and not allow silo thinking’. Bastian Best, patent attorney and partner at BARDEHLE PAGENBERG, gives the example of a swimming pool manufacturer where the assembly workers were the best inventors and the real challenge for IP lay in communicating with them, breaking the cultural divide between the suited IP attorneys and the workers.

On the question of how to foster an atmosphere of innovation, whether via financial or non-financial incentives, while a few hands rose in the audience to show that their companies offered financial incentives to boost innovation, the general consensus appeared to be that non-financial recognition for inventions may be more important. As Dreyhsig points out, financial incentives could even be counterproductive – ‘in a global company different local laws have to be respected which can lead to local and varying remuneration schemes’. He also sees non-financial incentives as an add-on and a lack thereof not a likely cause for a missing culture of innovation. However, Bereuter feels more strongly that ‘two magic words are recognition and reward’ with ideas, such as ‘running “Inventor Days” as a reward system to celebrate inventors and give them the stage’. A good example is Qualcomm’s interactive patent wall, which visualises the tens of thousands of the company’s inventions, giving striking recognition to



**‘Oppositions and litigation are better handled by outside counsel because of a higher level of legal knowhow and higher capacity constraints caused short-term by these proceedings.’**

JÖRG DREYHSIG,  
FRESENIUS MEDICAL CARE



their inventors in the lobby of the main building. The wall is covered in tiles with each frame showing a copy of the patent certificate.

Moving beyond the role of the IP department, our panellists also discussed the interface between in-house and outside counsel. As Dreyhsig puts it, 'doing everything in-house makes your work less flexible to respond to other IP challenges', so it makes sense for some matters to be dealt with by attorneys in law firms. According to Dreyhsig, 'oppositions and litigation are better handled by outside counsel because of a higher level of legal knowhow and higher capacity constraints caused short-term by these proceedings'. Schmauß adds that when bringing in outside counsel 'one major advantage is their neutrality and the great experience they have gained through many cases with other clients'.

Lastly, on the subject of cost control, covering questions such as the territorial coverage of patents and the conscious reduction of the portfolio over time, the prioritisation process is still driven by the individual expertise of both of our in-house panellists, although at Fresenius an internal index has been proposed (but remains in testing). In terms of the territorial coverage, considerations include the target market size, the patent impact and the complexity of the product – the more sophisticated and thus the more expensive the development of a product, the less country coverage is needed to effectively achieve global coverage. As Dreyhsig comments: 'Look at markets

and don't go everywhere. For more complex products, go to fewer key countries.' He further advises against decisions on each annuity payment for each patent each year and advocates a single meeting per year where all decisions on annuity payments are made together with all non-IP decision makers – 'one cross-departmental meeting per year can save millions in half a day of decisions on patents'.

The second panel focused on what to do with existing patents, both in regard to a company's own patents and in regard to competitors' patents.

Starting from a discussion about the need to review an existing patent portfolio, the panel went on to examine more broadly how patent portfolios could best be managed and developed. Christian Reinders, chief IP counsel at automotive component supplier Dräxlmeier Group, considers the review of the company's existing patent portfolio a core task of an in-house IP counsel as the dropping of existing patents is one way to free up resources for new patent applications. The difficulties in this evaluation lie especially in the potentially changing circumstances between the filing of a patent application and the granting of a patent, such as changes in a company's own research and development or changes in the market, especially regarding new products from competitors. A possible solution, according to Reinders, is to cover alternatives, variations and potential embodiments in the patent claims, focusing strongly on the quality of patent applications

and invention disclosures, thereby broadening the patent coverage. Additionally, Reinders recommends a continuous comparison between the patent application as filed and the current versions of development of the invention covered in the patent application. A constant monitoring of patent coverage during the examination process is deemed less efficient by Reinders, but he does recommend comparing the assumptions made when filing the patent application to the current product in order to find out how big the gap is between the assumptions made and the developments since seen in the market. A key part of this ongoing patent portfolio evaluation consists in implementing a knowledge-based data system to ensure that all departments contribute their information on a patent to the system.

Bereuter and André Körtgen, vice president legal and contracts at THALES Group Deutschland, both agreed with the general necessity to regularly screen patent portfolios for potentially unnecessary patents, though Körtgen warned that the adoption of an overly aggressive approach when reviewing a patent portfolio risks causing problems not only for collaborations with other market players, but also in regard to responding to customers' needs as too aggressive a patent cull might end up forcing a company to find compromises with suppliers in order not to lose market share.

A portfolio management approach that would require a certain percentage of the patent portfolio to cover a certain percentage of the profit was rejected by both Reinders and Körtgen as too rigid.

The debate continued with the different ways to monitor the market, looking out for possible patent infringements and new inventions from competitors. In regard to competitors' patents, Körtgen asserted that THALES Group Deutschland is not currently using its patent portfolio as a tool to create revenues and the company adopts a defensive rather than an aggressive attitude. Dräxlmeier, as an automotive component supplier, still relies strongly on licensing, though Reinders expects to see a rise in litigation as the intersection between the automotive and technology sectors continues to grow.

**'Innovation is a team sport, so you have to remove barriers, create transparent processes and not allow silo thinking.'**

THOMAS BEREUTER,  
EUROPEAN PATENT ACADEMY



**Reinders:** Recommends a continuous comparison between the patent application as filed and the current versions of development of the invention covered in the patent application.

The methods of discovering patent infringements vary, ranging from including the sales force of a company in the infringement watch in addition to in-house legal departments and inventors, as suggested by Johannes Heselberger, co-head of patent litigation at BARDEHLE PAGENBERG, to relying on benchmark departments which analyse competing products and feed the results to the research and development departments.

Finally, on the question of the proximity between in-house counsel and R&D departments, Reinders recommended only giving feedback to R&D departments in relation to specific technical questions in addition to sending patent publications to engineers and discussing freedom to operate (FTO) reports directly with engineers, including always at least one patent attorney and one key engineer in an FTO meeting, allowing both departments a fruitful exchange about the market situation and the technology involved in the research.

In summary, the importance of IP for a company requires not only close links between the legal department and the company innovators, but also a smooth co-operation with out-house counsel. Regardless of the size and structure of a company, the panellists emphasised the importance of supporting and rewarding the inventors in charge of developing new products. Depending on the set-up of a company and the sectors it operates in, portfolio management strategies, and infringement prosecution strategies in particular, vary significantly, though the panellists agreed on the necessity to leverage IP rights in order to defend or grow market share. ■

*Anna Bauböck and Dana Ferchland*





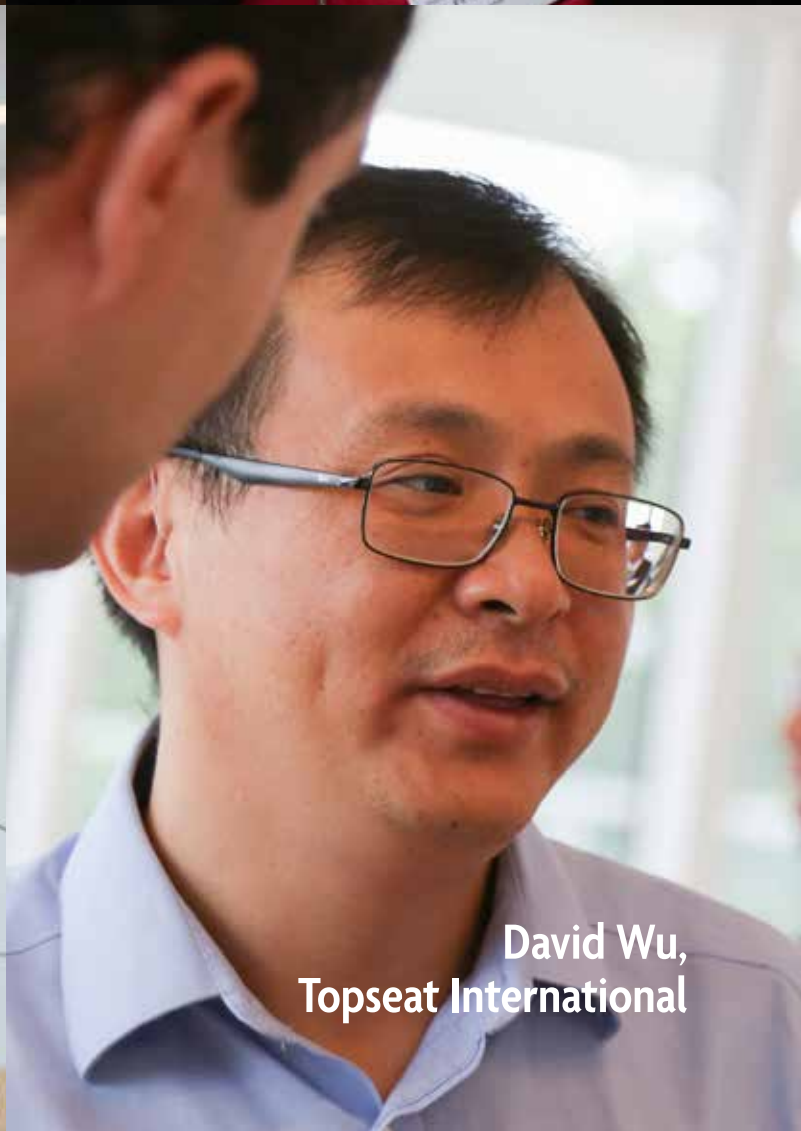
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