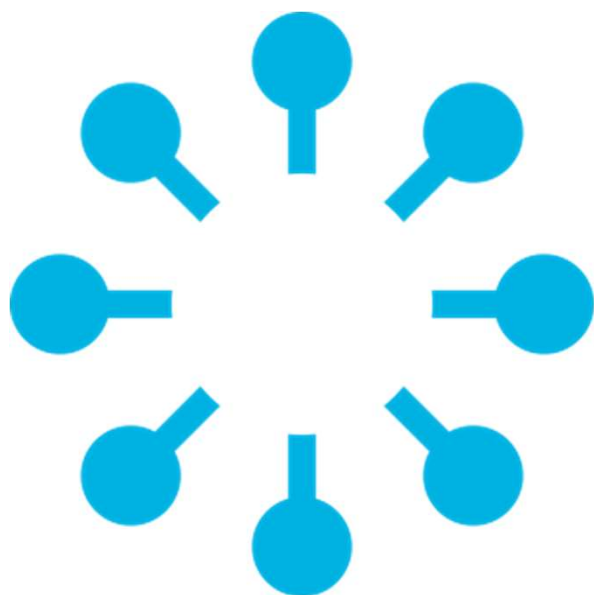




THEME 3 SOFTWARE PATENTING

GOOD PRACTICES



WEBDYN

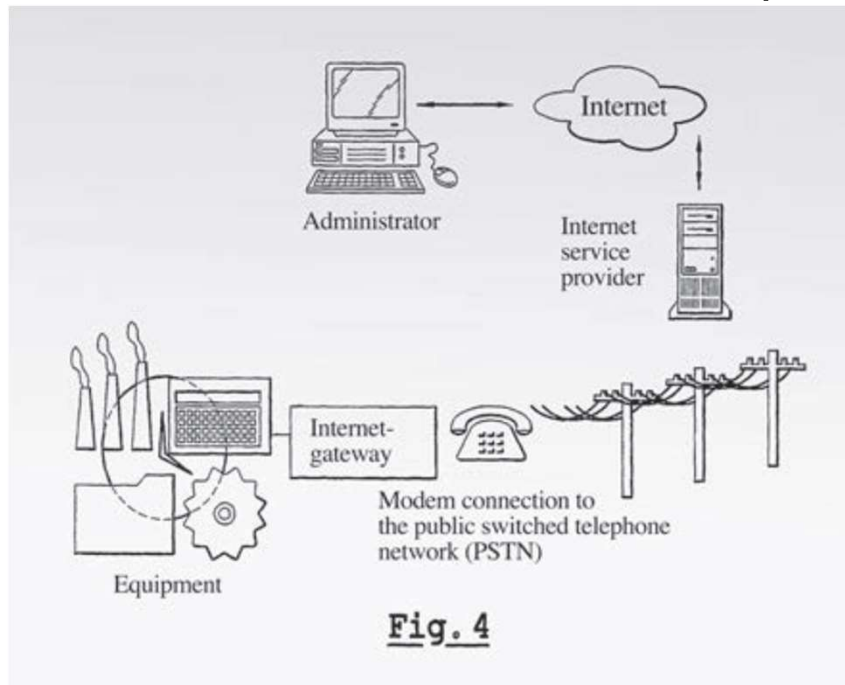
 flexitron group

ABOUT THE COMPANY

- EUR 4 million revenue company which was created and funded by early investors in 1997, with additional financing by venture capitalists in 2010
- Located in Paris (France) and with an export office in India
- Core target market: industrial clients
- Core products
 - IP gateways
 - to connect wide area networks to local area networks
 - ICT concentrators
 - to collect local sensorgenerated data from local area networks, aggregate them and send them through wide area communication networks
 - Complete ICT systems
 - data collection, management and control

CASE STUDY

- Webdyn no longer invests in developing and patenting its own inventions.
 - However, the company is still benefitting from a patent filed in its early days, when it was creating proprietary technology - method allowing an administrator to inspect the client's systems remotely and to provide whatever intervention is required



The patented invention (EP1523832) relates to a method for connecting an electronic system to a communications network through an access provider, such as the internet, and a device, a gateway, for carrying out the method. Gateways act as a communication link to the data generated in electronic equipment and one (or more) computer platform that operates the data received from equipment. With such architecture it is possible to manage remote, electronic equipment using standard IT tools (TCP/IP and other Web-based tools). The use of standard tools and protocols reduces implementation and operational costs and facilitates the dissemination of the process and systems.

- Benefits of the patent:

- Its publication naturally led customers to ask Webdyn to design, integrate and install complete automation networking solutions
- The patent protects one of the core intangible assets of the company and helped Webdyn to attract new risk capital for its expansion in 2010.

BUT the main BENEFIT: the freedom to operate (FTO)

One of their customer had patented early technology developments in Webdyn's field of operation, and contended that Webdyn was infringing these patents. In response, Webdyn analysed the customer's products, comparing them with its own patent application, and was able to identify a number of potential overlaps.

CASE STUDY

Solution: both parties concluded that there was no advantage to be gained in enforcing their exclusion rights against each other. They agreed to combine forces to benefit from each other's patent protection, expertise and products.

- Cross-licensing

- A strong patent can be useful for securing freedom to operate, for example by means of a cross-licensing agreement. The licence does not always have to be a formal grant; freedom to operate can also be achieved by means of a covenant not to sue.

Webdyn's patent was still pending during these negotiations. The fact that an application had been filed was sufficient leverage in what was a crucial business transaction.

- Pending-patent

- A strong patent can be useful for securing freedom to operate, for example by means of a cross-licensing agreement. The licence does not always have to be a formal grant; freedom to operate can also be achieved by means of a covenant not to sue.



micrel



ABOUT THE COMPANY

- Family-owned company founded
- Focus: full range of ambulatory volumetric and syringe infusion pumps for home and hospital care
 - design, manufacture and marketing of “smart” drug delivery systems for hospital and home care applications
 - Using Micrel’s solutions, doctors can send the patient home and refine the treatment over the internet.
 - Patients can easily inform healthcare staff about their state of health and can live a normal life while their therapy parameters are being monitored
 - Doctors, nurses and homecare service providers can access the status of their patients’ infusion and therapy outcome online from anywhere



Rythmic Connect is a real-time wireless technology which uses a GPRS device (“IP Connect”) to enable an ambulatory pump to communicate with a web server and provide its infusion status online through the MicrelCare system. The system provides instant feedback on therapy results and side-effects. This feedback can be obtained by inserting an implantable catheter tip into the bloodstream to measure parameters such as temperature, blood pressure, glucose, oxygen and certain ions via sensors embedded in the catheter or by the pump asking the patient about conditions such as diarrhoea, vomiting, nausea or pain.

This web-based service enables healthcare staff to monitor clinical and technical information relating to the infusion therapy and to adjust the infusion protocol remotely.

CASE STUDY

- Developing a new ambulatory syringe pump, micrel became aware of a UK patent protecting related subject-matter which was standing in the company's way
 - They tried to overcome this obstacle by changing features of its product to take it outside the scope of the UK patent
 - Didn't help – they were forced to withdraw the product and as a result lost a significant market share in the UK
- **Lessons learned:** Since then, Micrel has consistently patented its inventions
 - more than **21 patent** families and a long-standing collaboration with a German patent attorney
 - **Very good protection against big companies to enter their market**
 - One example: core patent describing a mobile and internet connected system for monitoring medical parameters (EP1385420), which laid the foundation for the Internet of Things in the health sector.

CASE STUDY

- Their strategy: **Active IP management**
- Strategic IP issues are discussed and agreed at board level
- The patenting activities of the company's main competitors are **regularly monitored**
- **Every Monday**, responsible IP manager is notified about new patents in the relevant patent classes and containing the relevant keywords, using the alert systems offered by public patent databases
 - **Added value:** inspiration for new products/services



EKSPLA



ABOUT THE COMPANY

- EKSPLA is a research-driven photonics company with 120 employees, based in Vilnius (Lithuania)
- Focus: stand-alone short-pulse solid-state lasers and accessories for the scientific market and industry
- EKSPLA sells over 90 % of its products on the international market, and sales are divided equally between Europe (outside Lithuania), North America and Asia

CASE STUDY

- EKSPLA started out as a supplier of customised laser systems for scientific laboratories, developed for individual customers in a small niche market, so there was no real need to protect the company's unique technology at the time
 - It would not have made much sense economically for a competitor to copy EKSPLA's innovations, since the market was simply too small and not expected to grow
- **CHANGE**: Around 2005, EKSPLA decided to target the fast-growing market of industrial laser applications as well, a move which was facilitated by its adoption of the new laser diode pumping technology, which can be used in laboratories and industry alike
 - some innovative features that were previously only relevant to individual customers became of more general interest.
 - From then on, it was essential for EKSPLA to protect its technology: competitors are much more likely to copy successful products in a larger and growing market

- The company made a strategic decision to **become more IP-active** and to safeguard its innovations for the new field of industrial applications
 - Additional benefits
 - Patents made it more attractive to its client base and raised its profile as a knowledgeable partner for international projects.
 - A company's patents help to demonstrate its competence when it comes to forming international consortiums or applying for project funding
- What to apply in case of cooperation?
 - For **components produced exclusively for EKSPLA by external manufacturers**, it is usually agreed with the manufacturer that the know-how will not be patented but kept as a **trade secret**
 - if the manufacturer intends to sell the component to other customers as well, a **joint patent application** is filed
 - Usually, there is no exclusivity clause for EKSPLA in the patent ownership agreement, so that the manufacturer is free to sell products applying the patented process to other customers who may potentially be competing with EKSPLA. The parties therefore agree that EKSPLA will be able to purchase the component at a more favourable price.



CASE STUDY

- **Company**: £50m revenue software provider, established in the late 1990s, who develops and sells a proprietary software platform for financial advisors
- **Problem**: competitor, holding a significant patent portfolio in the space, sent a cease and desist letter via email to allege the software provider was infringing one of their patents
- **Solution**: CFC's intellectual property (IP) insurance
 - provides covers for the defense of infringement claims, contractual indemnities, loss of IP rights and loss of profit
 - covers the costs of defending against allegations of infringement by a third-party
 - can also cover the out of court settlements, or damages awarded by a court, as a result of the claim
 - After four months of negotiations, the insured's legal representative negotiated on the extent patent infringement occurred and a reasonable terms of a license agreement going forward

CASE STUDY

- **Conclusion**: After four months of negotiations, the insured's legal representative negotiated on the extent patent infringement occurred and a reasonable terms of a license agreement going forward
 - The insured secured a license which allowed them to continue selling their software products to their existing customer base, as well as new customers **with no further restrictions**
 - The IP insurance policy paid out approximately £500,000, of which around £150,000 were legal expenses and £350,000 were a settlement payment to reflect the period and extent of patent infringement

More information can be found at:

<http://www.interreg-danube.eu/approved-projects/knowing-ipr>