



Implementing a Sound IP Recordal Management Process- *Managing Risk and Controlling Cost*

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Implementing a Sound IP Recordal Management Process

INTRODUCTION

IP portfolios represent a significant organizational asset. Like other corporate assets, IP often changes ownership several times during the period of its enforcement. An event such as a transfer of ownership or change against the official record must be properly reflected at the respective PTO offices around the world. Often the requisite paper work is not properly filed and can leave the IP owner exposed to portfolio management risk.

More often than not, IP recordal work and updates to official owner information are not efficiently managed. It is common for work to start, but never finish due to such factors as a lack of available resources, expertise and time. Or, this type of work is dealt with in a reactive manner at the time of renewal or when assets are transferred out of a portfolio as an attempt to reduce IP administration costs.

Verifying chain of title, processing formal documents, obtaining signatures, fulfilling legalizations, getting cost certainty and managing the correspondence with local counsel are just some of the activities that can create bottlenecks to completing this work. Therefore, it is critical to implement a systematic process and procedures to ensure this work is properly managed and completed.

IP RECORDAL MANAGEMENT

As part of a sound IP portfolio management practice, all changes to patent, design and trademark ownership records (assignments, name changes, mergers and address updates) should be automatically updated in a timely manner. By not updating ownership changes through a systemic approach, IP owners face increased portfolio management costs, as well as exposure to business and legal risk including the inability to enforce its valuable IP rights and/or garner IP related royalties.

TYPES OF OWNERSHIP CHANGES

The list below identifies different scenarios that would require an update to the official records of patent and with each trademark office. It is quite common for multiple ownership changes to require successive IP recordal filings.

- **Assignment** of IP assets from one entity to another as a result of a sale or ownership transfer
- **Merger** of two entities where assets will ultimately be owned by a newly created entity as a result of the merger or the surviving entity
- **Change of Name** where the registered IP owner has changed its business or operating name that as it appears on the application or granted IP
- **Change of Address** where the registered owner address listed on the application or granted IP has changed

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IMPLEMENTING AN IP RECORDAL PROCESS

For company's that routinely acquire and divest intellectual property, it is critical to have a cost-effective means to support this key aspect of portfolio management. Prior to implementing an IP recordal management program, an important first step is to understand, appreciate and identify the complexity, the dangers and the requisite level of expertise to successfully manage this work.

The Complexities of IP Recordal Work

Underestimating the complexities of IP recordal work can have serious consequences. Without understanding these complexities, it is difficult to dedicate the appropriate level of resources required to see a project through to completion. For IP recordal projects that span multiple jurisdictions, the project is in essence, a collection of multiple sub-projects each with different documentary requirements that need to be fulfilled and multiple lines of communication that need to be managed.

The level of complexity of the IP recordal process is most often driven by the following factors:

- Number of countries across a portfolio
- Number of changes of ownership that need to be updated
- Multiple owners within a given portfolio
- Uncertainty of the current status of official ownership records
- Chain of title that needs to be updated before current recordals can be made
- Multiple foreign agents in the same country engaged in the IP recordal process

The outline below attempts to illustrate the various steps and the multiple lines of communication required across each phase of the IP recordal life-cycle. This does not include steps taken to prepare an accurate budget for the work nor does it include the steps required in the event issues exist with chain of title that need to be rectified prior to commencing the project.

Internal Preparation

- Check all countries where IP assets are registered and applications filed
- Identify any cases that need to be handled as a priority
- Select agents in each country to handle recordal
- Contact agents in each jurisdiction to obtain documentary requirements

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- Also confirm current registered owner if in doubt
- Wait to receive all documents and requirements
- Chase those agents where no response has been received
- Prepare or obtain evidentiary documents
- Prepare confirmatory deeds of assignment pursuant to local law
- Obtain certified copies of Merger, Change of Name and/or Certificate of Address Change documentation

Document Authentication and Legalization

- Arrange for the signature of assignment deeds by company officer
- Prepare and obtain signature of Power of Attorney documents by company officer
- Ensure the presence of notary during the signature process
- Monitor the status of these documents during this process
- Receive all signed documents back and attend to further preparation depending on the laws of each country
- Review authentication, notarization, Apostille and consular legalization requirements by country
- Arrange for documents for Apostille or authentication at the Secretary of State's Office
- Arrange for payment
- Monitor request and status of documents
- Contact local embassies for legalization of documents
- Arrange for payment per individual embassy protocol
- Send documents to individual embassies complying with turnaround times and processing rules

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- Monitor documents for return from the embassies

Instructing the Agents

- Handle any priority cases where recordal should be filed urgently
- Instruct individual agents to proceed with recordal work
- Enclose documentary requirements – should be sent by commercial courier to ensure safe and timely delivery
- Wait for agent confirmation and receipt of formal documents
- Chase agents where no response is received
- Respond to agent queries on a piecemeal basis
- Make notation or docket recordal activity in IP management system

Confirmation of Filing

- Monitor agent correspondence and performance to confirm recordal
- Review each file and chase delinquent or non-responsive agents
- Await proof of confirmation of filing is received
- Ensure all IP assets are reflected in confirmation and that the ownership changes are accurate
- Revert back to agent in any instances of errors
- Place confirmation in file and update system

Agent Invoices

- Receive and review agents invoices for accuracy
- Convert to local currency as required
- Arrange for approval and payment of individual agent invoices

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Certificates of Recordal

- Monitor each file and chase for outstanding certificates on a regular basis
- Continue chasing process until all certificates are received, which can be up to four years in some jurisdictions

RISKS ASSOCIATED WITH POOR IP RECORDAL MANAGEMENT

Because of the multiple steps that can increase exponentially due to different factors (no. of countries, chain of title issues etc.) within the scope of a project, it is essential to have a well articulated proven process and the right resources in place to manage this work. Because of the complexities and the web of administrative tasks required in a project, in the absence of proper management and resources around IP recordal work, there is an increase in risk to your company and its IP assets.

While not recommended, a common practice is to handle IP recordal requirements at the time of renewal. Some IP owners believe there are cost benefits to spreading IP recordal expenses out instead of incurring a large expenditure to handle the work as a single project following an ownership change. This approach is actually more costly in the long run and exposes IP owners to a host of adverse scenarios.

Increased Cost and Administrative Burden

The following outlines areas of increased cost and administrative burden when chain of title and IP recordal work is handled individually at the time of renewal versus collectively as a managed project:

- Repeatedly obtaining multiple copies of evidentiary documents reflecting ownership changes is more costly when getting multiple copies at one time
- Individual recordal/filing fees can be more expensive than large volume fees
- Certain jurisdictions charge additional fines and tax penalties for filing ownership changes after a certain period after the transfer date
- Foreign associate charges are higher when IP Recordals are handled individually versus collectively as a project
- Additional Power of Attorney forms will have to be processed through a piecemeal approach.

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- Duplicative legalization and translation fees for POA's and evidentiary documentation will be incurred in the same jurisdiction when updates are handled individually against IP assets rather than collectively

Increased Risk to IP Rights and Portfolio

Outlined below are common portfolio management issues that surface when chain of title and IP recordal work is not properly updated:

- Difficulty tracking and identifying which IP assets have been updated and which have not
- Erroneous record title may jeopardize validity of the IP in some jurisdictions
- Recently filed applications can be held up by IP registered in the old name
- Original evidentiary documents could be irretrievably lost
- Prior owners may go out of business, cease to exist, move, or change names
- Prior owners may be unwilling to cooperate after the passage of too much time, especially if personnel has changed since original transaction
- Default in applications and registered IP may occur if official documents are delivered to old owners and answer deadlines are missed
- Inability to file suit against infringer if IP is in wrong name
- Inability to get temporary restraining order in infringement matters
- For Trademarks, third parties may be more likely to adopt conflicting marks if they think owner is defunct
- May make divestiture of assets more difficult or may get lower offer if ownership appears split or the chain of title is not up to date

EXPERTISE AND KNOWLEDGE REQUIREMENTS

Successfully managing IP recordal work requires a blend of the following types of skills and knowledge:

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- Expertise in international intellectual property administration as it relates to updating IP ownership on a global basis
- Working knowledge and an understanding of the importance of critical biographical IP data such as names, numbers, dates and deadline calculation
- Access to current international rules and documentary requirements for filing ownership changes
- Access to current cost and budgetary information inclusive of official fees and fees for foreign associates, legalization, publication and translation charges
- Project Management skills and the ability to manage competing deadlines and multiple lines of communication

Accordingly, it is a sound practice to select resources with the above-mentioned profile that can safely and cost-effectively manage and see a project through to completion. If you choose to utilize internal resources, consider their qualifications, track record and take into consideration their existing workload. If you choose to recruit outside resources or commission the work to an outside party, try to balance experience, expertise and cost. Be mindful that the most costly alternatives are not necessarily the most experienced and qualified to handle the work.

GETTING STARTED ON YOUR NEXT PROJECT

In executing a well-managed project, consider the following first steps:

- Identify the scope of the project:
 - Type and number of IP assets involved
 - Number of jurisdictions
 - Single or multi-hop transfer or change
 - Known chain of title issues or uncertainty around owner of record
 - Identification of pending applications, up coming renewals or litigation involving the IP assets

It is essential to have a clear understanding of the above before you begin the project. This helps to ensure a smooth project and keeps project costs in control. If you are uncertain about the

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scope, or have concerns around chain of title or last listed owner, consider enlisting outside services that can confirm this information before instructing foreign associates.

- Identify and select dedicated resources to manage and execute the project:
 - Internal resources
 - Outside IP services provider
 - Outside counsel

Great consideration should be given to selecting resources that can bring expertise in IP administration, project management and large scale, multi-jurisdictional project experience. Ensure this resource will be available for the life of the project.

- Obtain a budget for the entire project:
 - Official Fees
 - Associate Charges
 - Outside Counsel or Service Provider Fees
 - Legalization & Document Retrieval Charges

It can be difficult to obtain cost certainty in IP recordal work because of the different cost factors that come into play. Often there is a cost associated with simply obtaining a project budget. Explore the different IP service providers who can assist with this work. An experienced IP service provider should be able to provide you with an accurate quote for most, if not all of the costs based on basic variables such as IP type, county count, and the type of ownership change.

SUMMARY

Intellectual property plays an increasingly vital, commercial role in today's global marketplace. As we continue to see IP changing hands, a sound IP portfolio management strategy should include a disciplined approach to managing IP recordal work. Before you begin your next project, ask yourself, do we have a clear process and the resources in place? In the long run, you'll be glad you did.

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CPA Global IP Recordal Solution

CPA Global provides solutions for managing IP recordal work across all jurisdictions around the world...in fact we are experts. Through our proprietary project management approach, we handle IP recordal projects from short form deed preparation to confirmation of recordal and all steps in between.

As the global leader in IP support services, we have the IP expertise, resources and infrastructure to effectively manage these projects and manage them on time!

For more information on CPA's IP Recordal Solution please email: us@cpaglobal.com