

Ask This Key Question About Your Intellectual Property Portfolio: Am I Keeping Adequate Records?

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When a potential buyer or investor is interested in acquiring rights to your company or its intellectual property (IP) assets, it will conduct an IP due diligence assessment to identify your material IP rights, assess their commercial value, and determine the potential risks associated with their acquisition. A potential buyer or investor will want to examine all information and documents that may be relevant to assessing the quality of your IP portfolio assets. Therefore, careful record keeping will be essential for maximizing the value of your IP assets and reducing the potential for delays during negotiations.

The professional conducting an IP due diligence will usually request a list of the relevant issued patents, pending patent applications, invention disclosures and/or any related documents, both in the U.S. and abroad. He or she will also want a list of pending trademark applications, registered trademarks, and common law trademarks. Maintaining up-to-date lists and files for your patent and trademark portfolios will help expedite the due diligence process.

With regard to your patent rights, well-documented laboratory notebooks and invention records must be maintained. The quality of invention records can affect the validity and scope of your patents. Although the America Invents Act (AIA) has instituted a "first-inventor-to-file" system for U.S. patent applications filed on or after March 16, 2013, maintaining adequate records such as lab notebooks is crucial for a number of reasons:

- The previous "first-to-invent" system still applies for establishing the date of invention of patents filed prior to March 16, 2013. Therefore, any patent or patent application you filed before this date falls under the previous rules, and you may need to establish that the inventors listed on your patent invented the invention before others.
- Detailed and timely records help to establish the correct inventorship of your patent claims. This can be essential if a challenger tries to assert that another inventor has rights to the invention you are claiming.
- Careful records may establish prior public disclosure by an inventor, in order to disqualify certain references from being "prior art" to your patent claims. This is especially essential now, since under the AIA, new classes of references now qualify as prior art that would not have qualified in the past.
- Complete records can also ensure that you are adequately capturing all the IP assets being generated and that the relevant products and services are protected.
- Invention records can be used to establish a "prior user rights" defense to charges of patent infringement. Establishing prior user rights may allow you to avoid liability if you previously used the patented subject matter in the U.S., under certain circumstances established under the AIA.

Hamilton Brook Smith Reynolds is a full-service intellectual property law firm founded in 1980. Today, the firm has more than 50 attorneys, patent agents and technology specialists, most with advanced degrees in the sciences and/or professional technical experience. The firm represents many independent inventors, start-up companies, corporations of all sizes, as well as academic and research institutions located in Massachusetts, across the United States and around the world.

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- Careful record-keeping helps to ensure that all necessary documents are filed and all fees are paid on time, to avoid unintentional abandonment or expiration of IP assets.
- Detailed records help to establish credibility for the inventor and invention, and are often key to the "invention story" communicated to investors, attorneys, courts and juries.

Careful records are also necessary to establish crucial trademark dates of use and maintain trademark rights. These are but a few reasons for maintaining best practices in IP record keeping. Your IP professional can help you to develop specific guidelines for your record-keeping in order to maximize and maintain the value of your intellectual property.