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Confessions of a Reluctant Convert to Electronic Patent File Management Systems & Why I Am Now a True Believer

For many years, vendors of office automation systems expended considerable effort trying to convince corporate and law firm patent attorneys to adopt paperless file management systems by touting the time and money savings associated with electronic files over the traditional patent file system. However, relatively few patent attorneys have done so, instead, remaining loyal to the traditional three-sided manila patent file folder. Until recently I was one of those patent attorneys. Now that I have discovered the vast efficiencies and improvements possible with these electronic systems, the question is why I remained true to this clearly outdated system of maintaining client patent prosecution records.

Given the remarkable efficiency and knowledge management improvements possible with electronic patent file management systems, there can be no viable excuse for either corporate or law firm patent attorneys not to adopt such systems. In retrospect, I think I found that the heft and history represented by the partially filled patent file folder provided a feeling of ongoing accomplishment, even while I was contesting yet another trivial rejection from a patent examiner. The need for a tangible sign of my efforts prevailed over the backaches that I incurred from carrying multiple patent files to work on outside of the office. However, after being faced head-on with the administrative inefficiencies of the traditional paper-based patent file management systems, I am now a convert to the undeniable benefits of electronic patent file systems.

Put simply, given the remarkable efficiency and knowledge management improvements possible with electronic patent file management systems, there can be no viable excuse for either corporate or law firm patent attorneys not to adopt such systems. When viewed in the best light, patent attorneys who decline to adopt an electronic system are doing their clients and themselves a disservice. Viewed in the harshest light, these attorneys are unintentionally cheating their clients out of innovative methods that improve the quality of patent legal service while reducing its cost.

My Awakening

My awakening to the value of electronic patent file management systems occurred recently while leading a team of patent prosecution experts for an Intellectual Asset Management (IAM) enterprise software vendor. For this project, my team conducted a detailed time comparison between a fully electronic patent file management system and a traditional paper-based system. By assigning times to each of the administrative steps involved in eleven common patent prosecution tasks, we discovered that use of an electronic patent file management system markedly reduced the amount of administrative time involved. Specifically, the amount of administrative time (as opposed to substantive legal effort) required for each task was reduced from roughly 60 percent to as much as 85 percent, depending on the prosecution matter. These administrative tasks represented functions such as pulling and moving files from office to office, uploading, retrieving and saving documents into department computer databases and inefficient communication between in-house personnel and outside counsel.

Adoption of an electronic patent file management system can save anywhere from \$150K to \$220K per year. Our analysis demonstrated that for a fully staffed corporate patent department (e.g., docket clerk, paralegal and attorneys) that files about fifty patent applications and engages outside counsel for patent preparation and prosecution, adoption of an electronic patent file management system can save anywhere from \$150K to \$220K per year (see the Appendix). For a fully staffed corporate patent department filing a similar number of patents but which handles patent prosecution matters primarily in-house, the cost savings range from \$50 to \$75K per year. Because the tasks eliminated by an electronic patent file management system are repetitive and routine, these savings are fully scalable to organizations with higher or lower filing levels.

Further cost savings will also follow from a corporate patent department's adoption of an electronic patent file management system because having the appropriate documents readily at hand in electronic form greatly increases communication efficiency between patent staff and internal business clients regarding their patent matters.

For example, while employed as a senior IP attorney at a multinational corporation, I conducted periodic patent committee meetings with my business and R&D teams. To collect and present the information necessary for the teams to make informed decisions, the paralegal and administrative staff were required to spend considerable effort copying, sorting and binding relevant patent documentation. Moreover, because the information in the thick binders stayed static, while the relevant patent matters did not, these binders became obsolete as soon as the periodic meetings ended. The binders therefore needed to be re-created from scratch for every meeting. Multiply this effort over multiple businesses, each with frequently changing patent filings, and one can see how much work was required to keep my business and R&D teams up to date about their patent portfolios.

Had the management of my corporate IP legal department invested in an electronic patent file management system, countless paralegal hours (and reams of paper) would have

been saved by providing the same information to my organization's business team for review on their laptop computers. With an electronic system, our department's staff could have avoided the repeated pulling of patent files to copy relevant documents and prepare binders. The time-intensive nature of patent committee preparation alone would have justified the adoption of an electronic filing system.

Information to the Right People at the Right Time

A further, perhaps immeasurable, benefit of electronic patent file management results from the greatly improved access to valuable corporate patent asset information. With traditional, paper-based patent file management systems, patent staff necessarily controls access to patent information. Those with important business interests in a corporation's patent matters—that is, business and R&D teams—must first ask their patent staff for permission to access such information. For organizations where patents are recognized as valuable corporate assets, the requirement is like needing to ask your banker for your bank balance. For those responsible for managing corporate assets, such limited access to information is unacceptable.

No More Gatekeepers

When a corporation views its patents as assets, those responsible for managing corporate assets must be able to readily access relevant information. An electronic patent file management system is a critical component for those managers seeking to better capture and protect their intellectual property. When a corporation views its patents as assets (as opposed to legal instruments); those responsible for managing those assets must have ready access to relevant information. Under traditional paper-based patent filing systems, patent staff serves as gatekeepers of the information for the entire corporation. With an electronic patent file management system, those with a need-to-know can be granted access to the patent information on an as-needed basis. This reduces the workload of the patent staff and improves the engagement of others in the organization with the patent process.

Managing the Cost of Transition

Given the large cost savings, increased efficiencies, and greatly improved corporate knowledge management possible with adoption of an electronic patent file management system, there would seem to be little reason for corporate patent departments to retain the traditional method of managing patent documentation. Of course, the task of scanning active patent files into electronic form may seem daunting. But there are ways to minimize the entry-level cost.

First, technology makes it easier to go paperless than ever before. Most organizations already file patent applications and other patent documents electronically. This means that most patent documents are present in electronic form and do not need to be separately scanned into an electronic file. In the next several months, the US Patent Office will be introducing electronic Office Action reporting, to be followed later by electronic reporting for other official documents.

The effective elimination of paper from communications to and from the US Patent Office today will make it easier for forward-thinking organizations to eliminate paper-based patent file management systems. When combined with modern document management systems typically in place at corporate and law firm settings, most organizations will be able to convert to electronic patent file management systems today for a reasonable price and with minimal effort.

To further reduce the entry-level cost, legal managers can select only currently pending applications for entry into a new electronic patent file management system. Of course, newly docketed matters should also be made fully electronic from their inception. Issued cases can later be added to the system if time and resources allow. By taking a measured approach to the adoption of an electronic patent file management system, the cost of moving from a paper-based file management system to an all-electronic patent management system can be minimized.

The Role of Outside Counsel

Outside counsel saves money by electronically communicating with clients, and it is inexcusable for them not to pass such savings on to their clients. Corporate patent managers should expect their outside counsel to be willing to provide them with electronic patent-related communications on a low- or no-cost basis. Corporate patent managers should also be prepared to discuss with their outside counsel where inefficiencies can be removed from law firm operations and communications to reduce overall patent procurement costs. If an outside counsel wants to charge a client additional fees for electronic communications, the client should seriously consider vetting new patent counsel who is more willing to adopt innovative solutions. Outside counsel saves money by communicating electronically with clients, and it is inexcusable for them not to pass such savings onto their clients.

It's Time for All IP Departments to Adopt an Electronic IP Management System

Although we represent technology savvy companies, patent attorneys often are somewhat resistant to change. This conservative nature could explain why, to date, conversion to electronic patent file management systems has been slow. With the remarkable efficiencies and improvements over traditional paper-based patent file management systems more and more evident, however, there is no reason for patent attorneys not to adopt electronic patent file management systems today.