



Inside The Patent Factory

Effective+Efficient Management of Patent Creation

About the author



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Dear Reader

We are pleased that you are interested in our white paper. In the following, you will receive valuable insights on the patent creation process. These insights are intended to give you an idea how to manage this process effectively and efficiently. You can deepen your knowledge of the topic with the training courses we offer on patent creation, generation and management.

Best regards,

A handwritten signature in black ink that reads "Alexandre Ho". The signature is written in a cursive, flowing style.

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If one was challenged to think about a factory, production site or plant, one would typically think about a physical entity with components and raw material being delivered in and finished goods being shipped out.

The concept of a factory may be based on the large cotton mills in England in the 1800s, Henry Ford and his innovation with mass production in the early 20th Century or today's mass customisation factories.

Inside this building, one can imagine production lines full of products, tools and test equipment. The building is busy with various activities taking place such as sorting, assembly, testing and packing, with some of these activities being handled automatically whilst others are handled manually.

Now imagine walking into a large modern mass customisation factory where the material coming in one side of the factory consists not of physical components or raw materials but rather ideas, thoughts, inventions and solutions to problems, whilst patent applications or granted patents flow out the other side of the factory as the finished goods.

This analogy linking modern factories and patent production is useful for a number of reasons.

It is clear that the importance of intangible assets is growing, often equalling or surpassing the value of physical assets for a company. The state of the intellectual property of a company determines their share and corresponding influence on the market. The size and quality of your portfolio will have a direct impact on several factors, such as the reputation of your company, the level of returns on investments and your access to the market, amongst others.

The way a company is valued has also changed considerably. In the 1970s, approximately 80% of the value of a company was made up of tangible assets, with the remaining 20% being made up of intangible assets. Today this is completely reversed, with intangible assets making up approximately 80% of the value of the company and only 20% being made up of tangible assets.

The volume of patent applications and granted patents has been increasing in recent years. As companies begin to realise just how important Intellectual Property Rights are in the modern business environment, it is unsurprising that this pattern has emerged. Indeed, companies are afraid that failure to evolve in correspondence with today's business climate will result in their competitors dominating the market in future.

However, the patenting process is by no means simple and there are various steps or stages in the process. The patenting language and terminology is often not easily understood, and it can also be a relatively expensive exercise. The reason for such complexity - in particular in the application and granting stages - is to ensure that the patents which do get through are of the utmost quality and provide protection only to the extent necessary.

Therefore, in today's highly competitive environment it is essential that we take a detailed look at how we go about producing these patents. If one is only concerned with a few patents, then one can probably stay with the individual handcrafted approach. However, as volumes increase it is better to compare and contrast how such patent creation activities are organised and structured to today's mass customisation operations and logistics, in order to then create and manage a patent portfolio.

The basic idea is that if you wish to create patents as effectively as possible, you should then see the process like a factory production line, in which the end result is the granted patent. Patent creation should be treated in much the same way that you would handle product development and granted patents should be treated in the same way as you would handle a finished product.

However, it is important to realise that just as with modern factories, not all the tasks and activities are handled internally by the factory's own employees or even by the key suppliers and component vendors. Some tasks are outsourced to specialists.

The word “creation” is very meaningful as the basic idea is to really ‘create’ patents, as opposed to just the drafting of legal documents and filing of these documents to relevant patent offices. It should not be seen as a bureaucratic activity, concerned only with the formalities of the process. Patent creation should be seen as much more than this and should be suitably elevated to ‘factory’ at the heart of a company’s intellectual property management activities.

Patent creation is the activity within intellectual property management which involves interfacing to the inventor community, gathering inventions, analysing them, making decisions and then filing and prosecuting cases. It can be seen as a virtual factory, producing quality patents at the end of the production line for others in intellectual property management to then utilise and exploit.

However, it is not an isolated factory disconnected from the rest of intellectual property management and the company or the business environment, it is a factory well connected to those developing strategies. Actively linked to the inventor community, it takes pride in raising awareness of intellectual property throughout the company and it continuously grows and develops its people, processes, and systems & tools. Furthermore, it does the basics well, such as harvesting inventions, reviewing those inventions and filing and prosecuting those considered of value, to ultimately obtain good quality granted patents.

The leader and manager of this patent creation factory formulates a long-term strategy for the factory on the basis of the overall intellectual property strategy and the overall company strategy. He will then identify competencies needed to achieve the strategic objectives and targets and ensure team and individual targets are in line with the strategic objectives of the factory. He will actively monitor the source, volume and quality of the raw material (inventions) coming into the factory and participate in factory process and tool development, whilst managing the budget in a professional business manner. This will ultimately ensure the quality of the patents produced within the factory.

Patent creation clearly involves an array of activities that you need to be aware of with the overall objective being to create good quality patents, hence the term ‘patent creation’.

Some aspects of a factory analogy may not be so obvious to some or may indeed even cause confusion, so it is worth clarifying a few aspects of this patent factory.

Patents can cover a wide range of topics and each patent is different, whereas a factory often produces the same product repeatedly. The goal of most factories is to increase production whilst lowering costs.

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