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As Ropes exits the patent prosecution field, Mintz looks to bulk up

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While pricing pressures have led Ropes & Gray to step away from the business of filing patent applications, another of the city's largest law firms envisions taking on even more of the work.

Ropes revealed last week that about 100 of its staffers are leaving in the coming months to start a separate firm specializing in writing and filing patent applications, also known as patent prosecution. Ropes is still very much in the intellectual property business, but with patent prosecution significantly less lucrative than other types of IP work, the firm determined it makes most sense to have those attorneys start their own venture.

Mintz Levin, meanwhile, not only wants to hold onto its existing patent prosecution team, it wants to add professionals in the area, said Michael Renaud, division head for the firm's intellectual property section. About half of its 100-plus IP professionals do patent procurement work.

"In light of this dynamic," Renaud said of Ropes and potentially other firms leaving the field, "it's a virtual certainty we'll be adding bodies."

Over the past decade, the amount that law firms can charge for patent prosecution has not kept pace with what they can charge for IP litigation and other types of IP counseling. The country's most lucrative law firms, such as Ropes, can and do charge clients top dollar for their services. But many companies feel those firms aren't that much better at patent prosecution that they are worth that kind of money. It's become harder and harder for those highest-tier firms to find clients willing to pay top dollar for the work. They can only bend so far, and Ropes decided it had bent far enough.

Mintz isn't quite on Ropes' level – Ropes has north of \$1.3 billion in annual revenue, while Mintz brings in about a third of that figure – but in the context of the legal industry



Michael Renaud, division head for Mintz Levin's intellectual property section.

as a whole, they're not that far apart. Both are among the 100 largest law firms in the U.S. Both offer a full suite of legal services. Ropes is the largest firm in Boston, Mintz the third-largest.

Mintz believes it has established a model for patent prosecution that keeps the low-margin work worthwhile. One big part of its shift in strategy? It's learned to say no. "If low-cost, fixed-fee patent prosecution work is all we're going to get, then almost regardless of who that client was, we're going to say 'no' to it," Renaud said. In some cases, the firm will pass on the work to Mintz alumni who have created or joined lower-cost firms in Boston's suburbs that focus on patent prosecution, such as Waltham-based Intrinsic Law Corp., according to Renaud.

If, however, the workload includes IP work

that's more lucrative than patent prosecution, then Mintz is willing to take on the client.

If a client is a startup, Mintz often makes a non-traditional arrangement that enables the company to delay paying for the law firm's work until it's been sold or has gone public. Other firms make similar arrangements with startups. In that case, the low margins on patent prosecution are less of a concern for Mintz.

The firm has also pushed more work to patent agents, individuals who can make filings with the U.S. Patent and Trademark Office but are not necessarily lawyers. Firms charge clients significantly less for work performed by patent agents than they do work performed by a lawyer. While some firms focus on hiring younger technical experts as patent agents with the expectation they'll go to law school, Mintz has been hiring more specialists who are later in their careers, with no expectation they'll become attorneys. A Mintz partner will supervise the patent agent's work. "The clients like it better because (the experienced agents) are closer to the technology," he said.

Renaud believes Mintz can woo away patent prosecutors from other law firms who fit into one of two camps: They're struggling to do the work profitably under their current firm's billing structure, or they are doing the work profitably but they're concerned their firm will follow Ropes' lead and ditch patent prosecution work.

Another of the city's largest law firms with a well-known IP practice, WilmerHale, doesn't have plans to grow its patent prosecution practice, but it doesn't see a Ropes-like spinoff as likely, either, according to Don Steinberg, chair of the IP department. The attorneys who work on patent filings are so intertwined with the firm's litigation and other IP work that such a spinoff would be difficult, he said.

"Nothing's impossible, but it would involve a much bigger change in how we do things," Steinberg said.

He added that the firm has been pushing more work to its younger, less expensive attorneys. Its in-house budgeting tools have also kept down patent prosecution costs, he said.