Olswang's patent attorney move is a risk

When it comes to patent work, the English law firm Olswang would be unlikely to find itself nominated alongside the likes of Bird & Bird, Bristows and Taylor Wessing as one of the leading players in the London legal market. Although it has represented organisations such as Dyson, Boston Scientific and the University of California in important litigation, Olswang has a much stronger reputation in the copyright and trademark arenas, where it acts for a series of high-profile clients, especially in the TMT sector.

Over recent years, however, Olswang has been investing heavily in building a greater presence on the patent side, and has managed to attract several highly regarded individuals to its offices in Covent Garden, notably current head of IP Michael Burdon, who previously ran the biosciences group at rivals Eversheds. As more firms seek to build all-round IP expertise in London and elsewhere in the UK, there is nothing particularly unusual in all of this.

However, where the Olswang strategy does begin to diverge from that followed by most of the competition is in the firm's stated commitment also to build a patent prosecution capability: something that was emphasised in April when Olswang announced that two patent attorneys had been recruited from Nortel and that Brian Williamson, the former head of the international patent group at NCR, was to join the firm in June to run the patent prosecution practice.

Traditionally in the UK there has been an almost complete separation between patent attorneys and patent lawyers. Patent attorneys tend to group together to run firms that offer expertise in the procurement of patent rights, while lawyers focus on transactional work and litigation. It is a divide that is institutionalised by Law Society rules that state that lawyers and non-lawyers cannot work together in partnership. And it is a divide that has served both sides of the equation quite nicely up to now, with patent attorneys – or agents, as they were commonly known until quite recently – referring their clients' contentious work on to lawyers as and when it is necessary.

Indeed, the potential loss of referral work is one of the main reasons why law firms have been reluctant to establish filing practices of their own, as patent attorneys have always made it very clear that they will not hand work on to those they consider are in competition with them. In addition, there is a cost factor: good prosecution practices cost a lot of money to establish and, if they are to be successful, need to be staffed by top practitioners – the type of people that do not come cheap. A law firm with acknowledged competence in patent litigation cannot afford for this to be compromised by shoddy work from those handling a client's patent applications and so will always have to look at the top end of the market when it is recruiting (even though he is not a partner, Williamson, for example, is to be paid at the same rate and will enjoy the same status as Olswang partners). Then there are the cultural differences – patent attorneys are generally not qualified lawyers and often have a very different outlook to lawyers when it comes to things such as internal decision making and client relations.

The bottom line in all of this is that patent prosecution is a numbers game. To do it profitably you need to do a lot of it, and you cannot do a lot of it unless you do it well and can offer a range of expertise across a variety of technical areas. The investments required to get to that stage are such that for most law firms,

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especially those that already get a good deal of work from patent attorneys, establishing a patent prosecution practice is not worth the bother.

Or so the theory went until the likes of Olswang began to challenge it. Because while the firm is certainly a pioneer, it is not beating a solo path: there are a few other lawyers in England who are thinking along similar lines. It is a trend that began at the back end of the last century when US law firms in London began to look at intellectual property as a serious area for growth. For some of these – including the likes of Howrey Simon Arnold & White, McDermott Will & Emery and White & Case – it seemed logical to offer the same full IP service in London that clients received in the US. After all, it is a model that has proved successful in attracting and then keeping clients who start off by using you to procure patent protection and then, so the theory goes, stick with you when it comes to licensing rights and litigating them.

Of course, it was also a much easier proposition for such firms to think in this way because, as new kids on the block, they did not have the relationships with patent attorneys enjoyed by the established players on the London scene, meaning there was no immediate risk in going into competition with them. What such firms also made sure they did was to hire some of the English market's big names in patent litigation to back up their claims for full service expertise: Isabel Davies and James Irvine at Howrey; David Llewelyn at White & Case; and Larry Cohen at McDermotts all have established reputations.

Like their American counterparts, the handful of English firms now beginning to offer prosecution services have no real tradition in patents and can therefore afford to ruffle a few feathers. For Olswang, read also Rouse & Co – which has traditionally been known for its trademark expertise – TMT stalwart Nabarro Nathanson and Field Fisher Waterhouse, a firm with a strong soft IP pedigree that has recently gone into alliance with patent attorneys Mathys Squire to offer clients a one-stop IP service. What these English firms do not have, however, are the deep pockets of those from the US, which makes it much more difficult to bring in top-class litigation expertise. Olswang has managed to do it with Michael Burdon but beyond him it is difficult to find any hard contentious patent pedigree at the firm. Likewise, none of the other firms can offer the patent litigation strength in depth that the really big players in the market have at their disposal.

All of which makes what they are doing a risk and explains why, so far, the majority have only moved into the area in a small way or, in FFW's case, have chosen to work in conjunction with an established firm of attorneys. Olswang, on the other hand, is making noises about further expansion and explains that its new focus on patent procurement has been led at least in part by the desire of a large client that the firm handle its prosecution affairs. That is undeniably great news but only, of course, for as long as the client remains happy with the work being done. It also begs the question of whether one client can really offer enough work to keep a whole team in business, especially one that is talking bullishly about further growth. What the firm will hope for is more instructions and, crucially, a decision from some of those who do come on board to trust it with contentious matters as well. If this happens then the strategy Olswang is following will be vindicated – patent litigation in the UK can be a very lucrative affair. But if it does not happen, the firm could well find itself incurring some pretty hefty expenses for what at best are marginally profitable returns. And that will not be at all popular with partners operating in entirely different practice areas.