

SAP's Experience in using and leveraging IP



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THE BEST-RUN BUSINESSES RUN SAP™





- A world leader in business solutions, offering comprehensive software and services that address the unique needs of customers around the world
- Founded in 1972 by five former IBM employees. Their vision was to develop standard application software for real-time processing
- Current headcount is more than 50 000 employees in more than 50 countries worldwide
- Listed on several exchanges, including the Frankfurt Stock Exchange and NYSE under the symbol “SAP ”

SAP's Ecosystem



- **Trusted business partner**
for more than 100,000 customers in more than 120 countries, and 75% of the Forbes 500 companies
- **Deep vertical expertise**
with strategic solutions for more than 25 industries
- **Unique Partner Ecosystem**
More than 1.5 million community members (SDN and BPX)
- **Great innovation power**
with >12K developers
- **One of the top brands globally**
#27 for 2009 according to *BusinessWeek*

SAP's Global R&D Organization

SAP Labs Network



SAP Labs Bulgaria



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SAP Labs Bulgaria

10th Anniversary



Year 2010 : First decade of SUCCESS

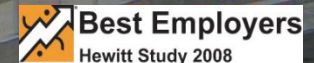
- ◆ Strong contribution to SAP in various areas
- ◆ Over 400 developers
- ◆ 4 big (VP) areas; 50 teams
- ◆ 30 years average age
- ◆ Best in class Java Enterprise offering

Years 2002 – 2005

- ◆ 2002: becoming Technological subsidiary of SAP AG
- ◆ Developing towards strong technology platform location
- ◆ 2005: reallocation to new building
- ◆ 340 developers and growing; new departments and responsibilities

Year 2000 : SAP AG bought part of Prosyst

- ◆ 60 Developers
- ◆ Java Enterprise Server Project



Activities & Initiatives

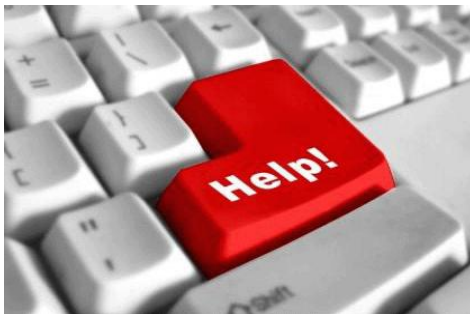


Product Definition

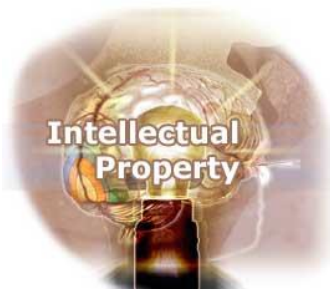
SAP NetWeaver Platform Development



Strong engagement with Bulgarian universities



Installed Base Maintenance & Support



Emerging Research Team

Investment and Acquisition Strategy



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Representative Current and Past Investments

SAP Ventures



SaaS / Cloud Computing



Open Source



BI



GRC / Security



Enterprise 2.0



Other



Examples of Past Acquisitions

SAP M&A



SAP Global IP



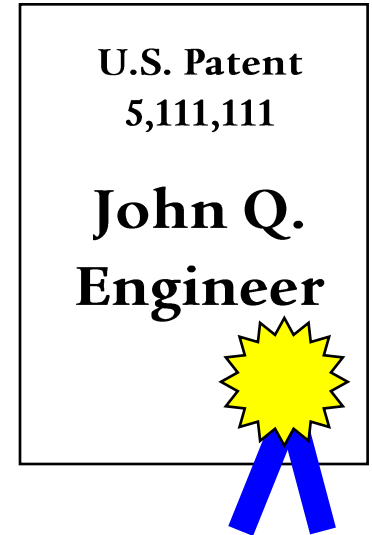
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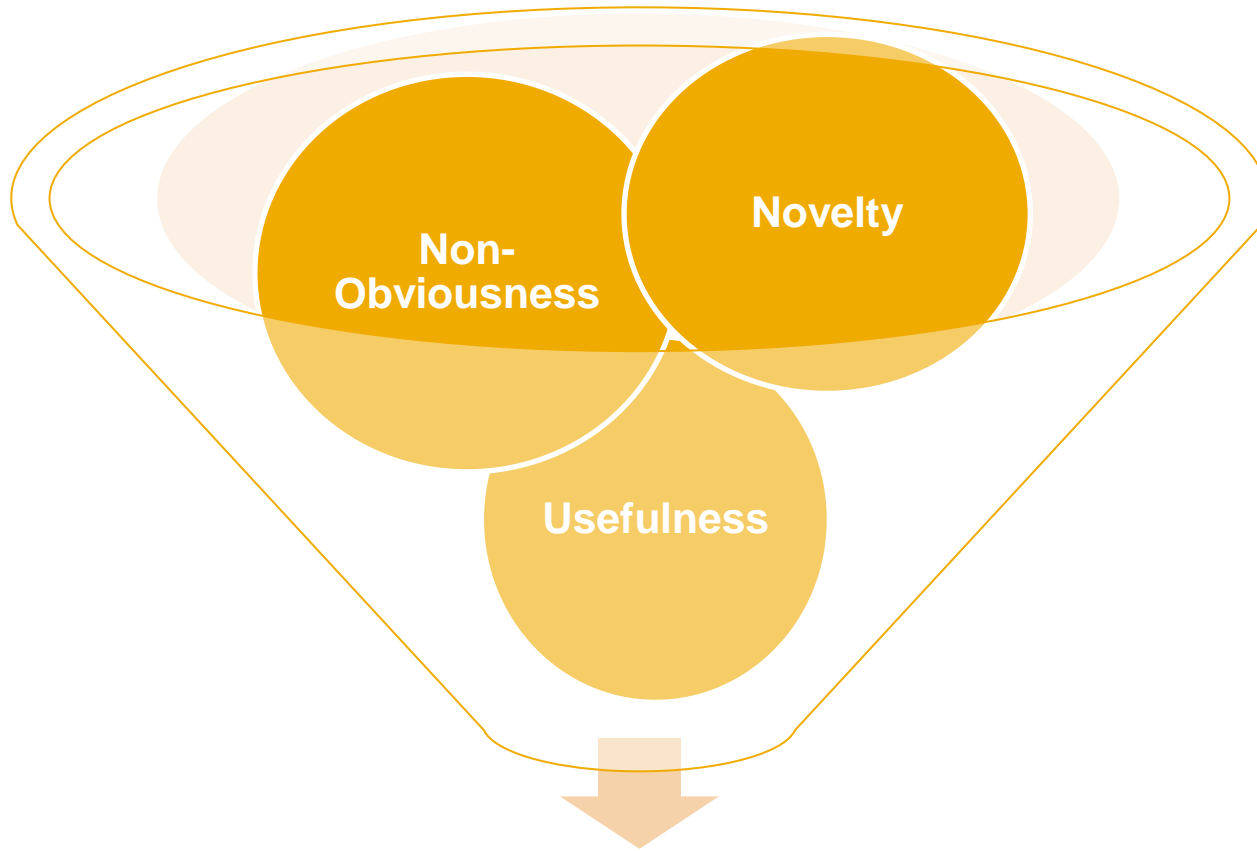


- Reward inventive acts
- Public disclosure
- Prevent wasted/duplicated effort
- Encourage investment/funding
- Reward employees



- A Patent is a property right to an inventor
- Granted by government (e.g.USPTO, EPO, BPO)
- In exchange for complete invention disclosure
- Rights to **exclude** others from
 - making
 - using
 - selling
 - offering for sale or
 - importing the invention
- Valid for **20 years** from the filing date
- A patent is a territorial right





Patentable Invention

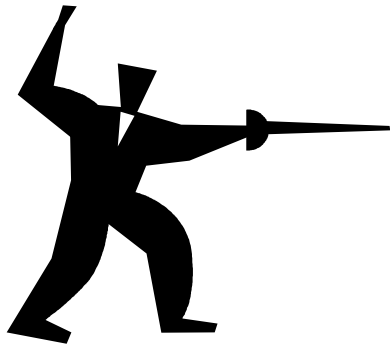
- Competitive advantage
 - Protect what we practice
 - SAP vs. i2 - \$84M settlement
 - RIM (Blackberry) vs. NTP - \$612M settlement
 - Intel vs. Intergraph and MicroUnity - \$975M settlement
 - Ammunition against those who would take our money

- Licensing
 - IBM obtains approximately 2000 software patents per year and earns **billions** in revenues from software licenses yearly

- A patent can be a very important asset in business !!!

Offensive & Defensive

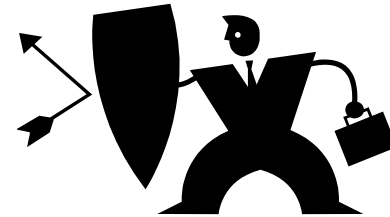
Sword



Offensive use vs. Competition

- Litigation
- Licensing

Shield



Defensive use vs. Threat

- Protect what we practice
- Competitive Advantage
- Leverage in licensing
- Strategic Alliances
- Standards

TI sues ADI for infringement of US Patent 4,043,027 [“Process for Encapsulating Electronic Components in Plastics”], demanding

1. ADI pay TI millions of Dollars
2. ADI stops producing all chips using the patented process

ADI digs into its patent portfolio; **ADI sues TI** for infringement of US Patent 4,800,524 [“ Modulo Address Generator”], demanding

1. TI pay ADI millions of Dollars
2. TI stop producing all DSPs that use the patented process

Outcome:

All litigations dropped, TI and ADI license patents to each other.

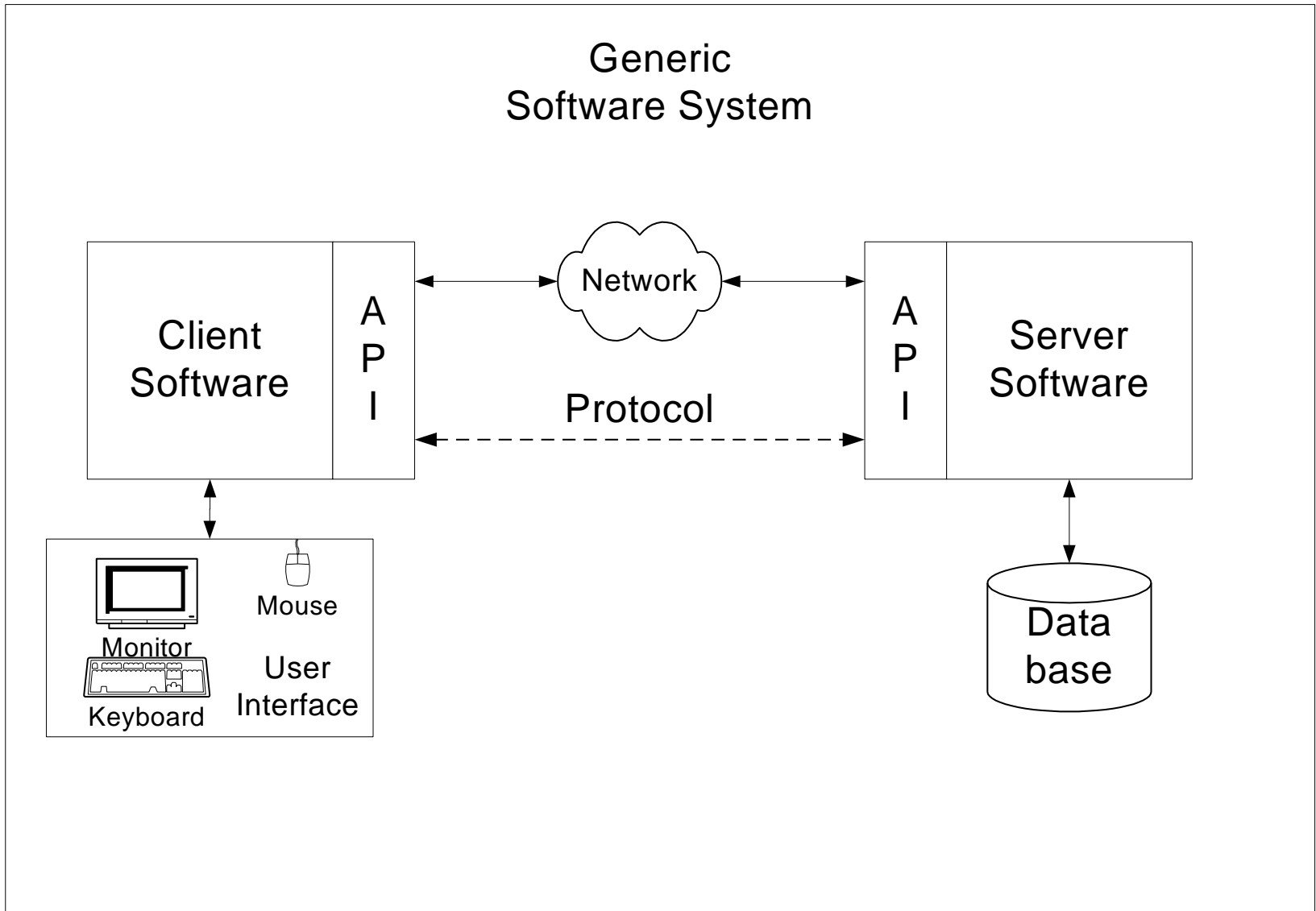
- The European Patent Convention (EPC), Article 52, paragraph 2, excludes from patentability “**programs for computers**” ... as such
- Case Law: computer programs are patentable to the extent that they provide a technical contribution
- The European Patent Office (EPO) grants thousands of software patents every year

- **Gottschalk v. Benson (1972); Parker v. Flook (1978),**
and **Diamond v. Diehr (1981)**
- **Diamond v. Chakrabarty (1980)**
- **State Street v. Signature Group (1999)**
- **KSR v. Teleflex (2007)**
- **Bilski v. Kappos (2010)**

- The Test (Federal Circuit, 2008): A process is patentable under § 101 only if:
 - I. Tied to a particular machine or apparatus,
or (!)
 - II. Transforms a particular article into a different state or thing

- The Supreme Court (2010):

The “**machine-or-transformation**” test is not the sole test for determining the patent eligibility of a process



- System as a Whole
- Individual System Components
- Methods implemented in software
- Computer-readable Media (CD-ROM, Floppy etc.)
- Data Structures
- API
- Protocol
- User Interface

- Proprietor can clearly articulate what is novel about the idea or business
- Can be stated as a process or combination with 3-7 steps or elements
- Idea stands out from the crowd
- If patent is obtainable, protection will be broad

- Proprietor doesn't have a clear conception of what is new
- “Novelty” is diffuse -- e.g. its basis is a combination of a large number of features
- Even if patent is obtained it will be narrow

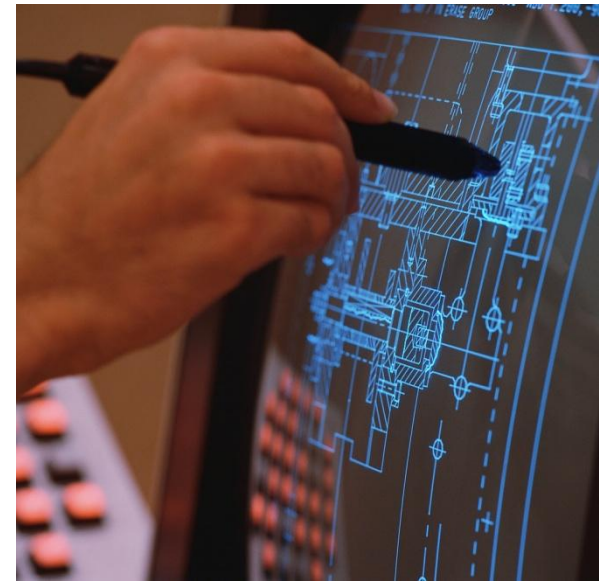
Few Patents that have made a lot of money \$\$\$

- Bidirectional Printer
- Diskette
- Prodigy – Object Oriented Programs
- Cryptography
- Consumer Bill Paying
- Drive And Media Detector
- Direct Memory Access
- Paragraph Indenting
- Cursor Changing Shape As It Moves
- Simultaneous Display

- A Solution to a problem
- If you have solved a problem – you have made an invention
 - Speeds up processing
 - More efficient process
 - Enhances flexibility
 - Eases user interaction
 - Makes customizing easy
 - Optimizes the use of resources
 - Eases customizing



- What am I working on?
- Who is my competitor?
 - What is the competitor working on?
 - What will the competitor do in the future?
- How is my work different/better?
 - New functionality
 - Greater ease of use
 - More easily adaptable to different environments
 - New Development tool
 - New Business method
- R/D that is not implemented
- Visionary ideas



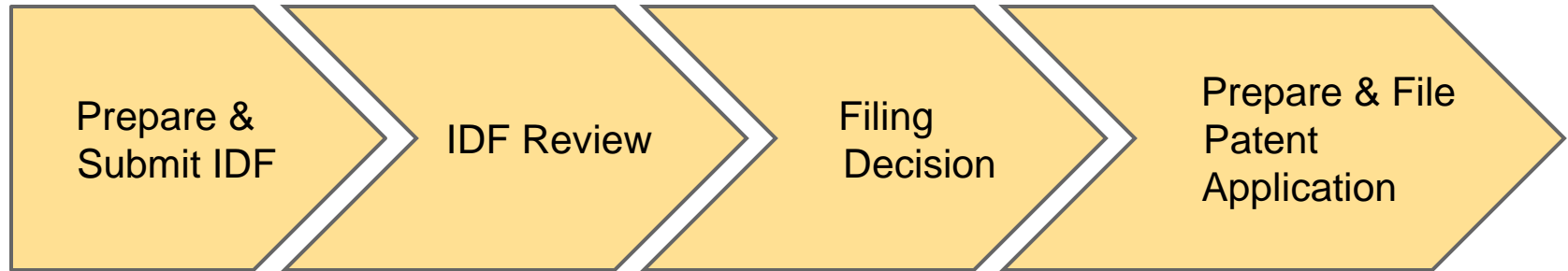
Document it:

Invention Disclosure Form (IDF)

- Proposed title of the invention
- Inventors
- Objective or purpose of the invention
 - Problem (background & existing technology)
 - Brief description the solution
 - Closest known prior art
 - Advantages over the prior art
- Commercialization
 - Public disclosure dates/offer for sale
 - Incorporation into SAP product/service
- Attachments



Our Patent Process



- Payment for submitted IDF
- Payment upon filing application
- Payment when application becomes Patent

Thank you!

SAP Labs Bulgaria

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