

Innovation Toolbox

Manage your Intellectual Property

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1.0 INTRODUCTION

At its simplest, managing Intellectual Property (IP) is a process by which an organisation can accurately identify, capture, evaluate, protect and monitor IP frequently for the purposes of further exploitation, usually commercialisation of some kind. There is no way you can know what parts of your business have created additional value without managing your intellectual assets effectively. Every element of your business has the potential to qualify, so unless you manage these resources regularly you will never know what hidden opportunities you could be overlooking.

1.1 What is intellectual property?

Intellectual Property (IP) represents the output or intangible product of an individual's mind or intellect. IP can be an invention with patentable potential, copyright, a design, trade mark, process or the practical application of a good idea (know-how). IP does not have to be written down to exist. It can be one of your organisations' most valuable assets. IP has the real potential to create competitive advantage and bring considerable value to an organisation when managed appropriately and effectively.

2.0 SCAN YOUR ORGANISATION FOR IP

For existing businesses the process generally starts with a high level scan of your entire operations to identify IP. Every element of your business should be included in the scan because every part of your operation has the potential to yield intellectual output. Start with the assumption that value has the potential to be created anywhere in your business, so no stone should be left unturned! This process is to help you identify IP you may already know about, as well as to unlock potentially hidden value in IP that you perhaps were not aware existed in this form.

Scanning your business for IP is a relatively straight-forward process that will require time and the cooperation of your staff or external advisors that are involved in the day to day operation of your business. Apart from identifying IP, some of it potentially valuable, this process will also identify the level of knowledge and appreciation you and your staff have of IP, likely informing your future efforts to raise awareness through education, for example.

Your review will also likely identify that your business does not have an adequate management system or process in place appropriate to your business's scale or operations. It follows, that by completing this process you and your staff may not be aware of the potentially additional or core role IP can play in your business, in terms of new development opportunities and growth.

2.1 Where do I start?

A scan and review of your IP requires completing a written IP auditing process, to systematically discover, identify, capture and review the information in relation to your IP position. It generally involves the following activities:

- ➔ Identifying known IP rights, usually registrable, in the form of patents, trademarks, designs or circuit layout rights if you have them, but also automatic rights such as copyright, and those pieces of information you regard as confidential to your business;
- ➔ Surveying staff and IP originators to elicit more information about what they have generated in their work;
- ➔ Assess the degree of control you have over the IP by ascertaining ownership of the IP, names of the inventors, evidence of non-disclosure agreements, certificate of registrations, record of inventions etc. This may require you to review all contractual

arrangements (employment, supplier and customer agreements) you have that may include IP provisions before the precise level of your control can be determined;

- Determine the extent to which your existing management processes and systems sufficiently fulfil the ongoing and future organisational business objectives as it relates to IP assets and rights. This can involve survey questions prepared for data collection across your business areas as well as for management.

This process should establish the level of your organisation's effectiveness across a number of areas core to IP management, as reflected in policy, management activities and/or behaviour. It should reveal your activities and performance in the following elements of an overall IP management system: IP identification; storage; evaluation; protection; and ongoing monitoring and evaluation of new IP.

3.0 INTRODUCE AN IP MANAGEMENT STRATEGY

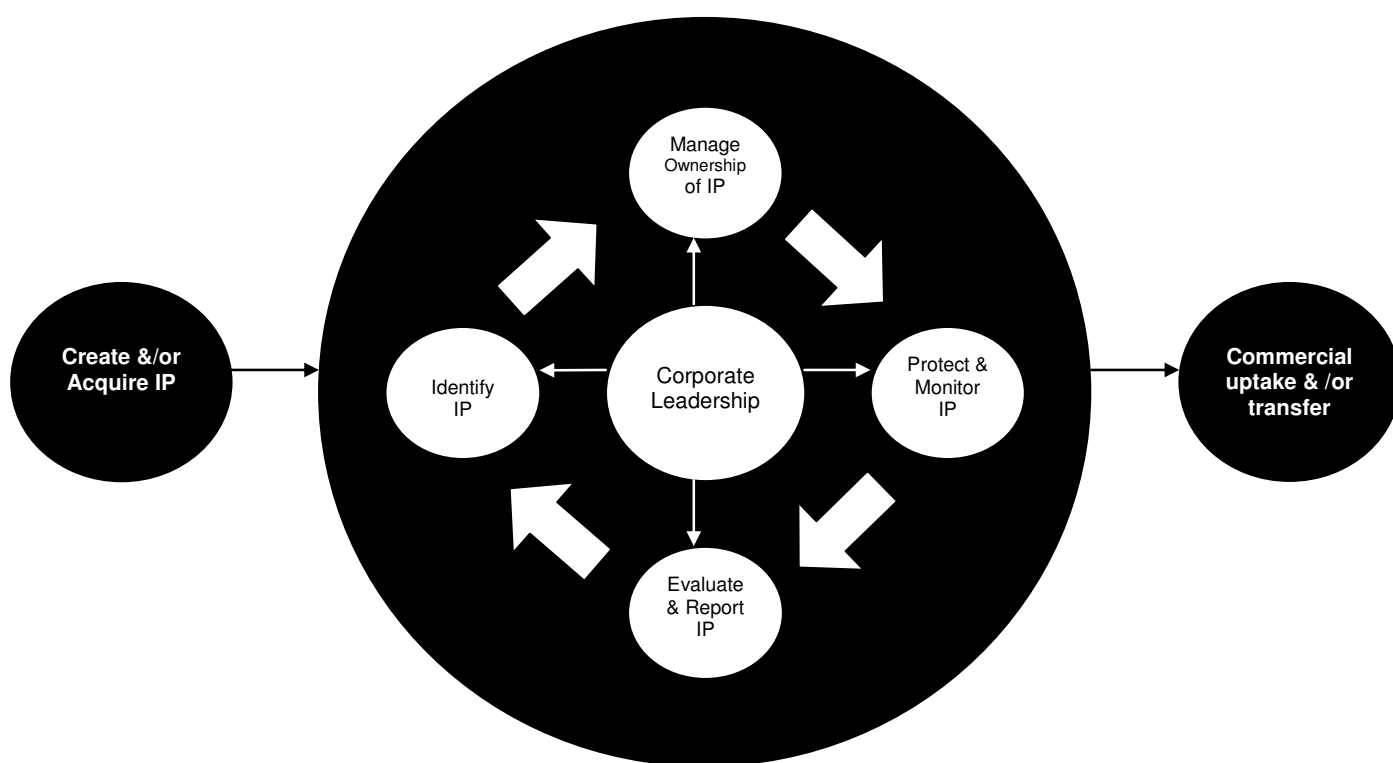
An IP Management Strategy is underpinned by a regulated process, with clear procedures, protocols, forms and guidelines in place to make the IP management process as simple and error free as possible. Apart from regulating your organisations' IP conduct, it is also a compliance program to which your organisation should adhere. As well as a compliance mechanism it is also a risk management tool to enable you to appreciate current and potential threats to your organisation.

There are many approaches to IP management systems, and organisations will adopt and emphasise various components in their business according to individual circumstances, the types of IP involved and the role of IP in relation to the organisation's functions and objectives. It should be customised to the specific needs and demands of the organisational environment it serves.

While elements of an IP management system are individually important, linkages between its component sections will lead to an integrated outcome. The system illustrated below provides one example of a sequential workflow approach to enable your business to implement its own version. It should be a user-friendly, cost effective management tool to achieve IP content management and enable the company to manage the IP commercialisation process of taking any innovation or product idea to the market.

3.1 The six elements of an IP management system

Figure 1 below illustrates a generic workflow approach of an IP management system identifying the elements of effective IP management for a business.



3.1.1 An organisation IP policy

Underpinning any organisation's IP management system should be a broad policy statement that clearly articulates the underlying motivation for its IP position, as well as the strategy in place to fully realise the commercial benefits of its IP assets.

➔ IP policy

The simplest yet most compelling method of articulating the value of IP is that *all IP shall be captured by, and used in, the organisation's best interest, whether commercial or otherwise*, at the organisation's ultimate discretion. For the business to benefit fully from the creation, generation and commercialisation of its IP assets, it is a policy that should be endorsed at the most senior level to have real effect and cascade down to line staff, especially to those involved in the origination and/or development of IP.

➔ Policy implementation

Ensure that the policy is implemented. This could involve one or more of the following steps:

- One capable person controls and enforces all measures required to achieve the objective of the IP policy without excessive administrative burden;
- All staff are suitably trained to identify and deal with IP in accordance with the objectives of the IP policy;
- The IP is periodically assessed from a legal and business perspective and a decision is taken regarding further use of the IP.

3.1.2 Identifying and capturing IP

→ Training in IP Identification

All employees, whether permanent, casual, full-time or part-time, should be given an introduction into IP awareness and what constitutes IP rights.

→ Incentives

Employees should be acknowledged appropriately for their efforts. The possibilities for incentives are broad, ranging from 'open' recognition for the generated IP, through to compensation via the generated revenue. This should be measured upon commercialisation, or at time of IP sale, product sold or royalties paid for milestone achievements.

→ Capturing IP for future success

All IP related to the business and generated by employees, volunteers, trainees, and contractors (if agreed) should be transferred to the organisation. Written agreements between the organisation and each employee are a mandatory process the business should consider introducing immediately.

In order to achieve this objective, procedures and guidelines can be put in place to capture and record ideas and concepts as they emerge, such as registering all IP and its relevant information in a central register.

Work leading to new IP generation should be frequently recorded. An IP Disclosure Form can be used to capture details about ideas and IP that emerge through the business

activities. This is then supplied to the appropriate manager who registers the IP and takes it through the next phases of the management cycle.

3.1.3 Storing IP

IP Assets can exist either in electronic form, physical form or both. Effective mechanisms need to be established to store these assets.

➔ Electronic IP assets

Establishing and maintaining an electronic database to capture and store corporate IP asset inventories enables the written record of IP assets. It should include asset name, date of creation, inventor's details and category, for example. Some other options include:

- File systems and tools that protect documents from unintentional change, intentional change and intentional change due to fraud.
- ICT security measures such as firewalls to prevent intrusion, application of digital signature or encryption technologies for authentication, password protection programs, access level control and audit trails are appropriate to protect these IP assets.
- Regular updates of virus protection software.
- The back-up of electronically stored documents and their databases is essential, and once archived on disk should be stored in a fire-proof cabinet placed at a location with restricted access.

➔ Physical IP assets

Physical IP assets include hardcopy documents, prototypes, lab equipment as well as the physical business infrastructure itself. Options include:

- Effective security arrangements for the buildings, labs, offices and filing cabinets.
- Establish rules that require all documents pertaining to the organisation's activities to be kept in locked cabinets and no document should be left unattended.
- Any documents which are no longer required should be destroyed, not just disposed.

3.1.4 Evaluating IP

After capturing organisational IP its worth, or potential value, as IP to the business needs to be established. It also needs to be verified that the IP of interest is not owned by other parties, including the public, and that it is of a defensible nature. A business decision needs to be made if any rights to the IP can be secured.

→ Can it be protected?

Initially, it should be verified that the IP can be protected at all. From this exercise derives the range and extent of potential types of protection that is available for the IP. Key questions to ask include:

- Has the information been released into the public domain in any form?
- Is the information of sufficient novelty (uniqueness) that it can be protected?
- What characteristics does the novelty of the potential IP have?

→ Claims

Companies normally consider exploiting new IP because it promises certain benefits that will help them achieve their business goals. The benefits that may be derived from the IP may not be immediately obvious to the inventor. The same technology might have several applications, and its biggest commercial application may be different to what the inventor had envisaged.

Identifying the widest range of possible uses for and benefits from the IP is of economic importance. From the potential uses and benefits, a set of claims can be derived (trade marks, patents, etc); and from these suitable methods of protecting the claims and IP can be identified.

→ Economic value

Estimating the economic value of IP is a challenging task, but can be achieved via consideration of the following issues and steps:

- Market research: The different markets and segments, the value chain and customer value proposition, competing products.
- Competitor R&D and marketing strategy needs to be surveyed to understand novelty, differentiation and first to market opportunities

- Barriers to market entry need to be recognised and considered.
- The development stage and remaining life of the IP.
- The required know-how, time, and funds invested into further IP commercialisation required.

Additionally, there is always the risk that the anticipated return does not materialise which can reduce the value of the IP substantially. The enthusiasm, capability, tacit know-how, and skill of the organisation and (potential) partners greatly influence this risk.

Completing a similar commercial feasibility process is insightful here to further determine the value of the IP to the business in the context of the market, development and financial risk of the broader organisation's business operations.

→ Business Judgment

If and in what form of protection or publication of the IP should be secured will eventually be a business judgment on the basis of the contractual implications, the commercial and economic value to the organisation, as well as its ability to defend resulting intellectual property rights.

3.1.5 Protecting IP

Creating awareness of the value of IP creates a culture of protecting business value. Once a decision has been made to proceed with any form of IP protection, the process of obtaining protection should be initiated by engaging a professional to assist.

→ Confidentiality Program

An organisation wide awareness and educational program will educate all employees, partners, consultants, contractors and collaborators on the importance of protecting organisational confidential information, understanding what constitutes disclosure and their confidentiality obligations, conducted in the form of training, workshops and seminars.

A non-disclosure, non-compete and IP ownership provision should be incorporated in all employment contracts.

- Through non-disclosure, employees are obliged to keep confidential information confidential and ensure any disclosure of such information is done in confidence and with prior permission.

- The non-compete provision prevents employees from engaging in any activities that is of a competitive nature to the business activities.
- A clear IP ownership clause must also be incorporated in employment contracts such that ownership of all IP generated during employment shall be the property of the employing business.

➔ Premature disclosure

Premature disclosure of information related to registrable IP in many cases invalidates a formal attempt for protection. Establishing internal procedures to review organisational publications including journal, presentations, brochures, posters, correspondence, press releases and other forms of public disclosures and this material should be reviewed before release.

➔ Record keeping

When it comes to keeping records best-practice dictates the maintenance of thorough records of all developmental or experimental work. Such discipline proves to be beneficial for IP protection purposes, either in enforcing infringement of others or defending infringement claim by others. Elements of good record-keeping include using bound notebooks, with pages consecutively numbered, dated, signed and witnessed, chronological, thorough and written using permanent ink.

➔ Obtaining IP Protection

Once the business decision has been made to proceed with protection and the category of IP rights is identified, the relevant process shall take place. An IP lawyer or attorney should be professionally engaged to assist with the formal protection and advisory work. Once protection is obtained, the IP needs to be maintained and monitored.

3.1.6 Enforcing IP

It is often said that the real value of your IP rights is measured by your willingness to enforce them. This means that if you aren't willing to resource a potential enforcement action against an act of infringement on your IP, there is probably no point going through the IP management process. IP management is an integrated exercise, so acts of enforcement are just as important as the other steps in your organisation's IP management system.

IP portfolios require long-term monitoring, evaluation and maintenance. For example, a patent application journey typically lasts more than two years, before ending with a patent grant. This process includes searching, filing, examination, implementation and grant. Having taken time, effort, and the financial investment in IP generation and protection, a business should deploy an internal IP management process to coordinate resources to ensure a successful IP journey.

→ Coordinating enforcement internally

The internal IP management process should consider developing a process for IP originators to update their own IP progress and provide feedback over the entire lifecycle of the IP asset. This facilitates communication over and beyond the IP journey and can be extended to cover communication requirements in the commercialisation stage.

→ Scanning for competitive threats and opportunities

All of the organisation's staff should be involved in the enforcement program by proactively looking for infringers through their interaction with various segments of the marketplace. The internal IP management process should undertake regular scanning of the marketplace to identify threats and opportunities, acquire regular and ongoing business intelligence to validate findings. If findings show that competitors are following the same business strategy, the organisation should take pre-emptive action to maintain the competitive advantage position. If the findings show that another's competitive advantage is diluted, the business could consider licensing-in their IP to strengthen the core technology.

→ Administration of the current and future asset portfolio

IP administration ensures all IP related fees and expenses are paid, policies and processes that facilitate filing fee payment are implemented and risk-management options through IP insurance to cover offensive and defensive actions are supported. The IP originators should perform regular searches on IP database (e.g. WIPO, IP Australia) to ascertain users of similar technologies or brands. Information on potential infringements should be highlighted immediately.

Before taking any legal action, organisations should obtain written legal advice or independent expert opinion to confirm their competitive IP position. For competitors, IP infringement actions can be avoided by arrangement of cross-licensing or settlement agreement.