Mapping your IP Strategy

Joe Seisdedos
Senior Associate, Patent Attorney

working with clever people

Introduction

1. Moving away from IP as a “necessary evil”

2. Ways to “use” IP (Optiscan Case Study)
    1. IP as a R&D tool
    2. IP as a revenue generator
    3. IP as a way to capture future technologies/emerging markets

IP as a “necessary evil”

- Common thoughts on IP protection:
  - “we can live without it, because we have other advantages”
  - “it slows down our R&D and commercialisation process”
  - “it costs a lot of money”
  - “we have no capacity to enforce our IP, so why bother”
  - “there is no certainty in the process”

IP as a “necessary evil”

- Reality:
  - Traditional advantages, such as in-house know-how, government subsidies, first mover advantage, customer loyalty are in many cases out of an organisation’s control – they cannot be relied upon for long term advantage
  - As of 2005, just on 80% of the value of the S&P top 500 companies were attributable to intangible assets – IP now accounts for, on average, 80% of the net worth of ALL businesses
  - IP protection, contrary to popular belief, is not focussed on suing infringers – of approximately 100,000 patents in force in AU, only 30-50 infringement cases are filed each year! Of those, approximately 85% settle before final judgment!*

*Based on data extracted from Rotstein, Fiona and Weatherall, Kimberlee G.,Filing and Settlement of Patent Disputes in the Federal Court, 1995-2005. U of Melbourne Legal Studies Research Paper No. 226; IPRIA Working Paper No. 17.06.

IP as a “necessary evil”

- You wouldn’t let your marketing strategy or your financial strategy “look after itself”, yet often IP is treated as an annoying distraction, with no real resource allocation and no forward planning
- IP is commonly sold as a negative (i.e. IP will stop your competitors from stealing your ideas);
- Look at IP as a positive (i.e. IP will help us attract investors & revenue, carve out a long term market, avoid unnecessary R&D expense)
- IP is a building block which should sit alongside R&D, marketing and finance – a successful IP strategy should feed into other arms of the company

Stop thinking of IP as a legal issue

- Much of the disappointment felt by users of the IP system stems from a lack of management and planning:
  - In large organisations
    - silo mentality prevents easy flow of information between different departments – need to break down barriers
    - inter-department competition results in inefficient allocation of resources
    - policies pay lip service to quality control but encourage bureaucracy over intelligent management
  - In small organisations
    - employees are time poor and resource poor
    - IP is generally relegated to the “too hard” or “too expensive” basket

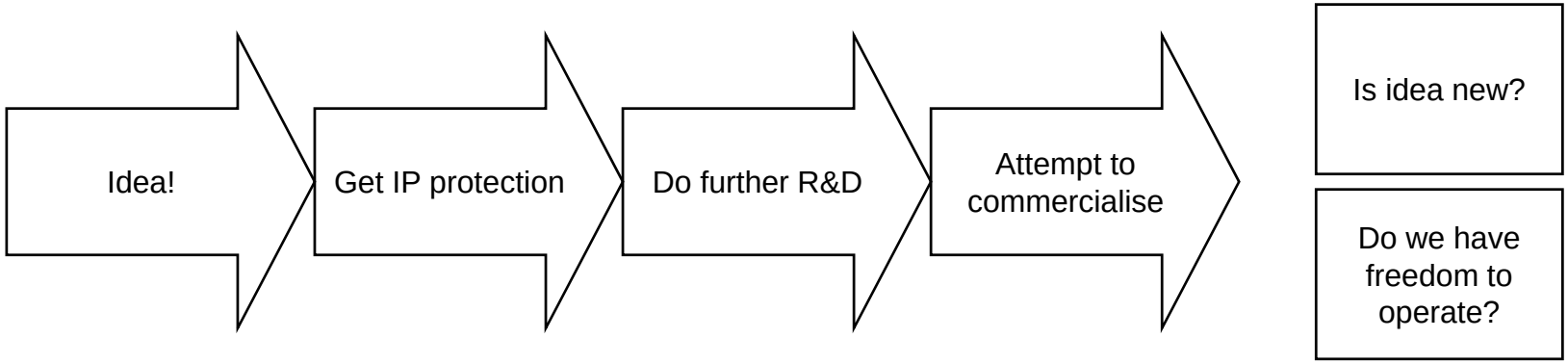
Cradle to grave approach to IP

- Much of the disappointment can be removed by implementing some simple systems

- Capture and manage innovation in a systematic way
  - Appoint an IP manager (or a “champion”) to look after IP
  - Put some simple structures in place to capture IP – clear lines of responsibility, simple forms to capture ideas or developments, clear employment contracts and policies
  - Educate, educate, educate
  - If possible, reward innovation
  - Periodically review IP to ensure:
    - IP is relevant to current commercial objectives
    - IP is relevant to future objectives
    - IP is used, where possible, to create immediate value

Using IP to steer R&D

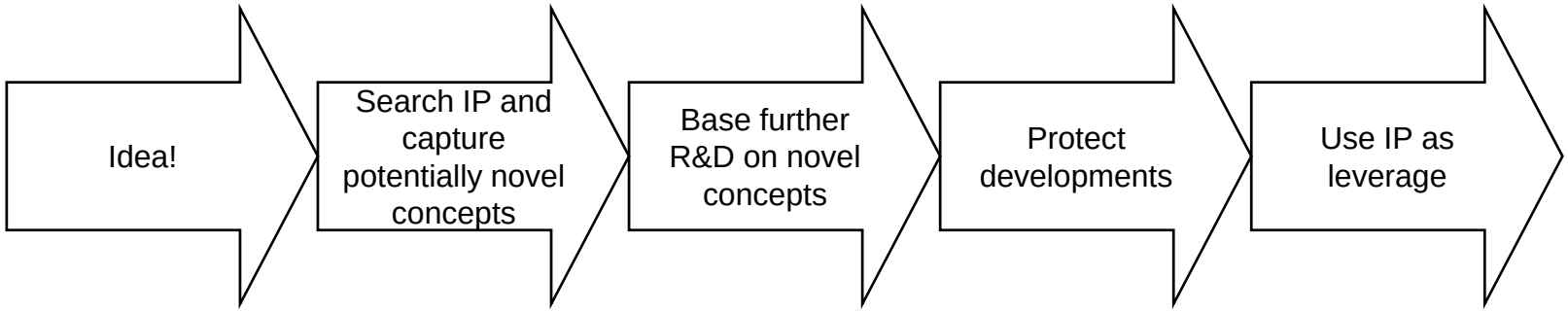
Traditional “IP process”



“Road blocks”

Using IP to steer R&D

Using IP to influence R&D process



Using IP to steer R&D

- Use IP to avoid unnecessary costs and risks:
  - Use IP resources to help steer your commercialisation R&D
    - Patent searching provides information on competing or similar technologies – prevents you from “reinventing the wheel”
    - Patent searching allows you to identify potential competitors or collaborators – and gives you a sense of where their research is heading
  - Case Study: Optiscan
    - Use patent searching to determine gaps/opportunities in market
    - Needed to develop a disposable single use sterile sleeve for flexible microscope
    - Used searching to determine freedom to operate before investing heavily in R&D
    - Result: Negotiated a very reasonable licence fee on technology they need to further develop their own product

Using IP to generate income

- Your core IP should be creating value for you:
  - Most businesses will have one or more base or core technologies which provide a foundation to the company
  - Attempt to get broad coverage of the base or core technologies
    - Avoid the temptation to focus too narrowly on your product
  - Core IP should generate immediate value, either by attracting investment or generating income
  - Case Study: Optiscan
    - Startup company with a great idea
    - Initial core patent applications were drafted broadly to capture the broad novel concept – not limited to the commercial objective
    - Core applications were then successfully used to bring in licence fees from users in related fields
    - Revenue from licensing used to further develop technology and allow company to work towards their ultimate goal

Using IP to secure future markets

- **Categorise your IP:**
  - In addition to core IP, seek further IP protection for future technologies
    - Use IP to ensure that you are able to continue innovating
    - Use IP to carve out future markets, even where products are still a number of years from market
  - Case Study: Optiscan
    - Not only patent “current” technology, but also patent next generation technology
    - Seeking patents for use of blue laser light as light source in confocal microscope – higher resolution, better depth
    - Result: prevents other companies in the space from “capturing” this development and preventing Optiscan’s entry into a new market

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