

Session IX

Successful Use of the IP System by SMEs

Reminder (1) – types of IPRs

Patents for inventions, product or process
Can last for 20 years, expensive

Designs for appearance of product
Last a minimum of 10 years, easy to avoid

Reminder (2), types of IPRs

Trademarks for goods or services

Can last for ever, fees every 10 years

Copyright for literary, artistic, musical works

Lasts for at least life of author + 50 years

No fees

A very successful patent!

Pfizer pharmaceuticals, not an SME
PCT application 1993, Sildenafil citrate

Better known as “Viagra”

Fastest selling (legal) drug in history

Pfizer share price rocketed



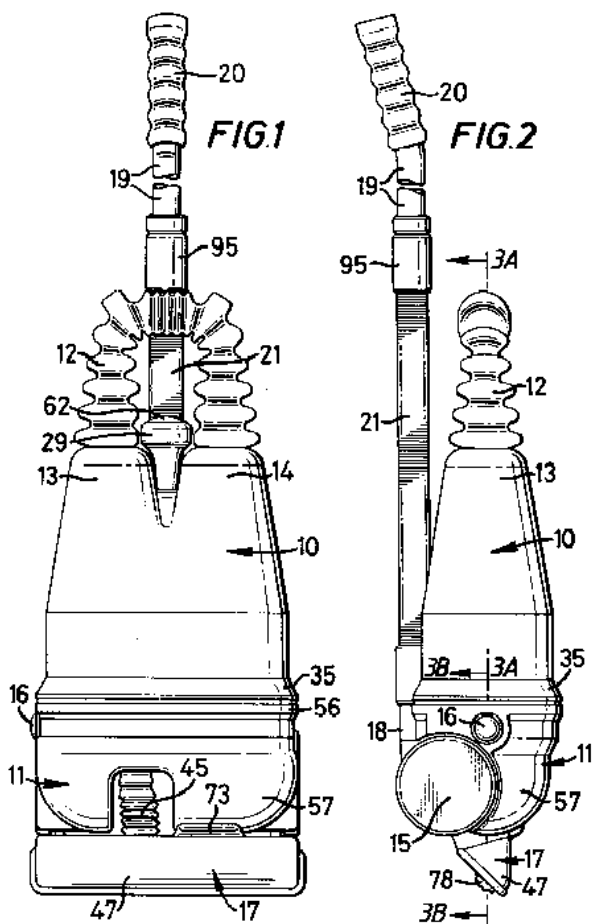
WIPO ASEAN Seminar. Vivien Irish
NXT plc

Success through patents – own manufacture

Dyson's bagless vacuum cleaner
He built 5127 prototypes!

UK application filed 1979
US JP and Europe in 1980

Drawing from PCT application



Financing not easy

Banks were not willing to support a “risky” product

Family support needed, substantial patent costs

Sold Japanese patent rights, product price in Japan £1200, sales high

Dyson factory in England



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Dyson's success

He owns the whole company

He sued the Hoover company for patent infringement, and won. Damages \$6.3M

Continuing to innovate and now diversifying into other appliances:



Success through own manufacture and licensing

Xaar plc, Cambridge,
England and Sweden



Founded 1990, world-leading
ink jet technology innovator

Xaar plc

Development in Cambridge, manufacture printers in Sweden

Over 700 patents and applications worldwide

Over 10 patent and know-how licences, mainly in Japan

One of Xaar's patents

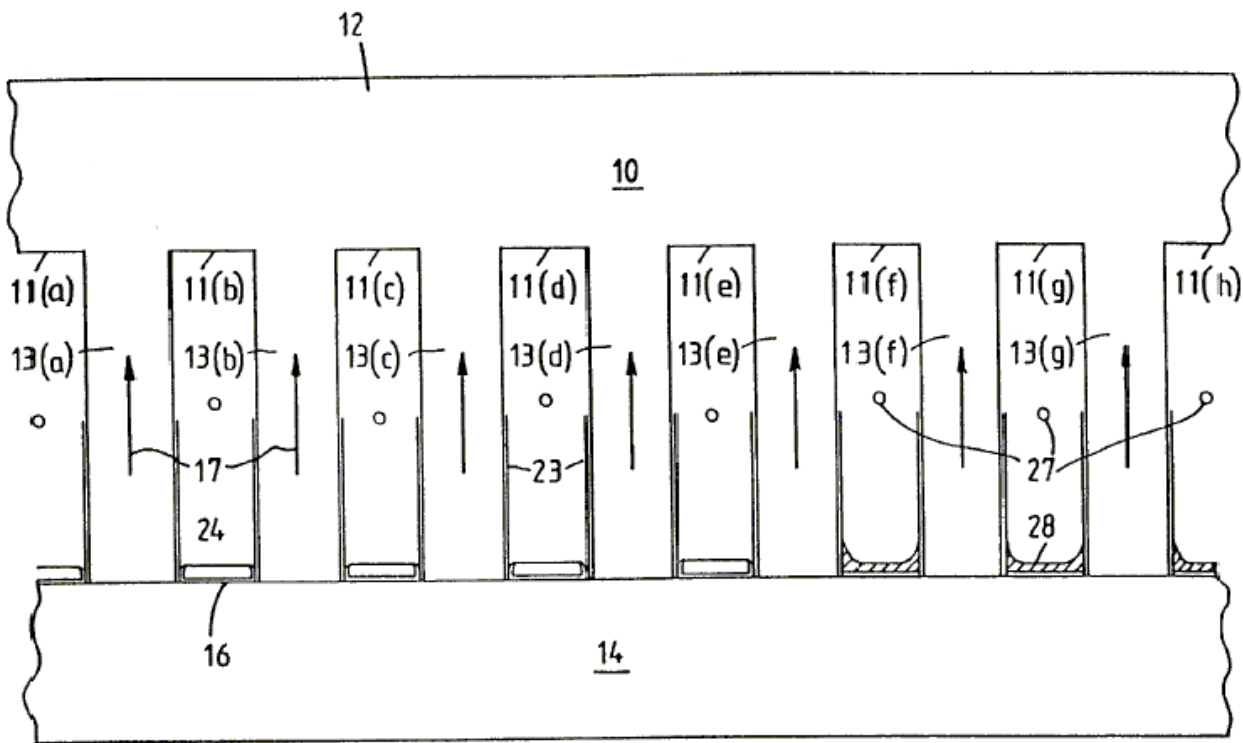


FIG. 2

Xaar products



Xaar Leopard

- 318 nozzles
- Circa 1,000 droplets per inch



Xaar exploitation

Xaar licenses a bundle of patents and confidential knowhow to make printheads

Xaar receives royalties from Licensees

Xaar buys printheads from Toshiba, installs them in printing machines, sells machines

Success through patents – licensing and litigation

“Workmate” workbench – inventor Ron
Hickman

Patent application March 1968

Parallel beams form working surface, also act
as a vice/vise

Oct. 26, 1971

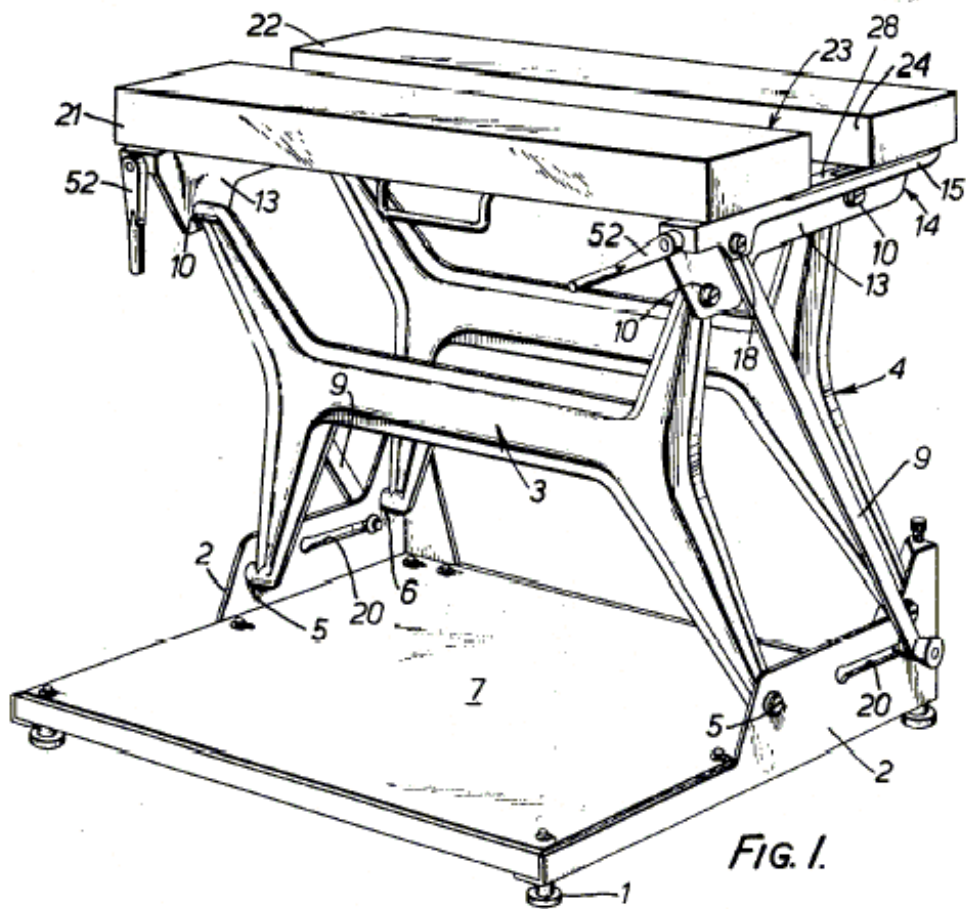
R. P. HICKMAN

3,615,087

WORKBENCHES

Filed March 3, 1969

3 Sheets-Sheet 1



Exploitation of the invention

Offered licence to 8 companies, all refused
Manufactured it himself, soon selling 14,000
a year

Black and Decker (one of the 8) asked
for a licence

Black and Decker's US parent hard to convince

Level of success

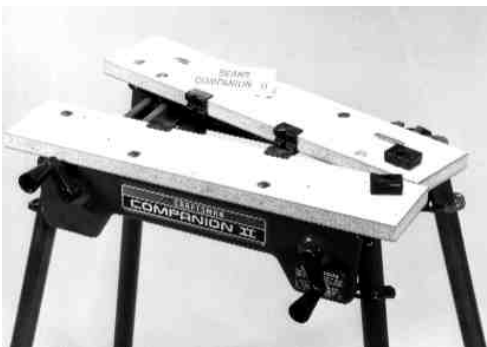
Mr Hickman received 3% royalty, now a multimillionaire

Over 55 million workbenches sold worldwide

15 improvement patents

9 Patent infringement actions in 8 countries, won every time, cost £1M

The patent infringements (1)



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The patent infringements (2)



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Success through copyright (1)

20/20 Speech Ltd, Malvern, England

1999 formed 50:50 equity venture of NXT plc
and Qinetiq

Derived from MOD Speech Research Unit,
Speech processing software

Success through copyright (2)

Exclusive patent licence from MOD

Plus its own patent rights developed later

Trademark “AURIX” assigned from MOD

Develop and supply speech synthesis and
speech recognition software

Supply consultancy to MOD

Exploiting computer programs

Computer programs are copyright literary works (TRIPS)

Loading a program onto a PC is copying

Running a program on a PC is copying

Thus:

Software is not sold, it is licensed

20/20 Software products (1)

Speech recognition – in cars and PCs

low memory solution

Text-to-Speech synthesis software – for PDAs
and low memory portables

Speech recognition – align text and audio, eg
for legal transcripts

20/20 software products (2)



20/20 Speech licences

Copyright licenses:

1. 20/20 to supplier, supplier sells access time
 2. 20/20 to supplier, supplier to end user for one-off license fee, end user loads PC or PDA
- 1+2. Conditions - supplier agrees to use TM Aurix® and not to change the software

20/20 speech success

Since 1999 and with 27 staff:

14 licences granted

5 in USA, 7 in UK, 1 in Japan, 1 in Australia

Commercial income doubled in 2002/03

How the IP system can be a basis for your success

Different types of IP protect different types of ideas

Some types of IP are expensive, some are not

Owner may have to litigate, but cases usually settle out of Court

IPRs give you control of you innovation