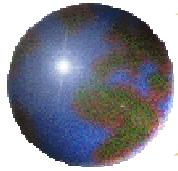




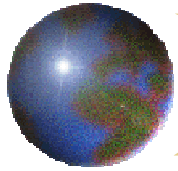
IP AUDIT

BY P. KANDIAH



Intellectual Property Rights and Intellectual Capital are

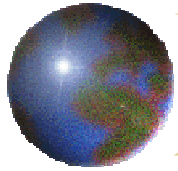
- ✓ assets to be fully exploited
- ✓ as weapons used against infringers



Globalized world – business operations are segmented and carried out in different countries

E.g. Nike®





Possession of IP Assets

- ✓ Almost NIL in developing countries but
LARGE amount in developed countries

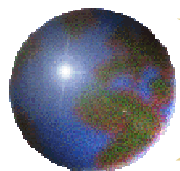


Table 1.2. PCT Applications by Country of Origin, 2005 - 2009

Country of Origin	Year of Filing					2009 Share (%)	Changed compared to 2008 (%)
	2005	2006	2007	2008	2009		
United States of America	46,858	51,296	54,044	51,673	46,079	29.6	-10.8
Japan	24,870	27,023	27,749	28,785	29,807	19.1	3.6
Germany	15,987	16,734	17,825	18,854	16,732	10.7	-11.3
Republic of Korea	4,689	5,946	7,065	7,900	8,049	5.2	1.9
China	2,512	3,937	5,465	6,126	7,906	5.1	29.1
France	5,756	6,264	6,570	7,073	7,163	4.6	1.3
United Kingdom	5,096	5,093	5,539	5,513	5,326	3.4	-3.4
Netherlands	4,504	4,550	4,422	4,341	4,445	2.9	2.4
Switzerland	3,294	3,613	3,814	3,749	3,673	2.4	-2.0
Sweden	2,887	3,334	3,658	4,136	3,581	2.3	-13.4
Italy	2,349	2,702	2,948	2,885	2,664	1.7	-7.7
Canada	2,320	2,573	2,848	2,913	2,569	1.6	-11.8
Finland	1,893	1,844	1,994	2,223	2,133	1.4	-4.0
Australia	2,001	2,003	2,053	1,946	1,754	1.1	-9.9
Israel	1,461	1,599	1,747	1,905	1,577	1.0	-17.2
All Others	10,277	11,159	12,216	13,230	12,442	8.0	-6.0
Total	136,754	149,670	159,957	163,252	155,900	100	-4.5

Source: WIPO Statistics Database

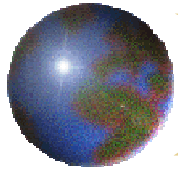
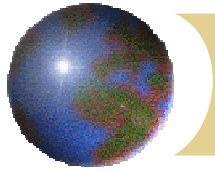


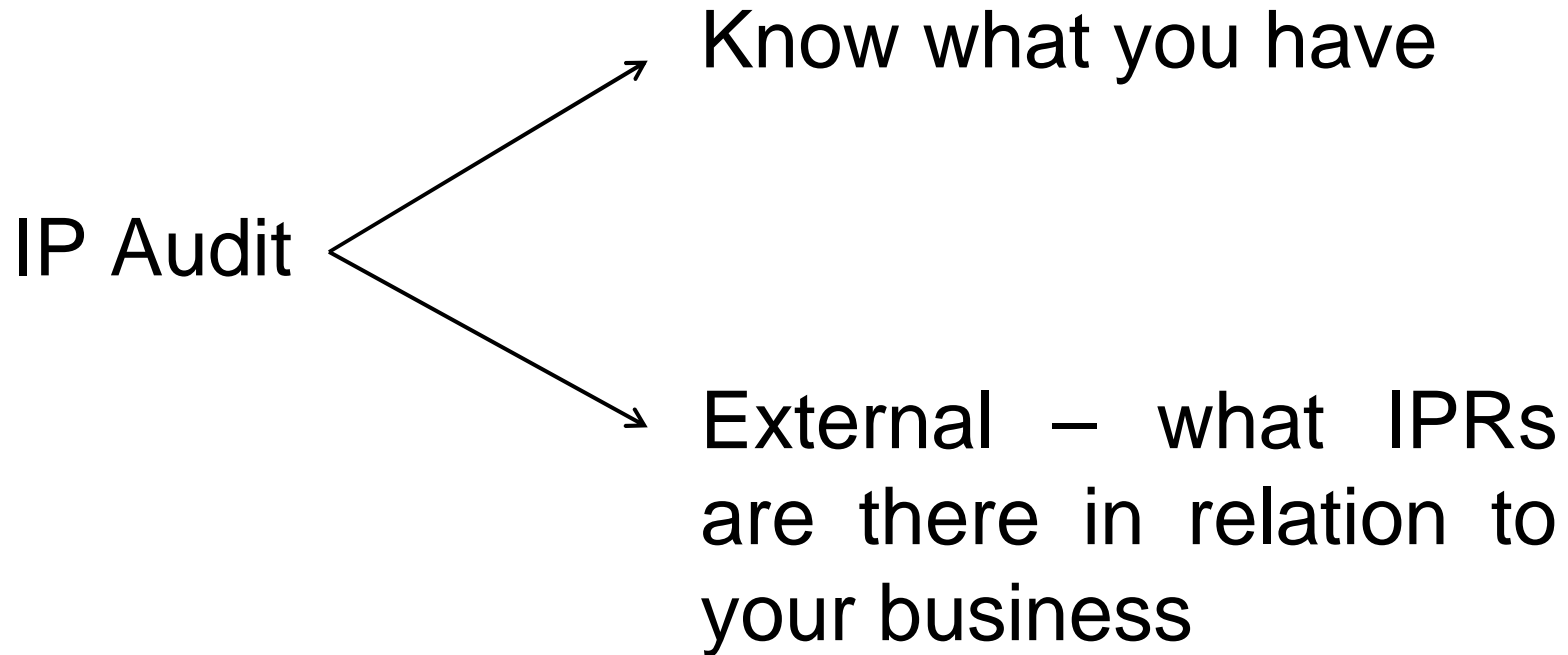
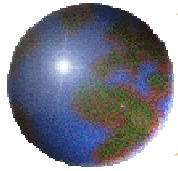
Table 1.3. PCT Applications by Developing Countries and Countries in Transition, 2005 - 2009

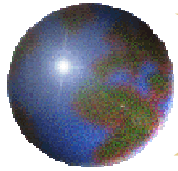
Countries of Origin among Selected Developing Countries/Countries in Transition	Year of Filing				
	2005	2006	2007	2008	2009
Republic of Korea	4,689	5,946	7,065	7,900	8,049
China	2,512	3,937	5,465	6,126	7,906
India	679	836	901	1,070	835
Russian Federation	660	697	735	803	662
Singapore	455	483	522	563	578
Brazil	270	334	398	472	496
Turkey	174	269	359	393	385
South Africa	360	424	406	399	376
Malaysia	38	60	111	205	226
Mexico	141	168	186	213	193
Poland	97	101	107	128	174
Ukraine	60	77	94	99	77
Colombia	23	29	44	37	64
Chile	9	12	17	27	54
Egypt	51	41	40	43	33
Serbia		8	23	37	26
Bulgaria	22	26	30	27	25
Latvia	16	17	21	20	24
Lithuania	8	10	13	18	22
Morocco	9	10	18	16	22
All Others	186	258	224	244	246
Total	10,459	13,743	16,779	18,840	20,473

Source: WIPO Statistics Database

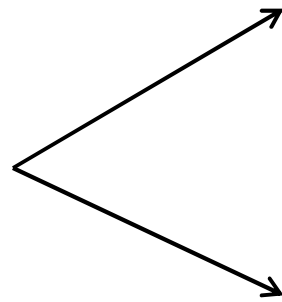


- ❑ Growth strategy both for a company as well as a country.
- ❑ Effective creation and utilization of IP Assets.
- ❑ Need to know what is out there
 - what is in public domain?
 - what is owned by others?





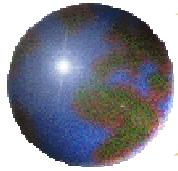
Know what
you have



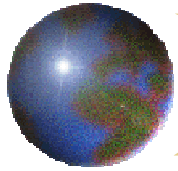
Intellectual Property Rights

Intellectual Capital/Resources

Intellectual Property Rights – Registrable Rights
– Non-registrable
rights

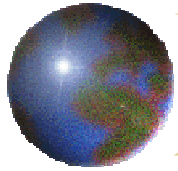


- ❑ Registrable Rights – Subsistence, Renewals
 - Change in ownership details
 - Recordal of licence rights
- ❑ Non-registrable rights
 - Trade Secrets / Confidential Information
 - Are they still trade secrets?
 - Are they effectively managed?
 - Knowledge / Procedure in minds of staff – need to put it in writing
 - clients list, supplier list
 - work methods (operation manual)



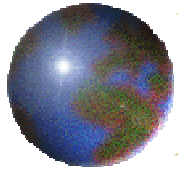
Intellectual Capital

If all employees do not come to work, can you still run the business with a set of new employees with the existing records in office?



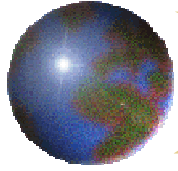
❑ Contractual arrangements

- ✓ IP Content
 - employer / employee contract
 - contract with supplier
 - commissioned work
 - joint-venture agreements
 - tender documents
 - business proposals
 - etc

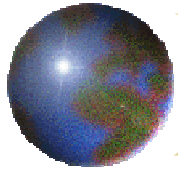


- ✓ IP Licences – conformance with undertakings
 - royalty payment?
 - factory audit
 - quality control audit

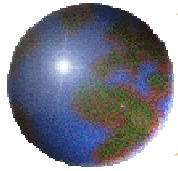
- ✓ Moving forward – growth
 - introducing new product lines
 - expansion into new territories
 - taking in new employees



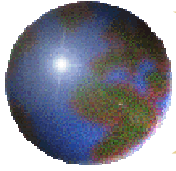
- ❑ Introducing new product lines
 - ✓ Strategies on new product development
 - ✓ Build on in-house research
 - ✓ Leverage on external technologies / skills
 - ✓ Aim not to “reinvent – the – wheel”



- ❑ Conduct a technology mining exercise first to know “what is out there”
- ❑ Determine whether technology is in public domain in Mongolia or whether licence is required.
- ❑ Is product for local market? International market?

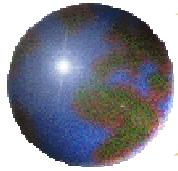


- ❑ Before introducing product into new market conduct “Free to Market” analysis
- ❑ IP and other regulatory requirements
- ❑ Other IP issue – trademark, industrial design??

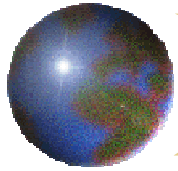


□ Taking in new employees

- ✓ Contract of employment – IP issues addressed ownership of new creations / inventions, remuneration for patented product / processes
- ✓ Confidentiality undertaking
- ✓ Reporting of new creations
- ✓ Exit interview



- ❑ Acquiring of rights to new products, process or business by way of licence, assignment, franchising
 - ✓ Due diligence or audit is carried out
 - ✓ Ownership of IP Rights
 - ✓ Duration
 - ✓ Market / product / use limitation
 - ✓ Royalty payment
 - ✓ Channels of distribution



THANK YOU

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