



Introduction to WIPO, Overview of IP and the Role of Effective IP Asset Management in Enhancing the Competitiveness of SMEs

Siyoung Park

Counsellor, SMEs and Entrepreneurship Support Division, WIPO

siyoung.park@wipo.int

List of Contents



Introduction of WIPO



IP Asset Strategy



IP Asset Management

Source: 1. Pro Inno Europe, www.ip4inno.eu

2. Review of Innovation Practices in Small Manufacturing Companies,
United States Department of Commerce

3. Old Model: Patents Protect Products. New Model: Patents Themselves are Products,
Forbes

4. IP Strategy, Intellectual Property Management in Health and Agricultural Innovation

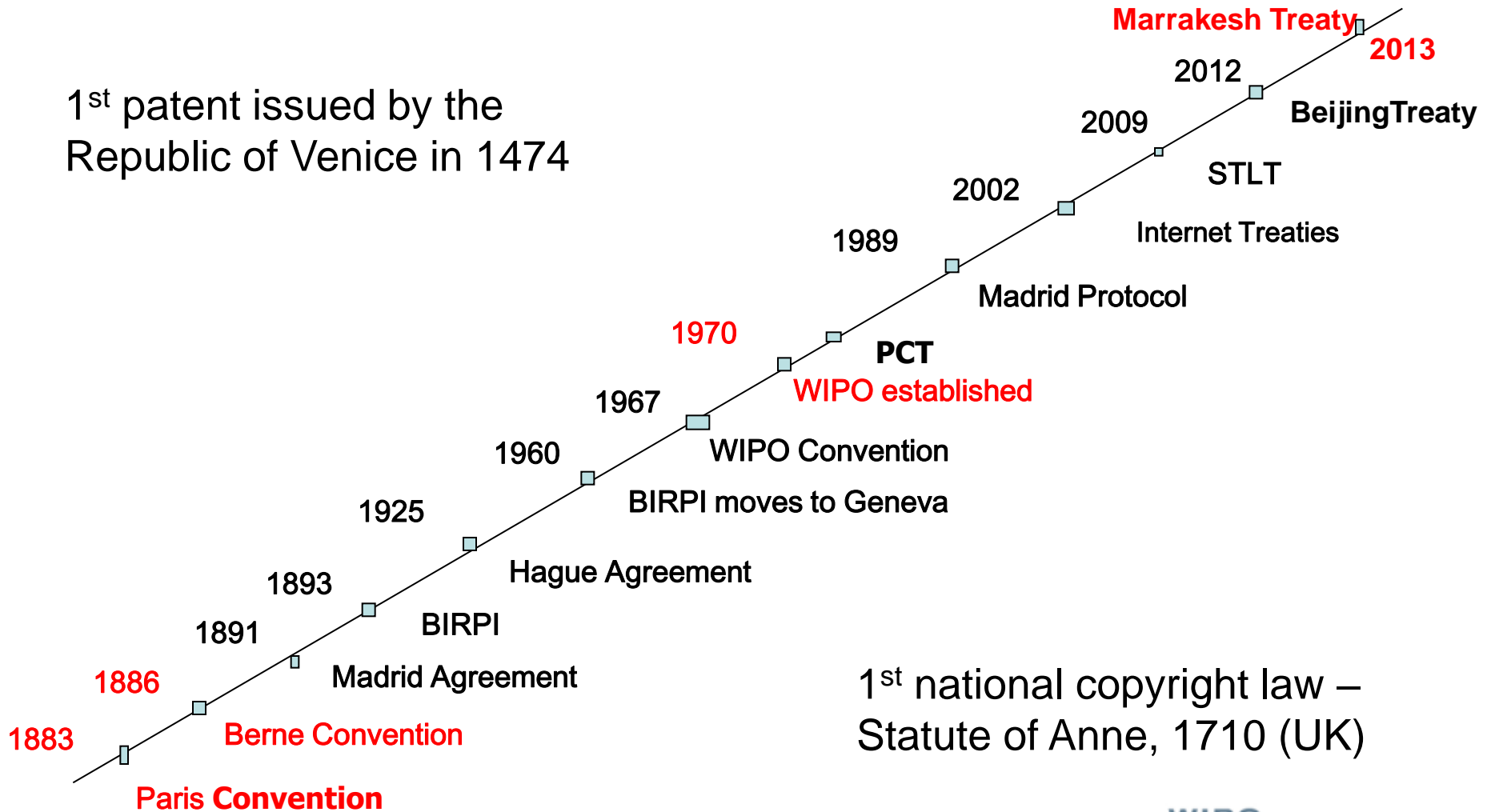
5. IP Management, Spruson & Ferguson

6. Strategic Management of IP: An Integrated Approach, California Management Review

Introduction of WIPO

Historical Milestones : 1883 to 2014

1st patent issued by the Republic of Venice in 1474



1st national copyright law – Statute of Anne, 1710 (UK)

Basic Facts about WIPO



WIPO's Mission:

To enable governments, businesses and individuals in all member states to realize the potential benefits of IP as a driver of innovation and creativity

Status: An int'l intergovernmental organization

Member States: 188

Observers: 350 +

Staff: 1,296 from 118 countries

Treaties Administered: 26

Decisions by: GA, CC, WIPO Conference

IP Outreach

~ for a shared understanding of the contribution and value of IP ~

Public Sector and Policy Makers

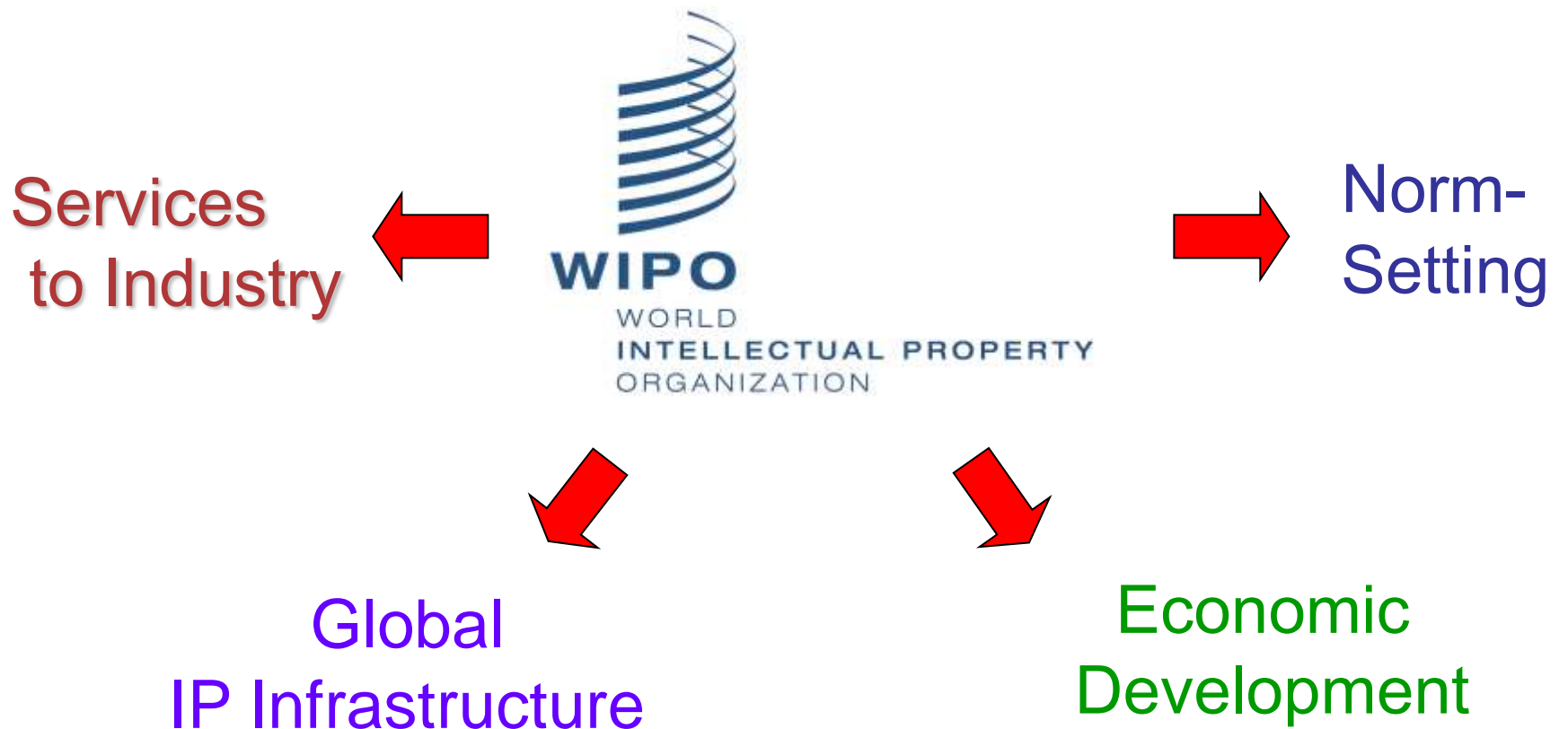


Intellectual
Property
Offices

General Public and Civil Society

WIPO's Main Activities

~ A global forum for IP policy, services, information & cooperation ~



Norm Setting



- AIM: Progressive development of international IP law for an IP system that is:
 - balanced/responsive to emerging needs
 - effective in encouraging innovation/creativity
 - sufficiently flexible to accommodate national policy objectives
- Topical issues reviewed/discussed in Standing Committees

WIPO's Global IP Services

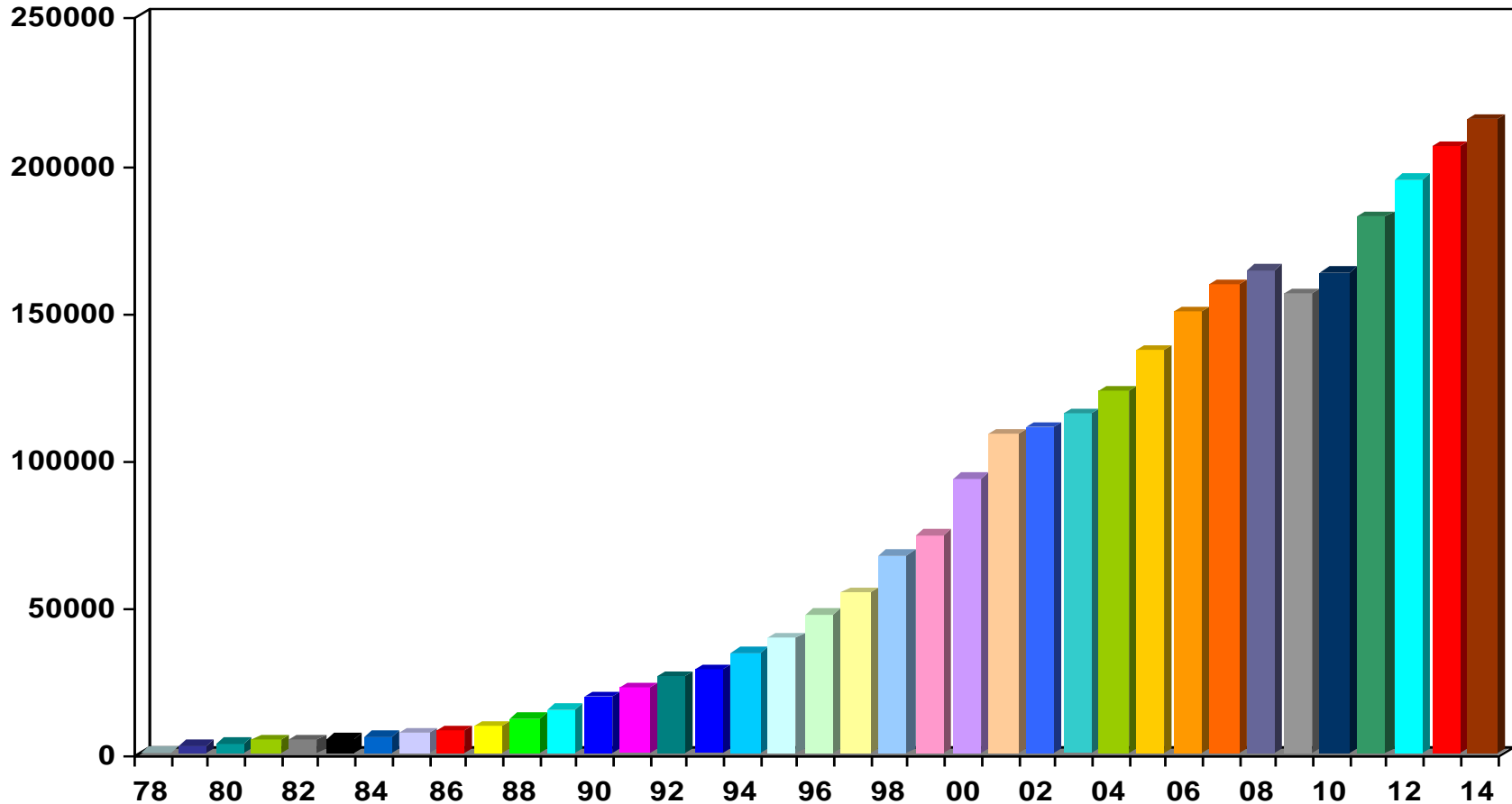
~ Providing cost-effective business solutions ~

Core income generating business areas:

- ✓ Patent Cooperation Treaty (Patents)
- ✓ Madrid System (Trademarks)
- ✓ Hague System (Industrial Designs)
- ✓ Lisbon System (Geographical Indications)
- ✓ WIPO Arbitration and Mediation Center

Aim: continue to offer first class services that are cost-effective, easy and add value.

PCT Statistics



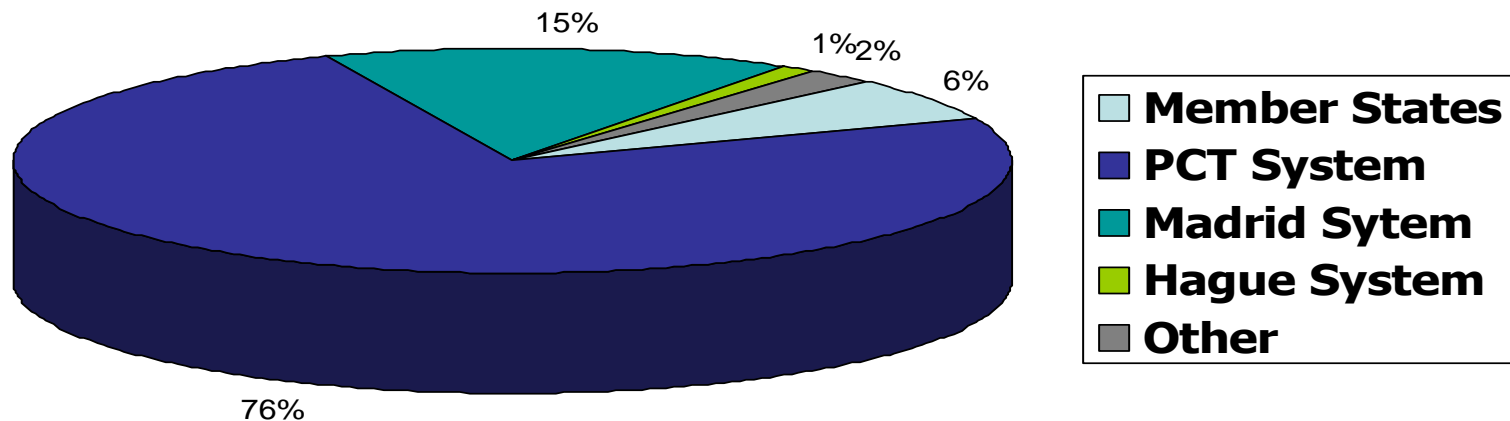
4.5 % growth 2014
148 Contracting States

PCT Applications 2014 - Top 10 Countries



214,500 international applications in 2014

WIPO's Main Sources of Revenue



Budget 2014-2015: CHF 673 million

3.8 % increase

IP Asset Strategy

Principle of Innovation

- **Definition:** Innovation is the use of new technological knowledge, market knowledge, and business models that can deliver a new product or service, or product/service combinations, to customers who will purchase at prices that will provide profits.
- **The process of benefiting from ideas:** the exploitation of something new
- **Innovation is not R&D**
- **The process of innovation is not the same as simply inventing something**



Power of Innovation 1

- **Invention brings something new into being, while an innovation brings something new into use.**
- **Technical criteria are used to determine the success of an invention, whereas commercial criteria are used to determine the success of an innovation.**
- **Invention occurs when the technical solution to a problem meets the specific legal requirements for patenting. Innovation may or may not produce patentable ideas.**

Power of Innovation 2

- **Main reasons why companies are interested in product or technological innovations**
 - **To improve manufacturing processes in order to save costs and improve productivity**
 - **To introduce new products that meet customers needs**
 - **To remain ahead of the competition and/or expand market share**
 - **To ensure that technology is developed to meet actual and emerging needs of the business and its clients**
 - **To prevent technological dependence on other companies' technology**

Bagless Vacuum Cleaner



A vacuum cleaner without a bag. Developed by James Dyson, this vacuum cleaner uses centrifugal force to trap dirt, expel air and maximize suction

Google

Google Inc. is the developer of the award-winning Google search engine, designed to provide a simple, fast way to search the Internet for information.



Strategy and Management

- **Strategy: the determination of the long-run goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals**
- **Strategy: general principles and aims that govern the courses of action**
- **Management: actual implementation of those courses of action**
- **External IP strategy: issues of exploitation like licensing and litigation**
- **Internal IP strategy: valuation, information, coordination and education**

Developing an IP Strategy

- **IP Strategy needs to be relevant to your organization**
- **IP Strategy will assist your organization to achieve its commercial goals**
- **IP strategy should drive your new product development and should minimize the risks involved in investing in the development of new products.**
- **Step 1: Identify commercial goals**
- **Step 2: Identify your IP rights and the competitive IP landscape**
- **Step 3: Align your organization's IP rights with its business goals**
- **Step 4: Formulate an IP strategy**

Developing an IP Strategy: Step 1

- **Step 1: Identify your organization's commercial goals**

- **Assess how you can achieve commercial goals from the perspective of IP. IP may be used as a tool to:**
 - **Block competing products**
 - **Generate income from commercialization**
 - **Deter potential infringer**
 - **Defend an infringement action**
 - **Attract investment**

Developing an IP Strategy: Step 2

- **Step 2: Identify your organization's IP rights and the competitive IP landscape**

- **Identify the IP rights held by your organization and the strength of each of those IP rights, e.g. its life span, coverage, validity and strength**

- **Develop an understanding of the IP landscape surrounding your IP.**
 - **Awareness of the competitive IP landscape will enable you to identify potential IP barriers**
 - **Identify and pursue future trends and gaps in the market strategically**
 - **Monitor your competitors' activities, identify their strengths and weaknesses, and predict their next move**

Developing an IP Strategy: Step 3

- **Step 3: Align your organization's IP rights with its goals**
- **Consider how IP may assist a particular strategy or evaluate how valuable a particular IP asset is for your organization**
- **Considerations for assessing the value of an IP asset:**
 1. **Revenue Contribution: What IP supports your most profitable products?**
 2. **Margin Contribution: To what extent does the IP give your products an advantage over those of your competitors?**
 3. **Marketing Benefits: Will consumers perceive your products as being of better quality because of the IP?**
 4. **Organizational Value: Is the IP necessary to raise funding for expansion?**

Competition* (brands, designs, patents)



0,80 CHF

26 patents; 148 ®; 17 designs
(Swissreg)



1,65 CHF

31 patents; 38 ®; 7 designs
(Swissreg)



2,20 CHF

226 patents; 35 ®; 40
designs (Swissreg)

* An American economist, Edward Chamberlin, has named this sort of competition as *monopolistic competition*.

Competition (brands, patents, designs, copyright)



HTC – One M8 4G Cell Phone – (AT&T) \$199.99 with 2-year contract extension

(USPTO) 146 utility* and 31 design** patents; 47 ® (HTC One)



Samsung – Galaxy S 5 Cell Phone (Sprint) \$199.99 with 2-year contract extension

(USPTO) 4,466 utility* and 870 design** patents; 66 ® (Galaxy)



Apple – iPhone 5s 16 GB (Verizon Wireless) \$199.99 with 2-year contract extension

(USPTO) 755 utility* and 83 design** patents; 47 ® (iPhone and iPad); 225 entries in the copyright office



Sony – C6903 Xperia Z1 Unlocked \$ 585.00

(USPTO) 2,031 utility* and 83 design** patents; 31 ® (Xperia)

* USPC H04M and H04W; ** USPC D14/138R)

Developing an IP Strategy: Step 4

- **Step 4: Formulate an IP strategy for your organization**
- **Once the process of aligning the IP portfolio and your organization's goals is completed, you will be able to identify:**
- **Core IP: IP which is core to your organization's business**
- **Surplus IP: IP which is no longer aligned with your organization's strategy**
- **IP Gaps: IP needed to better support your organization's current strategies**

Offensive IP Strategy

- **Offensive IP strategy: aim to develop IP that an organization can use to take action against an infringing party**
- **Defensive IP strategy: obtain IP to minimize the risk of being sued by others for infringement**

- **Developing an offensive IP strategy**
 - **focuses on acquiring and protecting IP that gives your organization an advantages over its competitors**
 - **requires high-quality rights and the resources to enforce those rights**
 - **the IP rights should be able to block likely design around alternatives**

Defensive IP Strategy

- **Need to have a thorough understanding of the competitive IP landscape, your organization's goals and planned strategies and potential obstacles in your path**
- **It aims to steer clear of or at least reduce the impact of any obstacles and the associated risks**
- **Possible elements**
 - **obtaining a license to exploit any blocking IP**
 - **designing around the blocking IP**
 - **developing or acquiring an IP portfolio as a bargaining chip for cross-licensing purpose**
 - **opposing the rights of the blocking IP**
 - **forming an alliance within your industry**

Management of an IPR Portfolio

- **A set of actions and decisions so that the company having IPRs will have the most profitable portfolio of IPRs (patent, trademark etc.)**
- **Principle: The IP strategy is in line with the business objectives**
- **IPR portfolio management also includes the constant follow-up on the changes of the competitors' portfolio**
- **In order to keep IPR related expenses at a reasonable level, the IPR portfolio should be managed with consideration on the following:**
 - **Patent an invention only if it can be exploited**
 - **Revise IPR portfolio and abandon what only generates unnecessary expenses**
 - **Be aware of your territorial strategy**

IP in Business

- **Find partnerships / joint ventures**
- **License out rights to gain revenue streams**
- **Establish a competitive advantage in the marketplace**
- **Prevent imitators**
- **Invent-in-front of competitors**
- **Capacity building: raise the ability to fully exploit its inventions should gradually increase over time as proceeds from the exploitation of initial inventions are reinvested**

Patents themselves are Products

- **Strategic approach**
 - **consider business, legal and technical information about innovation and competitive environment**
 - **in order to determine which innovations to protect and how best to protect them**
- **Strategically focused patent portfolio development is a key process in protecting IP**
- **Rather than using R&D to produce new products or services, generate patents**
- **Patent themselves are the real product that is then sold or licensed**

IP Research 1

- **Patent information is an invaluable source of research information; much of what appears in patents does not appear in academic and technical journals**
- **Most of what is published in patents is not protected, and is therefore free to use**
- **Patent information is also a source of commercial information, leading to customers, suppliers and new partners, as well as warning about developments by rivals and changes in the market**
- **Exploiting patent information is quite separate from owning, licensing and enforcing patents**

IP Research 2

- **IP research can help you understand how IP is used in your industry**

- **Therefore IP research should take multiple angles**
 - **Search around your known competitors**
 - **Search in your industry (find new IP competitors)**
 - **Search around your own IP (find potential partners or infringers)**

Advanced IP Research

- **IP research can also be used for more advanced competitive intelligence, such as:**
 - **Finding and/or researching potential partners**
 - **Reverse engineering competitors' IP strategy from their IP activities**
 - **Monitoring the activity of key competitors (Predict competitor moves, e.g. companies typically secure a brand name, domain name, etc. before a product is launched)**
 - **Developing a new product or service**
 - **Preparing to enter a new market or geography**
 - **Researching potential employees**

IP Asset Management

IP Asset Management

- **Many IP-related decisions are of strategic importance, and they must be delegated to specialists who tend to be involved in strategy formulation and implementation.**
- **Early and continuous interactions between business executives, lawyers, and engineers are critical to identifying the best opportunities for developing IP.**
- **Managers assume all too often that the best way of using IP rights is to suppress competition. May be sharing the IP is in the best interest of companies and society.**

Offense: Options for IP Holders 1

■ Exercise Market Power

- **Using IP protection to prevent imitation and exercise market power is the most common approach.**
- **Make a strategic decision which form of IP protection you should seek, because every IPR have different advantages and disadvantages.**
- **Sometimes value capture alone is a poor guide to strategic decision making, it may neglect opportunities for network effect.**
- **It may undermine the value of the market as a whole.**
- **As the flow of profits to an innovation company increases, so do the incentives of other companies to “invent around” the innovator’s IP.**

Offense: Options for IP Holders 2

■ Selling

- the case if the innovator lacks the manufacturing capacities to exploit the asset fully.
- “block to fence”: firms acquire a large number of patents not only for their innovation, but also for related processes and substitute products, hoping to drive up the cost of “inventing around”

■ License

- the case if the innovator may retain ownership of the IP but give one or more licensee the right to use it.
- Licensing is more attractive and likely in situations in which rival firms are more efficient than the innovator.
- Licensing can discourage rival firms from investing in R&D that threatens for companies to imitate protected products.

Offense: Options for IP Holders 3

■ Collaborate

- **One example is participation in standard-setting organizations (SSOs). Agreements among competitors to adhere to common standards when designing and manufacturing their products often sharply increase the value, which in turn benefits all of the competitors.**

■ Donate

- **One example is Merck's decision to put Merck Gene Index, a database of expressed human gene sequences, into the public domain.**
- **the move could potentially lead to faster scientific progress, which would make the company's marketing and sales capabilities more valuable.**

Defense: Options for Non-Holders 1

- **Defense and Offense is not mutually exclusive alternatives. Sometimes the best strategy involves combining them.**
- **Assert a Legal Privilege**
 - **To create room to operate, the newcomer must secure permission from a court.**
 - **Challenge the validity of the incumbent's rights.**
 - **Acknowledge the validity of the IP rights, but may assert their version is sufficiently different to fall outside the scope of the incumbent's patent.**
- **Develop an Alternative**
 - **Develop a technology that avoids the territory already claimed by the incumbent.**

Defense: Options for Non-Holders 2

■ Get Permission

- Even if licensing is feasible and lawful, the newcomer may substantially improve its bargaining position when negotiating such a license by at least partially developing an alternative technology.
- If the newcomer can credibly contend that a non-infringing technology is both technically possible, the incumbent is likely to agree to better licensing terms.

■ Détente (Cross-license)

- To defend patent infringement suits and gain access to rival's technology, companies can opt to build large portfolios of their own. The ability to threaten countersuits may dissuade competitors from aggressively asserting their IPRs.

IP Management Strategy 1

■ An organization IP policy

- All IP shall be captured, and used in the best interest of the organization.
- 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.

IP Management Strategy 2

■ Identifying and capturing IP

- **Incentives:** employees should be acknowledged for their efforts, such as compensation via the generated revenue.
- **Work leading to 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.

■ Storing IP

- **Electronic IP assets:** Establish and maintain an electronic database to capture and store corporate IP asset inventories
- **Physical IP assets:** include hardcopy documents, prototypes, lab equipment.

IP Management Strategy 3

■ Evaluating IP

- **if and in what form of protection of IP should be secured will eventually be a business judgment on the basis off the commercial and economic value, as well as its ability to defend IPRs.**

■ Protecting IP

- **Confidentiality Program: a non-disclosure, non-compete and IP ownership provision should be incorporates in all employment contracts.**

■ Enforcing IP

- **All of the organization's staff should be involved in the enforcement program by proactively looking for infringers through their interaction with various segments of the marketplace.**

Thank You for Your Attention!

Siyoung Park

Counsellor, SMEs and Entrepreneurship
Support Division, WIPO

siyoung.park@wipo.int