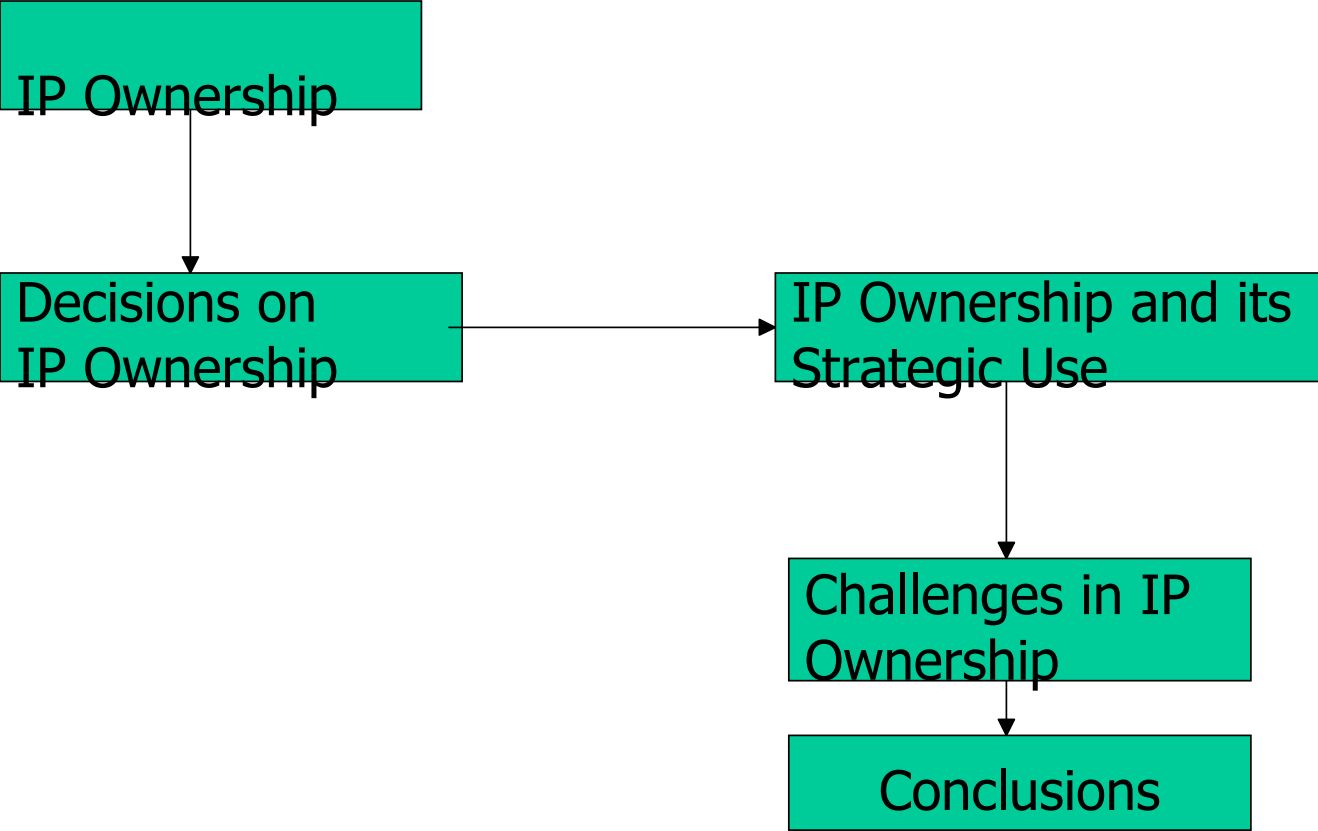


**WIPO-WASME Special Program
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Practical Intellectual Property
Issues
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Ownership of IP Assets**

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OVERVIEW



IP Ownership

- IP ownership facilitates creation of IP portfolio (a useful tool for business strategy)
- IP ownership is important in deciding business strategy e.g
 - future plans for diversification
 - acquisition plans
 - growth strategy (i.e organic growth, franchising, strategic partnership, joint venture)

IP Ownership Contd.

- Decision on IP ownership should be based on a broader picture of business strategy
- IP ownership strategy would normally consider
 - Costs
 - Target market (coverage)
 - Strength of underlying IP

IP Ownership Contd.

- Existence of competitors
- Legal framework
- IP enforcement mechanism
- The use of patent information is necessary

Decisions on IP Ownership

- Procedures leading to IP ownership differs depending on the type of underlying IP asset e.g.
 - Non-procedural ownership of trade secrets
 - Patent application
 - Registering trademark or industrial designs

Decisions on IP Ownership Contd.

- Automatic ownership/registration of copyright and related rights
- IP ownership can result from purchasing an IP asset
- Merger and Acquisition process
- Joint venture
- Strategic alliances

Decisions on IP Ownership

Contd.

- Whatever procedure of IP ownership is pursued, it is important to ensure that the result can successfully be defended in a court of law

Decisions on IP Ownership

Contd.

- strategic use of the underlying IP asset should also be considered when choosing the procedure for owning IP

IP Ownership and its Strategic Use

- IP smart enterprises are also extending the use of IP from a defensive tool to a wider embracing corporate strategy
- Increasingly interdependence of technology/business is becoming central to business survival
- Proactive approach to IP Ownership and use is imperative

IP Ownership and its Strategic Use Contd.

- Effective use of IP assets requires knowledge on ownership of underlying IP assets i.e IP audit
 - the type of IPRs it owns
 - other people/enterprises IP that it uses or intend to use
- Such knowledge would influence decision on IP strategy to be pursued

IP Ownership and its Strategic Use Contd.

- Ownership of IP facilitates implementation of several business strategies such as,
 - Market entry barrier
 - trade secrets or patents can be very effective in pursuing this strategy.
 - A broad portfolio of patents can also be used as a tool to discourage potential threat infringement threats

IP Ownership and its Strategic Use Contd.

– Cost saving

- Maintenance of IPRs involves costs. A prudent business strategy should also involve the identification of IPRs which can be allowed to expire
- donated in return of tax rebate (where available)

IP Ownership and its Strategic Use Contd.

– Source of income

- Licensing of technology or franchising can also be an effective way earning income directly from IPRs.
- Some companies generate huge amount of income through this strategy e.g IBM and Texas Instruments (TI) generate \$ 1 billion and \$ 800 million per year in patent royalties
- Some innovative enterprises concentrate in developing of technology and then licensing the same to others.

IP Ownership and its Strategic Use Contd.

– Competitive tool

- IP provide opportunities for enterprises to have competitive advantage in the marketplace

– Profit maximization

- IP provides an opportunity for enterprises to increase their profit margins e.g the case of Lotus Development Corporation and its introduction of Lotus 123 spreadsheet.

IP Ownership and its Strategic Use Contd.

- Strong negotiation position
 - Well managed IP portfolio strengthens enterprise's bargaining position in cross-licensing discussions, in discussions with potential litigants and in a broad range of business negotiations
- Business expansion
 - IP provide opportunities for joint-ventures, out-licensing and market intelligence on potential strategic alliances

IP Ownership and its Strategic Use Contd.

- SMEs can benefit from effective use of IP.
 - Baby Jogger Co. a small company with 70 employees established in 1984 in a garage. by Mary Baechel and her then-husband Phil.
 - The company used retailers to establish a distribution network (and building its brand name)

IP Ownership and its Strategic Use Contd.

- By 1994 its sales stood at US \$ 5 million
- By 2000 sales leapt to US \$ 15 million
- Baby Jogger has become a household name in some parts of the globe!

IP Ownership and its Strategic Use Contd.

- Story of Pliva (Croatian pharmaceutical company)
 - Started as a relatively a small player
 - Innovation (developed original antibiotic named azythromicin in 1970)
 - Patent protection (worldwide in 1981)
 - Pfizer Inc. learned about Pliva while searching USPTO database (Use of patent information)

IP Ownership and its Strategic Use Contd.

- Pliva and Pfizer entered into licensing agreement
- Pliva maintains right to sell the product in Central and Eastern Europe under the its own brand name Sumamed.

IP Ownership Challenges

- General IP awareness
- SMEs worldwide under-utilize the intellectual property system
- Few have attempted to extend the traditional boundaries of IP use

IP Ownership Challenges

Contd.

- Inadequate enforcement mechanism
- Difficult in placing actual value on IP assets hence failure to appreciate potential benefits

Conclusions

- Decision on IP ownership should be considered as part and parcel of overall business strategy
- Identification of ownership and careful selection of procedure for IP ownership is central to successful IP exploitation

Conclusions

- Owners of IP have several options open to them in deciding optimal use of their IP assets
- Inadequate awareness of IP has lead to its Underutilization

Conclusions Contd.

- Effective legal framework and enforcement mechanism enhances the potential benefits of IP ownership

Finally

- THANK YOU FOR YOUR KIND ATTENTION