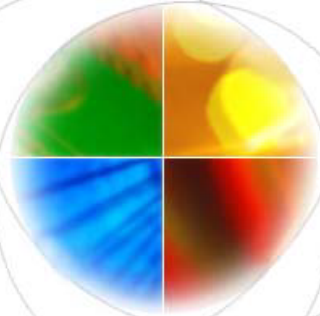


# **Fundamentals of Intellectual Property (IP) Management by Small and Medium-Sized Enterprises (SMEs)**

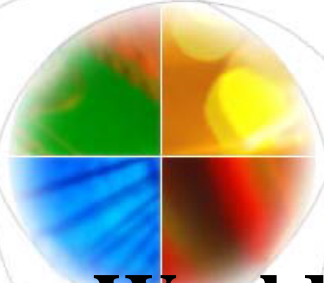




**Dr. Horst Fischer, Corporate Vice  
President, Siemens AG**

**“Any company wishing to prosper in the  
next millennium will also have to  
efficiently manage its IP portfolio”.**

**“For this reason it has become essential that  
every manager in the enterprise - not just  
those working in the corporate legal  
department - appreciates and understands  
not only what IP is, but how it can be  
more effectively exploited.”**



# **The Challenge**

- **Worldwide, most SMEs under -utilize the IP system**
- **Basic reasons:**
  - **Lack of awareness of IP system and its usefulness**
  - **Perceived high costs and complexity of IP system**
  - **Lack of easily accessible teaching, training and/or professional assistance**



## **Trends 1**

**In a knowledge-based economy,**

**IP assets are**

**valuable and flexible key assets**

**for**

**creating and sustaining**

**enterprise competitiveness**

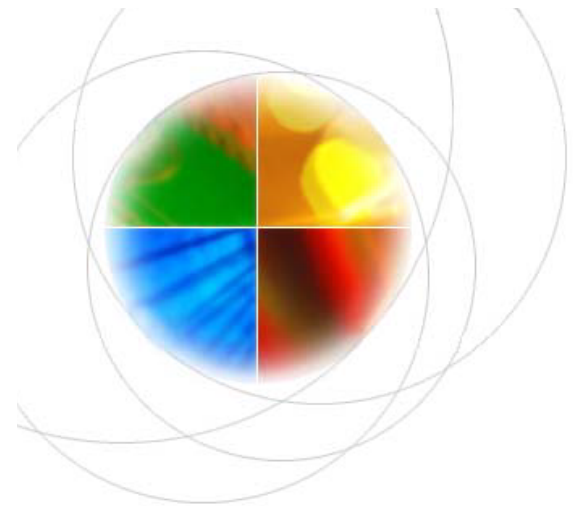
**by preventing 'freeriding'**



## Trends2

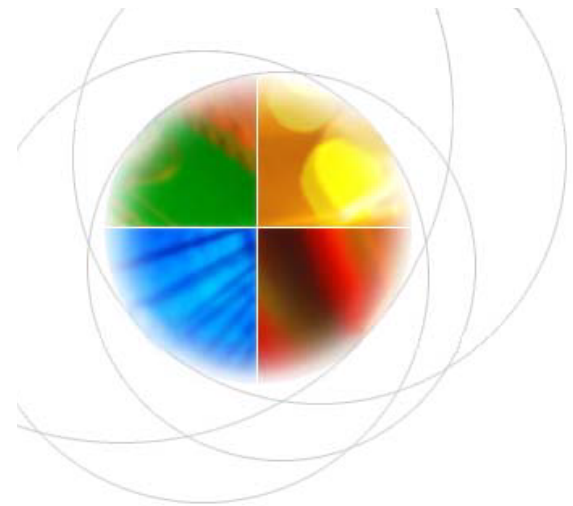
**Modern IP system provides the essential tools for managing such intangible assets.**

**Managing IP in one's business provides the ultimate power in making a globally competitive SME.**



## **Trends3**

**Marketvalue ofanyenterprise,  
includingSMEs,increasingly  
determinedbyits  
portfolioandoptimaluse  
ofIPassets**



## **Trends4**

**Like any other corporate asset,  
IP assets need to be  
managed  
to yield optimum results  
based upon corporate goals**



## **Trends5**

**SMEs failing to embed the creation,  
capture, or protection of their IP  
assets into their product and  
business processes incur an undue  
risk of loss of both key competitive  
advantage and essential corporate  
value**





## Trends6

**Creating, protecting and managing  
IP rights of an SME vis-à-vis  
employees, customers, partners and  
competitors and avoiding  
infringement of IP rights of others**



# Trends7

**Much More than a sword or  
shield in litigation to establish  
exclusive rights to the  
commercialization of specific  
technologies**



## **Trends8**

- **Tax-savinglicensingand donations**
- **Securitizationofroyalty streams**
- **Addingbalancesheetvalue throughIPinsurance**



## **Trends9**

### **IPrightsfacilitate**

- (a)outsourcingdesign,development  
production,distributionand/or  
marketing activities;**
- (b)enteringintojointventuresand  
otherstrategicrelationships;and**
- (c)securinginvestmenttostartor  
expandbusiness**



# **Trends10**

## **IP Leveraging Strategies**

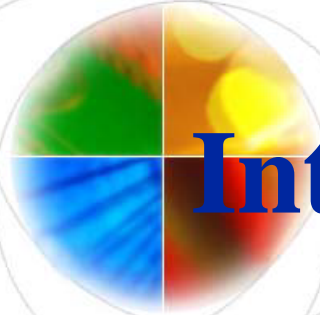
**Technology licensing**

**Brand-extension licensing**

**Joint ventures and strategic alliances**

**Business format franchising**

**Outsourcing**



# **Introduction to IP Management 1**

- **Legal**
- **Technical**
- **Business**
- **Export**
- **Financial**
- **Relationships**
- **Accounting**
- **Tax**
- **Insurance**
- **Security**
- **Automation**
- **Personnel**



# **Introduction to IP Management 2**

- **Patents and Utility Models**
- **Trademarks and Unfair Competition**
- **Geographical Indications**
- **Industrial Designs**
- **Copyright and Related Rights**
- **Trade Secrets**
- **New Varieties of Plants**



# Introduction to IP Management 3

- **Patents**: drafting, filing, use of counsel and prosecution
- **Trademarks**: selection, screening and registration
- **Copyright**: permissions, fair use, Internet
- **Trade secrets**: employment, non-disclosure agreements and non-compete agreements





# **Introduction to IP Management 4**

**Over 70% of companies  
interviewed in a 1998  
Derwent survey admitted to  
wasting R&D resources  
through under-utilization of  
patent information**



# **Introduction to IP Management 5**

**Often SMEs are not aware of best way of protecting IP assets.**

**Trade secrets could be as effective as patents for safeguarding new technologies and processes, especially in rapidly evolving high technology areas.**



# **Introduction to IP Management 6**

**A major threat to an SME's IP may be through its website as the Internet may provide an easy access to unscrupulous persons to copy brands, designs and copyright material and to steal trade secrets**



# **Introduction to IP Management 7**

- **Business Plan (New Business or Product Development)**
- **Export Strategy / Market Segmentation**
- **Market Differentiation / Quality**
- **Employment and Consulting Contracts**
- **Security System (Physical and IT)**



# **Introduction to IP Management 8**

- **Competitive Intelligence**
- **Software Licensing Negotiations**
- **Financing (Banks, VCs, Angels)**
- **Advertising and Marketing**
- **Internet (E-mail; Web Site)**



# **Introduction to IP Management 9**

**Innovation/Technology Management**

**IP/Technology Audit**

**Valuation of IP; Balance Sheet**

**Links/Relationships (Employees, Vendors,  
Subcontractors, Licensing, Franchising,  
etc)**

**Research Contracts (University, Firms)**



# **Introduction to IP Management 10**

- **Search(Databases)**
- **Monitoring(Internal/External)**
- **Dispute Resolution(ADR, Courts)**
- **Counterfeiting and Piracy**



# **Fundamentals1**

## **Create IP Awareness and Culture**

**All Employees (Top to Bottom)  
should be fully aware of importance  
of protecting and using IP assets for  
the benefit of the SME.**

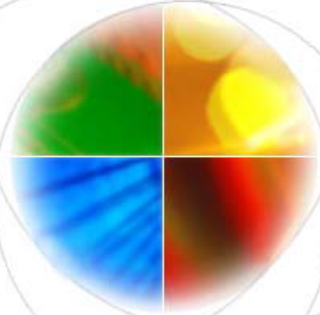
**(CEO, Directors, Managers, Staff,  
Accountants, IT personnel, Security  
staff, etc)**





## Fundamentals2

**Lack of proper planning on IP front  
may allow competitor to gain a  
competitive, long-term advantage  
from which there is  
NO recovery**



## **Fundamentals3**

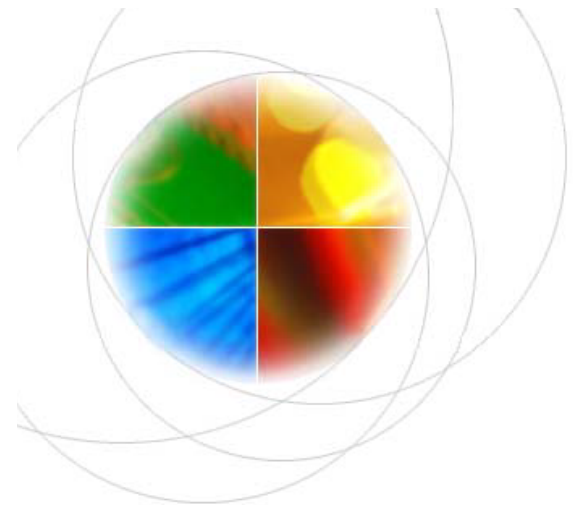
**Implementing an IP management program requires:**

- (a) A comprehensive business perspective of different types of IP assets/rights and their inter-relationships.**
- (b) This perspective should drive the core business strategy, targeting specific markets of commercial value.**
- (c) Total integration of intellectual property goals and objectives throughout the organization; otherwise, there is not possible to get the best business results from IP assets.**



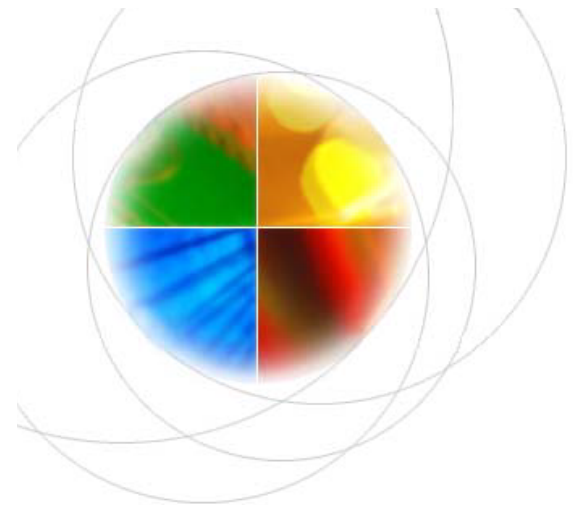
# Fundamentals4

- **Record appropriated details about the IP assets in an IP asset register**



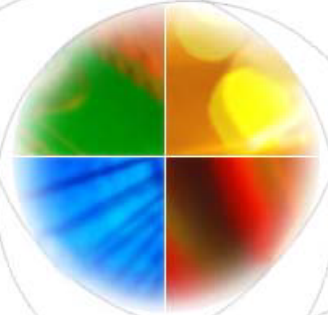
## **Fundamentals5**

**Identify and protect all the  
IP assets owned by the SME**



## **Fundamentals6(a)**

**Audit your intellectual  
property portfolios  
periodically**

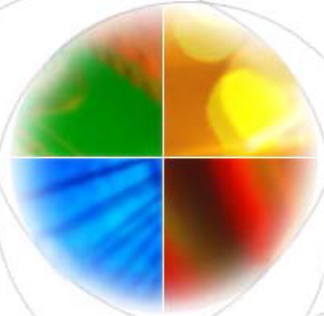


## **Fundamentals6(b)**

### **IP Audit and Strategic Analysis**

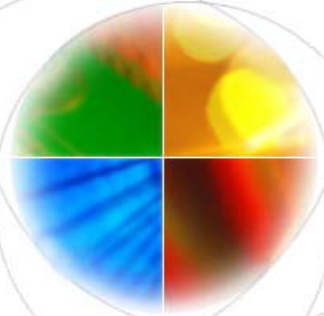
#### **Key Aim:**

**Whether any hidden value in the IP  
portfolio can be better  
leveraged, sold or licensed**



## **Fundamentals6(c)**

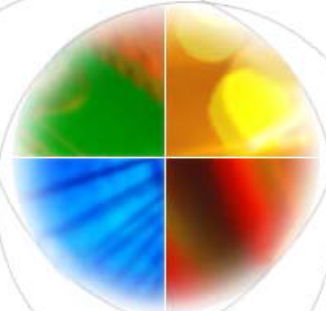
- **Are IP Assets exploited optimally?**
- **Is there any redundant IP?**
- **Are all IP Assets optimally protected?**
- **Could it be earning more revenue?**



## **Fundamentals6(d)**

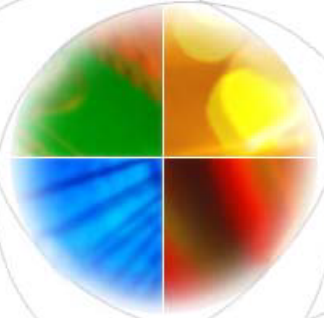
- **What technologies have non-competing applications that could be licensed to others?**
- **What brands offer value in a brand-extension licensing or co-branding relationship?**





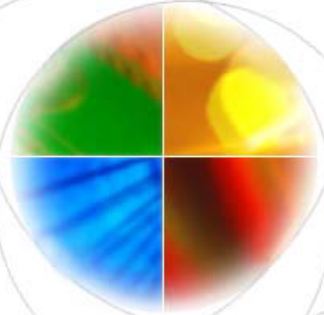
## **Fundamentals6(e)**

- **What distribution channels or partnering opportunities can be strengthened if the other party had greater control?**
- **What growth and expansion strategies are being used by competitors? Why?**



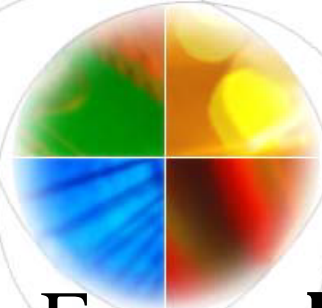
## **Fundamentals6(f)**

- **Where are the strategic/financial holes in current licensing and alliance relationships?**
- **What is the SME's on-line and e-commerce strategy? How could it be strengthened or improved?**



## **Fundamentals6(g)**

- **From a licensing-out perspective, many high-tech SMEs may be sitting on a portfolio of patents, technologies and brands that can be licensed in non-competing ways**



## Fundamentals6(h)

From a **licensing-in** perspective, an SME not having resources to conduct R&D may explore access to technologies and brands already established or readily-available on an off-the-shelf basis, or develop other forms of partnerships with other companies to get access to resources and technology.

There may also be licensing -in opportunities which, when paired with the SME's current technology portfolio, may help to create new products, services and market opportunities.



# **Role of WIPO**

- **In September 2000, the WIPO Assemblies approved the proposal of the International Bureau to create “...a substantial new program of activities, focusing on the intellectual property -related needs of SMEs worldwide, be included in the draft Program and Budget for the next [2002 - 2003] biennium”**
- **SMEs Division established in October 2000**



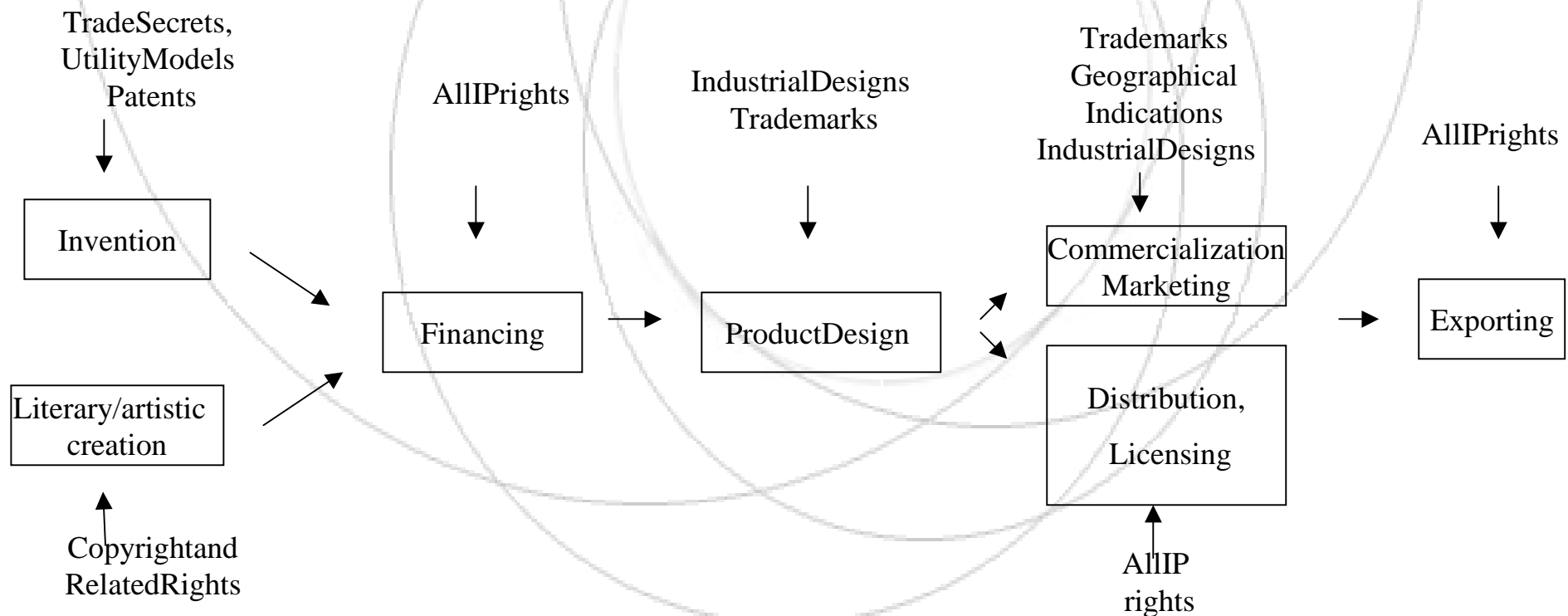
# Objective

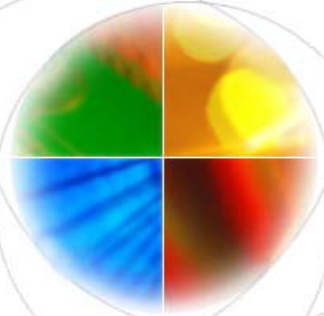
- **Enhance SME competitiveness by using the IP system**
- **By**
  - **Promoting awareness amongst SMEs of using the IP system to make informed decisions for exploiting their innovative and creative capacity**
  - **Improving the policy framework and business environment for making it conducive and easier for SMEs to access and use the IP system**



# Basic Message 1

- IP adds value at every stage of the value chain from creative/innovative idea to putting a new, better, and cheaper, product/service in the market:





## BasicMessage2

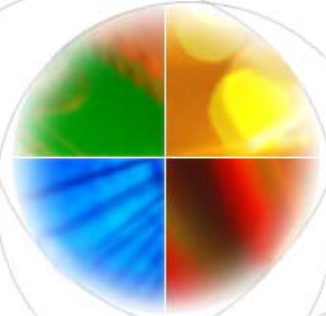
- IP strategy should be an **integral part** of the overall business strategy of the SME
- The IP strategy of an SME is influenced by its creative/innovative capacity, financial resources, field of technology, competitive environment, etc.
- **BUT**: *Ignoring the IP system altogether, as is often the case for SMEs, is in itself an IP strategy and may eventually prove costly*





# **SME Strategy of WIPO**

- 1. Target New Audience**
- 2. Establish New Partnerships**
- 3. Create SME -friendly publications**
- 4. Focus on New Areas**
- 5. Provide Relevant Information**
- 6. Support Outreach Activities of IP  
Offices and Copyright Administrations**



# **1.TargetNewAudience**

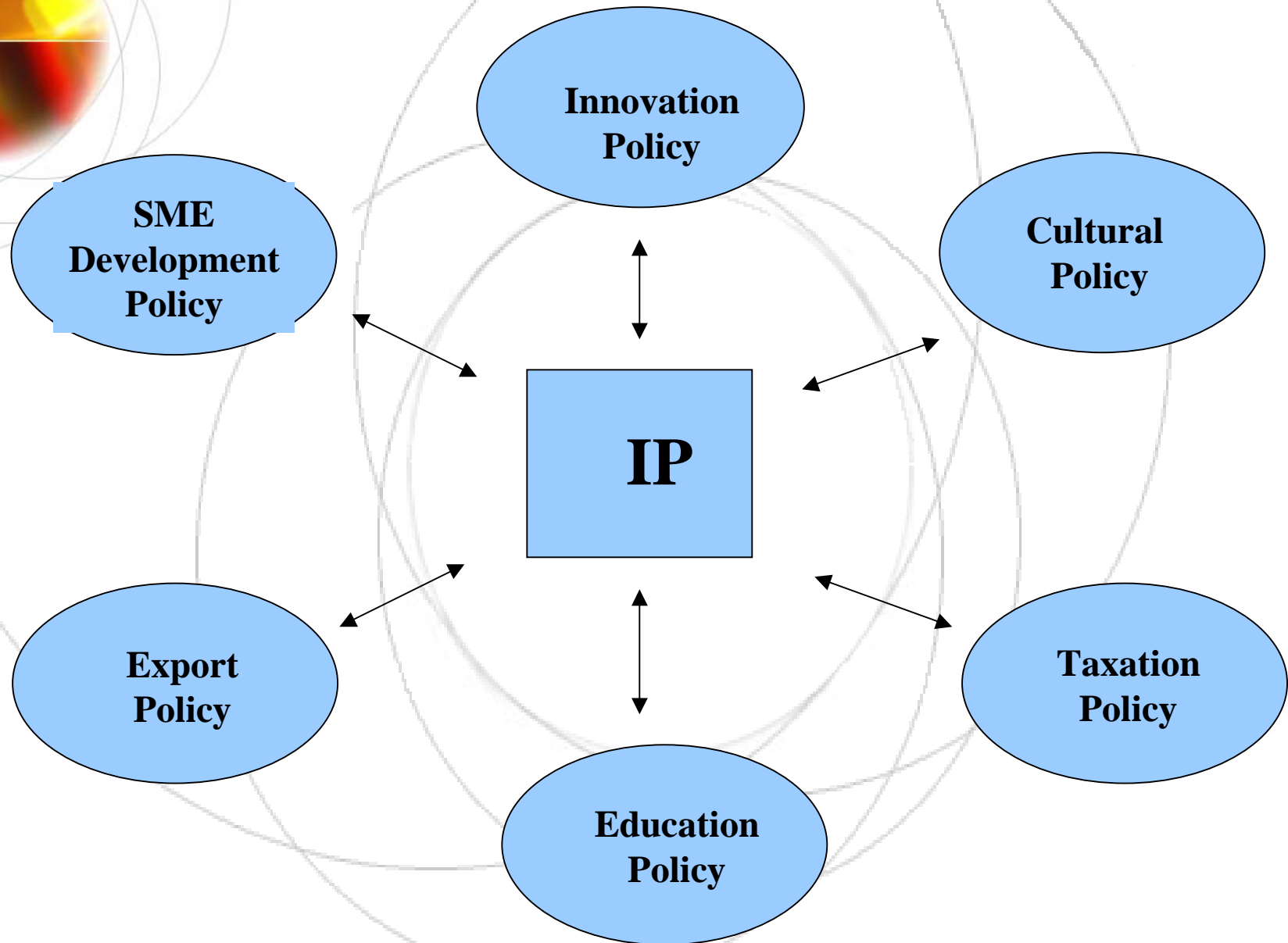
- **Bringing IP issues, from a business perspective, to SME and business events worldwide**
- **Bringing SME support and financing institutions to IP events: e.g. inviting SME associations and other civil society and representatives of SME to events organized by WIPO**



## 2. Establish New Partnerships

- New partners : National focal point for SMEs in governments, SME associations, chambers of commerce, business incubators, business consultants, investors, etc
- Aim: include IP within existing Business Development Services of such institutions
- IP as one element within a package of services to SMEs
  - **Include IP within training programs for entrepreneurs**
  - **Include IP within policies to support development of specific sectors**
  - **Include IP within services and programs aimed at encouraging innovation and creativity**

# Key Elements of a National IP Strategy for SMEs





### **3. Create SME -Friendly Publications**

- **SME Website** in English, Spanish and French, parts also available in Chinese, Russian; E-Mail Updates
- **CD-ROM** based on Website
- **Practical IP Guides for SMEs** :e.g., on licensing, trademarks, patents, patent information, industrial designs, copyright, trade secrets, etc
- **Contribute Articles:** To WIPO Magazine, and to magazines and websites of partners



## Welcome to the SMEs Website

[SME Home](#)  
[Intellectual Property for Business](#)  
[Intellectual Property and E-Commerce](#)  
[Activities](#)  
[Partners](#)  
[Best Practices](#)  
[Case Studies](#)  
[Documents](#)  
[FAQs](#)  
[Contact us](#)

Have you ever wondered what is "intellectual property" or what relevance it could possibly have to the creation or success of a small or medium-sized enterprise (SME)? If yes, then you have come to the right place. Here, we take a close look at intellectual property (IP) from the perspective of SMEs and analyze the possibilities offered by the IP system for improving their performance and competitiveness.

The web site also offers details on the activities of WIPO's SMEs Division and provides information of interest to SME support institutions.

### Mailing List

Enter your E-mail address to receive monthly e-mail updates:

 E-mail Address

[\[Archives\]](#)

[IP and SMEs Brochure \[PDF\]](#)

### Overview

**[Intellectual Property for Business:](#)** Information for SMEs on the basics of patents, trademarks, copyright, industrial designs, and other intellectual property rights with questions and answers, advice, checklists, links and documents for further reading.

**[Intellectual Property and Electronic Commerce:](#)** Introduction to intellectual property issues related to e-commerce.

**[Activities:](#)** Overview of activities of the SMEs Division.

**[Partners and Support Institutions:](#)** Information for, and links to web sites of, partners and SME support institutions.

**[Best Practices:](#)** Programs, policies and activities developed by intellectual property offices and SME support institutions to assist SMEs to use the intellectual property system.

**[Case Studies:](#)** Success stories of SMEs using the intellectual property system.

[printable version](#)

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## **SMEs Website of WIPO**

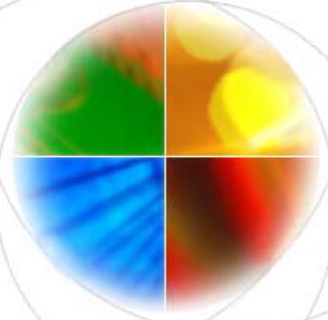
- **More than 300 html pages of information; 3000 pdf pages**
- **Simple and business -friendly language**
- **Primarily in Questions and Answers**
- **English, French and Spanish**
- **Links and Further Readings**



## 4. Focus on New Areas

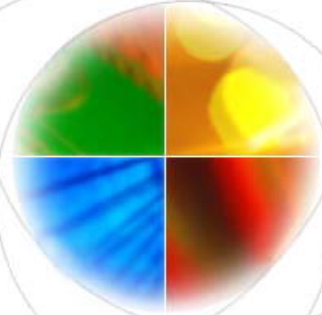
- IP and financing (venture capital, securitization)
- Accounting and valuation of IP assets; IP audit
- Fiscal policies and IP (e.g. tax incentives for R&D activities, patenting, licensing, etc.)
- IP services to SMEs by incubators, technology parks, chambers of commerce, SME associations, etc
- Copyright and SMEs in the cultural industries
- IP needs of SMEs in specific sectors such as biotechnology, agriculture, handicrafts, toys, machine tools, software
- Insurance and IP





## **5. Provide Relevant Information**

- **“Best Practices”**
- **Case Studies**
- **Studies and Research**
- **Develop Policy Guidelines**
- **Milan Plan of Action**



## 6.SupportOutreach Activities

- CooperationwithIPOfficesandCopyright Administrationsfordesigningpolicies,programs andservicesfortheSMEsector
  - **IPGuides**
  - **AwarenessCampaigns**
  - **ImplementationofBestPractices**
  - **Studies/ResearchonIPandSMEs**
  - **TrainingtheTrainers**