

## **Significant Legal Issues Exist**

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Knowledge Management deals with the ownership and manipulation of intellectual property, from copyrighted materials, trademarks, patents, and patent applications to trade secrets. A patent portfolio can add significant value to a company. However, in many instances, intellectual property instruments are useful primarily in defending a court case. What's more, the time lag between applying for patent protection and receiving a patent may be years. Given the time pressure to bring products and services to market, the time and expense of patenting a process or device may make it more feasible for the company simply to keep the information as a trade secret.

However, relying on trade secrets is associated with a risk of employees leaving with proprietary knowledge, even with nondisclosure and non-compete agreements in place. Trade secrets also don't contribute to the valuation of the company to the degree that patents do, since a competing company may file a patent application, potentially barring the company from using its trade secrets. Some companies are attempting to avoid the intellectual property courts altogether by publishing their findings early to prevent the competition from patenting the product or service. This KM approach is especially attractive in the software industry, where virtually any program can be reverse-engineered and replicated in a matter of weeks to months.

## **Extensive Training and Retraining May Be Required**

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A significant investment in employee and management training may be required if a KM program is to succeed. Knowledge Management works best when employees and management willingly and regularly contribute to the pool of corporate knowledge. However, willingness