

knowledge peers

Talking Guide Profiting from Intellectual Property

About this Talking Guide

Intellectual Property is something that every company has in one form or another. How to ensure that this is not infringed upon, and that it is used to the best effect is a conversation happening in Board rooms all the time.

This guide highlights the various types of IP, the ways you can approach protecting and monetising it, what costs and difficulties you may encounter and how to handle them, and what to do with IP if your company is international.

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W P Thompson & Co was established in 1873 and deals with patents, trademarks, designs and copyright and all other forms of Intellectual Property (IP). Since that date, long-standing relationships have been developed with firms throughout the world which allow the firm to respond promptly and effectively to clients' IP enquiries and requirements irrespective of the subject matter and territory concerned. The firm's practice has taken on an increasingly international dimension which is reflected in the increasing variety of routes available for securing rights such as patents and trade mark registrations.

About Knowledge Peers

Knowledge Peers is an on, and off-line community for thought leaders in the business and charity sectors. Forward thinking leaders in business and charity come together to share experience, get ahead of their game and engage with one another. Knowledge Peers is about facilitating thought leadership – by gathering experiences from the people who make decisions at the top, we have built a library of research, topical insights and video based Case Studies. It provides a unique way for directors of small to medium businesses to help themselves.

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Executive Summary

Whether you are a growing company with a new product, trying to build a strong brand reputation or producing content, owning Intellectual Property (IP) and knowing how to generate revenue from it can be vital. Having IP helps businesses in a variety of ways: from helping to attract investors or underpinning the value of the business, to deterring competition in the market, and can even be a saleable asset itself.

Whilst IP is often important for a new business it is, of course, not the only commercial lever with which to generate and protect a revenue stream. It is important to have an IP strategy, but it should be part of an overall strategy.

“Your IP strategy should not drive your business strategy. In short, the IP tail should not be wagging the business dog.”

Dr Julian Potter
Patent Attorney, W P Thompson & Co

1. There are many different types of intellectual property, each one used to protect a product or a brand in a different way. Employing the appropriate types of protection will help to avoid costly infringements by competitors on one hand, and unmanageable costs on the other.

2. Before applying for a patent, it is important to think how you will use it in order to generate revenue. There are numerous ways to monetise patents, but this is difficult without a coherent and well thought out IP strategy.

3. Before going to investors, buyers or retailers, you should know your IP situation and be able to explain it. They will want to know about your IP, as unprotected products or brands would expose them to financial risk.

4. Protecting a product or brand through IP is going to cost time and money. Poor decisions and judgement when deciding what aspects of your business to protect and what forms of IP to use can be costly.

5. Protecting your IP overseas raises a number of issues. Differences in laws and the additional costs mean it is very important to take advice, and to have a strong business case for protecting your IP overseas.

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Acknowledgements

This Talking Guide contains interviews with several members of the Knowledge Peers community who can be found through our site. Knowledge Peers would also like to thank Dr Mike Barlow, Managing Director of Fair Oaks IP for his help with this topic.

The Types of IP

There are different varieties of intellectual property, each one serving its own purpose. Businesses must decide which type of intellectual property they wish to apply for depending on what they want to protect, although they often overlap and work together.

A patent protects technological innovation and is vital for any business that wishes to protect new and innovative technology used in its product. Dr Julian Potter, Patent Attorney at W P Thompson & Co, explains that before you have a patent granted you must first write a patent application which describes your invention, define and then file it at a patent office where it is examined to see if it is new and inventive. Once approved, you will then have exclusivity on the technology for 20 years. Patent applications are the most expensive and time consuming IP application.



The different types of Intellectual Property

Dr Julian Potter
Patent Attorney
WP Thompson & Co

A trademark enables you to protect your trade name and your brand image. When you think of some of the biggest global brands, you begin to realise how powerful trademarking can be. Nadhim Zahawi, co-founder and ex-CEO of YouGov, describes how important trademarking the name YouGov was at the time when they did, as they risked the possibility of being challenged by Youtube. Protecting the YouGov name in the very early stages enabled Nadhim to expand the business further.



Protecting the name 'YouGov'

Nadhim Zahawi MP
Co-founder and ex-CEO, YouGov

Copyright is an interesting form of IP in that, as Dr Julian Potter says "The moment you create your work, the moment you record your voice or write something on paper, you create copyright. The actual creation of the copyright does not involve any registration."

As with trademarks, it is important to be clear that you have copyright. Martine Burford, co-founder of Ruby Red, learnt that you should always ensure you own the copyright on everything. She discusses how you must ensure that the copyright to any work done by outside agencies belongs to you, because if you don't the copyright will automatically

belong to them.



Ensuring you own your copyright

Martine Burford
Co-founder
Ruby Red

Registered designs are used when you need to protect the design or shape of your product rather than any technology. Antony Lau, the Managing Director of CycleHoop Ltd, used registered designs to protect his invention which turns street furniture into secure bike parking. After seeking advice he decided registered designs were the best option, as it was the shape of his product and what you can do with it that needed protecting. Registered designs are a relatively cheap and low cost form of IP protection and you can file them yourself.



Using registered designs to protect your idea

Antony Lau
Managing Director
Cyclehoop Ltd

Monetising your IP

"Intellectual Property really has been the making of me and my career."

Mandy Haberman
Founder, Haberman Associates

Mark Sheahan, Inventor in Residence at the British Library, talks about how it is fundamental that he has a good strong IP protection on all his products - be it trademark or a patent etc. - in order to sell licenses globally. Without IP he feels he wouldn't have a business. After conducting some research, Mark discovered that the best route to market was through licensing his technology for which he needed well written patents.



Licensing patented products

Mark Sheahan
Inventor in Residence
British Library

Martin Adcock is the Managing Director of Experimentus. He went through many stages to ensure that other companies were able to use his technology under license when it went on the market. To do this he had to know who was using his technology and whether they were entitled to, and be able to prove it through independent verification.



Licensing your IP
without a patent

Martin Adcock
Managing Director
Experimentus

Deciding to protect her Intellectual Property rights in the US and the UK was a vital decision for Mandy Haberman, designer of the Anywayup Cup, a product that quickly took a 40% market share in the UK market. When bigger companies started to challenge her rights as the product's market share grew, they did not expect a challenge in return. However, Mandy enforced her rights in the courts of Europe and US and won. Defeating these companies in court ensures that they have to apply to her for licenses and are unwilling to risk violating the patents. These licenses are a significant source of revenue.



IP litigation

Mandy Haberman
Founder
Haberman Associates

Ron Moscona is a solicitor at Dorsey & Whitney specialising in intellectual property law. He describes some of the problems that can occur when licensing your IP to a third party and how they can be prevented. Licensors should be careful to ensure they get the fair share of the rewards from the use of their IP, and aware that they may be locked out of licensing your IP to other companies, meaning their IP may be underutilised.



Key considerations
when licencing IP

Ron Moscona
Partner
Dorsey & Whitney

Using IP to secure investment / sell off your company

“The fact that the product has a patent applied for and has been processed is a stamp of approval on the investment.”

John Melotte
Director, Corum Group

Having IP on your product can prove to be vital if you are trying to secure investment or gain interest from retailers.

Jim Shaikh, director of Yoomi, invented a baby milk bottle and warmer in one. This product is now exclusively sold in the retailers John Lewis. Jim tells us that when he started out showing the product to retailers, having the patent on his product was the only real form of asset he had, and it showed retailers that he had a business plan and protection.

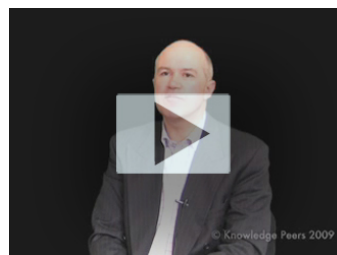


Why patents are essential to retailers and investors

Jim Shaikh
Director
Yoomi

Having IP is also important to attract investors. If you are awaiting a patent, investors will want to do an independent search to identify prior art and ensure that your application doesn't impede on others, that it is novel, inventive and applicable. After that, investors will want to know how you intend to exploit this patent to give them a return on investment.

John Melotte is Director of Corum Group, an M&A house specialising in the sale of software and IT Services. He discusses how crucial IP is, especially for early stage software companies. John explains how having IP on software from the beginning establishes credibility for your technology, demonstrates what you are doing is genuinely novel and can be very highly valued by potential investors in the company.

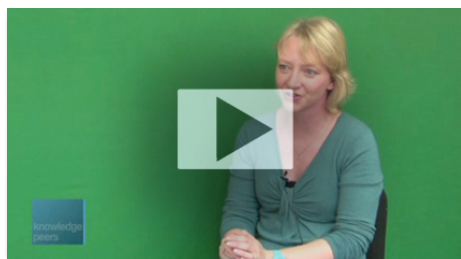


The value of patents for small software firms

John Melotte
Director
Corum Group

When CEO of Swimovate Lisa Irlam was launching her product the Poolmate, she knew that she couldn't rely on her IP protection to sustain business. Lisa realised that

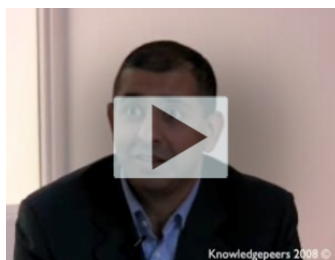
she must also stay one-step ahead of the competition at all times. Swimovate is already doing this by thinking about the second and third product that it will be bringing into the market place. Lisa also points out that because of the amount of money you can spend on patents, your idea must be commercial enough to recoup some of that spending.



Ensuring your product will re-coup the cost of a patent

Lisa Irlam
CEO
Swimovate

Shakeel Ahmad, a Partner at Keltie, explains how applying for a patent can typically take around four or five years, with the 'substantial' costs being spread out during this time. Shakeel estimates the cost of protecting a product worldwide at £100,000. While the costs do seem off-putting to some, Shakeel explains this is usually the better option than relying on being first on the market with your product and trying to build your market share, as people may still take your original idea and expand on it.



Financial and time cost of a patent application

Shakeel Ahmad
Partner
Keltie

The Cost of Protecting and enforcing IP

“There are two kinds of patent applications: Ones that have been done badly and ones that have been done well, and sometimes the ones that have been done badly have been done expensively badly”

Simon Cole
CEO, UBC Media

The financial costs of IP protection and, in particular patents, are only part of the story. The process can consume a lot of senior management time, which is often not budgeted for.

CEO of UBC Media Simon Cole discusses how intensive IP applications are in terms of time as well as money. This is especially true if you are applying for a patent, which is the most time consuming and costly form of IP. He describes how the cost of applying, as well as the cost of dealing with good patent advisors, can cost hundreds of thousands of pounds.

Simon also gives an idea on the amount of time needed for an IP application to complete. As an example, Simon spoke to us shortly before a three-hour meeting with his advisors to discuss the product with regards to protecting it. He has had frequent meetings like this for the past six years.



The challenges of a patent application

Simon Cole
CEO
UBC Media

Jim Shaikh describes how once you have applied for IP, you begin on the 'patent treadmill.' These are the timings that your business must satisfy if your application is to be complete. For example, after you have filed for a patent, you then have a year in which you can decide to change your product, then another 18 months to put more into it.



The "patent treadmill"

Jim Shaikh
Director
Yoomi

However, there are ways to reduce costs when applying for intellectual property. When Lisa Irlam was developing the Poolmate, she decided to conduct her own research and drew up the first draft of the patent herself before sending it off to the lawyers. This way her new business was able to save "a few thousand pounds".



Reducing the cost of a patents

Lisa Irlam
Co-founder
Swimovate

IP Overseas

One final area businesses must take into consideration in their IP application process is the issue of protection overseas. Primarily factors businesses need to address while

they make a decision on IP abroad are the added costs and the different legal frameworks.

Alden Zecha, CFO and Strategist at mobile software company Sproxil, explains why investors want to know which countries your product is protected in. There is more value in a product if the patent was issued in the US or EU rather than Eastern Europe or India as these countries do not have such strong IP laws.



How investors value IP

Alden Zecha
Strategist
Sproxil

John Melotte adds to this, citing China as an example where, although they are starting to show a Western approach to patent laws in terms of ownership, you still run the risk of being 'ripped off' if you make your software available to Chinese developers. John also warns of potential clashes of culture. He uses America as an example, where people are more likely to infringe upon your idea and wait for you to sue them, which obviously then requires time and money to enforce.



Patent laws overseas

John Melotte
Director
Corum Group

Mark Sheahan in his own words has spent 'a small fortune' protecting his products abroad, and protected one of his products in around 16 countries. He explains that when deciding which countries to protect your IP in, you must look at the market in each to see if your product or technology will be commercially viable or not. The value of a product may be greater if the patent was issued in the US or EU rather than Eastern Europe or India as these countries do not have such strong IP laws.



Protecting patents abroad

Mark Sheahan
Inventor in Residence
British Library

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"In the old days if we talked about security we talked about protecting our perimeter... now we are talking about protecting information."



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"Stick with those advisers that have delivered good results and that you get on with. Make good advisers part of your team"



Restructuring executives' pay

"Realigning pay can get very heated ... don't just impose it on your executives"