

INTELLECTUAL PROPERTY PORTFOLIO MANAGEMENT

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Welcome friends, we are starting a new course on intellectual property portfolio management. We all know how intellectual property has become a very important source of competitiveness in this knowledge economy. We all know that once upon a time a very important source for wealth creation was agricultural activities. India particularly was one of the richest country in the world

only because of its ability to do a good agricultural activities. It used to generate somewhere close to 24 percent of the global GDP in 16th and 17th century. We all know agriculture is the primary source of economy. In India we used to call it as agrarian economy. However, it is also correct that the contribution of agriculture in overall GDP is less than 20 percent. But still our large population is dependent on agriculture. So, therefore, we call it agrarian economy. After that around 1850s industrial revolution took place. Manufacturing became another very important activity for wealth creation. If I see from India's perspective, we could not take much benefit of this industrial revolution, the manufacturing which is another very important source of wealth creation. Europe, America, then Japan and very recently China also took a good advantage of manufacturing as a source of their wealth creation. And unfortunately during this period India was under the British rule.

So, we could not take any significant advantage of the manufacturing revolution. Then we got independence and in 1970s onward I can say that another important change happened. This is service economy. Service became another important source of wealth creation. India was an independent country at this time.

We took good advantage of this changed scenario. IT enabled services became the major source of wealth creation and India adopted. We started with Tata Consultancy Services, Mr. F C Kohli became a founding father of IT industry in India and the kind of pomp and

show, the kind of prosperity we are enjoying, I will say service played a very important role in our progress. And currently many of us know that around 55 to 57 percent of contribution

in our GDP is coming from the services sector. But in 21st century another change happened and this change can be named as knowledge economy where knowledge became a very important source of wealth creation. Knowledge means something which is creation of your brain and that is why in this present environment intellectual property portfolio management became a very important subject that whatever knowledge of different types I am generating how to keep that bouquet of knowledge so that organizations can use this bouquet for their advantage. During this course we will see that there are different types of knowledge there may be some knowledge

which is very explicit. There may be some knowledge which is hidden also. Organizations are able to use that knowledge for taking the advantage. How? We all know to start our discussions company like Coca-Cola is able to keep the secret of their formula and that is their knowledge and because of that formula.

Coca-Cola is able to have a competitive advantage since many many years. Their ability to keep that syrup protected under some arrangement that arrangement we are going to discuss in this course that is knowledge economy. Where we are creating knowledge, we are protecting knowledge and we are monetizing knowledge. So, in knowledge economy, we need to focus on creation, we need to focus on protection and then we need to work on how to take benefit of it for our economic growth, for monetization, for commercialization. So, monetization.

So, what should be that ideal combination of knowledge that is portfolio management we are going to discuss in this particular case. Now, as you see our title of this particular subject has four important terms intellectual property portfolio and management. The first term is intellectual, second is property, third is portfolio And fourth is management. We need to understand meaning of each of these terms separately.

Just now we discussed about movement from agrarian economy to knowledge economy. So, it appears you can very well relate that intellectual property is something which is related to this knowledge economy. Let us see how it is related to knowledge economy. First is intellectual. You can go to different sources available on web and you will find two dictionary meanings which will define what is intellectual.

Intellectual in our day to day talks we say that you are very intellectual person. What does it mean? It means that you are able to think logically when rationality is there in your thinking process. Thinking and thinking with rational approach, thinking with logic that is one way of understanding the intellectual which easy to make us that intellectual means something which is related to brain. Whatever is the outcome of my brain in terms of inventions, in terms of my creativity, all that will come under the scope of intellectual.

Second important term in our discussion is property. What is a property? Generally, there can be different meanings of this term property. There is a single important you can say term which I will like to associate to define the term property that is the component of value. Whenever we are trying to define property, it is always have a notion of value that if it is a valuable thing for me, if it is source of wealth for me, it is a property for me.

If it is not giving any value to me, it is not a property. So, property is directly having a connotation of value element. Whatever is valuable, that is property. Whatever is not valuable, that is not property. Even in the case of waste, for that matter, in waste also, those waste where value is associated.

That is a property. You will not like to throw that waste. But that waste where you are not able to find any element of value that can be considered as waste. So, slightly digressing but if you go to the classes of operations management where we discuss things like Toyota production system. And in that Toyota production system, we talk of concept of waste and that waste is totally defined on the basis of element of value.

Wherever value is there that is a useful thing, wherever value is not there that is waste. So, non-value is waste and value is property. So, waste is non-value. and property is value. That is how you can understand difference between property and what is not property in black and white terms.

This is in the general sense. But, law also has a definite connotation about property. Now, what is law says, legal terms, because when we are talking of intellectual property portfolio management slowly and slowly we will go into the domain of law also. So, what law says that it is the right to enjoy and to dispose of certain things in an absolute manner as one thinks it fit means if it is a property

I am authorized to use that property as per my wish, as it pleases me and I can use, I can dispose that particular property absolutely as per my wishes, my choices, my requirements. So, as per the law, property gives you some kind of rights to enjoy, to take benefit of to

take pleasure out of those objects. That is the meaning of property in the legal terms. Now, there are different ways on which we can define the property.

We can classify the property. One very simple classification is public and private property. I think as the name is there public and private property. we can easily understand what is the difference between these two types of property. Public property as the name suggests, it is a kind of a government property which is owned by the government of the state, government of the centre or the local authorities.

It is not belonging to any individual. It is not belonging to any individual. For that purpose like examples are given. you can say government hospital that is a public property. Railways, buses, all these are examples of public property, airports, etc.

On the other hand, private property which is owned by a particular individual like you or me. So, when we are owning a property, it is our private property. At many places, you may recall, there may be sign boards, this is a private property, trespassers are not allowed, something of that sort. So, residential houses are the best example of private property.

You may have your own land, you may have your own shop, you have your own factory, all these are examples of private property. So, this is one single classification. Let me tell you that most of the IPs will fall under the category of private property. Then another important term in our discussion is about portfolio. Intellectual property two terms we have discussed.

Now, coming to the third term that is portfolio. As the name indicates portfolio is collection of something. Generally, this term portfolio is used in terms of investments that what type of different instruments you are keeping in your basket. So, you may have a basket where you have collection of investments and these may include things like stocks,

and not only stocks but stocks of company A, company B, company C because some of the stocks may be for long term, some of the stocks may be for short term, some of the stocks may be for medium term. So, out of your total investment, maybe you are having investment of let us say USD 1000 dollars and out of 1000 dollars, you always want to maintain a ratio of that by 50 percent stocks should always be in the long term, 250 in the short term and 250 in the medium term. This becomes a very simple example of my portfolio. So, this is one type of example. Another person can say, no, no, no, I am interested in stocks also.

I am interested in bonds also. I am interested in some other kind of investments also. For example, real estate. This is also a portfolio. So, depending upon my thought process, my priorities, I can have a particular type of combination of instruments which I will use for maximizing my profits, for maximizing my benefit that is known as portfolio.

There are certain very important benefits of keeping the portfolio. If I put all my investment, for example, if I put all my investment only for let us say this long term stocks, it is quite possible that I need liquidity immediately and that liquidity will not be available if my 100 percent investment is in the long term stocks. So, I want liquidity also. Therefore, I want to balance. my stocks in A, B, C, D, E categories.

Another thing is if I keep all the stocks in the short term period which may be very volatile and it may result into huge losses to me if the prices go down. So, therefore, I want protection against risk also and that is possible when I distribute my investment over some different types of instruments. So, portfolio is always advisable portfolio is always advisable for minimizing the risk as well as giving you the benefit of maximizing your outcome. And same thing we will be doing in case of intellectual property also.

We will see that how organizations are keeping portfolio of intellectual property. We will be talking very shortly different types of intellectual properties and then we will see that organization can take a very conscious call that what type of combination that organization should keep. After that another important term is management that we are going to discuss together. as portfolio management because I am very sure if I talk only of management many of us may have very good understanding what do we mean by management.

Management there are large number of definitions available that maximizing output with limited input. that is one simple definition of management. Same thing we are going to do with respect to our portfolio. In portfolio we are doing choosing different types of you can say instruments and managing them so that whatever financial goals my company or me as an individual we have we are able to achieve those financial goals.

For example, I am a service person once I am going to be retire I will have some kind of financial goal that at the time of retirement I should get this much of pension, this much of funds should be regularly available to me at the time of my retirement. And for that purpose What different types of investments I am doing at this moment that becomes my portfolio management. I am expecting that at the time of my retirement these investments will start maturing in this fashion and I will get a series of returns. consistently for so many years.

So, that is one simple example about the portfolio management. So, there is a proper science, there is a proper process for calculating and selecting the right investment mix for your client which can balance your risk abilities. Different organizations may have different risk appetite. According to their risk appetite organizations may select the right kind of investments which will fulfill that risk also as well as can help them in achieving the objectives with respect to their financial goals.

Now, this helped us in understanding the four terms so far we were focusing on them individually intellectual, property, portfolio, management. Now, let us start combining these terms so that we understand in a holistic manner what is IPPM and therefore, we first try to understand what is IP assets. Intellectual property assets, like any other resource, like any other resource which can be available to you from using the property, intellectual property also have different types of assets. And these intellectual property assets can be three types, your human assets, then organizational assets and codified assets.

When we talk of human assets, large number of manpower is working in my organization, my company. So, they all have some knowledge. That knowledge comes because of their experience. Not only experience which is gained in my organization. but that or experience that knowledge may come because of their education because of their working in other organizations also from the society these are different types of sources from where all employees are getting their knowledge their abilities their skills their workability all these are the human assets organizational assets the every organization has

structured policies, structured SOPs, structured strategies, processes, culture, all these are organizational assets. Many a time we say that this is a very positive environment. There is so much energy in this organization. While in some other organization we may say that everybody is pulling leg, organization is having lot of negativity. So, those type of questions, those type of general perception we have, these are examples of organizational assets.

There are organizations which are known as learning organizations. For example, we have organizations like BHEL, which is considered to be a very learning organization in our case. If I say at the global level, Organizations like Google, TI these are known as learning organization that is organizational assets. The culture which is developed in the organization that is resulting into that type of characteristics in the organization.

And then third type of intellectual asset is codified assets. Codified assets like intellectual property rights. what are your patents, what is your trademark, what is your copyrights.

The assets which are available in a proper document that is known as codified assets. So, these are three different types of intellectual assets which are defined in the literature human assets,

organizational assets and the codified assets which totally make the intellectual assets for the organization. And when we are talking of IP portfolio these different types of assets category help us in strategizing the use of these assets for our competitive advantage. Then another important term which we need to understand in this first class that is IP capabilities. IP capabilities like we just discussed intellectual property assets and IP capabilities are very much related to that topic only.

When we talk of organization or individual as in me individual our competence in efficiently handling and exploiting the intellectual property. Whatever knowledge is being created in my organization or whatever human assets I have whatever organizational asset I have how effectively I can use that asset for the benefit of my organization that is intellectual property capabilities. So, in this case for example, at IITs we have large number of professors. We have large number of research scholars, UG students, PG students. So, if I see from that table point of view, human assets are absolutely wonderful in the IITs, IIMs, NITs and other higher education institutions.

But what about our IP capabilities? Because it include IP development, whether we are creating new knowledge or not, then What is our strategy for generating, protecting, monetizing these IP? What about our ability to mix different type of IP and putting them in a basket so that at a particular time we should be able to use a particular type of IP? If you do not have different type of flavor in your basket, so at a time when it is required, how will you use it?

So, IP portfolio will ensure that you have variety of IP available with you and as and when a particular type of IP is required for your advantage you should have that. IP protection, commercialization, enforcement all these are different type of IP capabilities. We right now in our country in India particularly very much concerned about IP commercialization and IP enforcement. We need support from judiciary, we need support from law communities. If they are capable to handle the IP related matters, where the disposal can be done at a faster rate, then only you will be able to understand importance of IP, you will be able to use IP for your advantage.

So, all these things are required for making the organization or any inducer capable of using the IP for the benefit. Here again we come with a different type of classification of property.

Few minutes back we discussed property in terms of public and private. But another very popular way of defining the property

is in terms of tangible and intangible. Tangible something which you can see, which you can touch, intangible which you cannot see. So, movable and immovable these are the two types of tangible property. Anything, anything which is related to land that is known as immovable property. And all other type of properties which you can touch, which you can store are known as movable property.

For example, this fan, this projector and all other things are known as movable property. Then there comes another set of property which is intangible property. People know my name, people praise about me, that is goodwill. that is intangible. You can only experience, you cannot touch it, you cannot store it, but you can have experience of this thing that is goodwill type of property.

And another type of most important intangible property is intellectual property. Intellectual property is as we already discussed creation of your brain, creation of your mind that will be the intellectual property and there are different types of intellectual property like we have developed the system for all those people who are inventors, those who are creators, they are creating literary work, they are creating music, they are creating artistic work. So, creators are also very important.

And then those who are using for various type of business activities. So, they are also business symbols. So, all those type of intellectual property wherever human brain is involved. they are inventors, they can be creators, they can be the people who are involved in different types of business and therefore, a right combination of these different types of intellectual property is required for intellectual property portfolio management. if we understand as just now we saw that you are protecting for inventors also, creators also, for business people also.

So, broadly we divide intellectual property in two broad categories. One is the industrial property and the second is the copyright. These are the two broad categories in which we will be discussing this entire course. patents, design, trademark etcetera are known as industrial property and all those which are result of creativity which is result of some kind of unique ability available to you that comes under the copyright. Because copyright and all the other type of industrial property on one side in last 30

I was saying that it is for wealth creation, but it also plays a very important role in our cultural life. So, it is not only IP is not only only for economic purpose, but it is equally important for protecting your cultural heritage. Different types of art forms for example, geographical indicators which we are protecting it is not only for the economic benefits, there may be some cultural heritage protection angle also in this system of intellectual property and this system of intellectual property is not possible without understanding different types of laws which protect intellectual property in different countries for different type of our creation of brain.

So, it is a slightly complicated thing which we will be trying to discuss during the course of this particular course. So, intellectual property now we have understood that it provides recognition, cultural protection and it also provides you financial reward, economic progress. And therefore, it is actually required for a much larger purpose than just economic or wealth creation. And people have done a lot of research in the field of why to promote and protect intellectual property.

because of the intellectual property protection system, we are able to fuel the progress, we are able to move ahead. All new scientific developments, you can attribute that the system of intellectual property is one of the major reason, because of which we are continuously moving ahead and ahead. we could be reinventing the same wheel again and again. So, intellectual property system creates economic growth, it creates new jobs, new opportunities, new industries and at the same time if properly used because it is not automatic. it is to be done properly then it will also provide you competitive advantage in the market.

So, with this we come to end of this discussion that intellectual property portfolio management is a kind of investment in our intellectual property. So, that you can use intellectual property for the effective achievement of the objective of your organization. or as an individual also and what are those strategies that we are going to discuss in this particular course. With this we come to end of this particular session. Thank you very much.