

INTELLECTUAL PROPERTY PORTFOLIO MANAGEMENT

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Week : 06

Lecture: 26

Welcome friends. So, we are talking about to manage our intellectual property portfolio and we are already discussing many issues which are important for getting value from our portfolio in fact the most important thing from the portfolio is to extract value from the portfolio we have already discussed that portfolio may have similar kind of ip may have different types of ip both things are popular and when you go further you will realize that portfolio will have generally mostly patent related activities in your case. So, in this particular session we will be talking more about what is the quality of patent portfolio.

There is a very important debate which is happening quality versus quantity and we will see this debate in context of India. And in the context of other important nations, that how they are responding to this quality versus quantity debate. And when we are looking for quality of patent, what are the benefits we are going to get? How are we going to measure the quality of patents? And then what are the mechanism to ensure the quality of your patents?

And then we will see some of the example which can highlight the importance of this quality versus quantity debate. So, when we are talking of quality of our portfolio, when we want to take value from our portfolio, there are two very important issues. One is size of the portfolio. How many IPs you have? And when I say how many IPs, it can be seen on different basis.

Basis means how many product categories in which you have IP, how many different types of IP, then in how many foreign countries you have IP and then the simplest meaning is number. Even if you are not looking to go for deeper meaning of size of your IP portfolio, the simplest way to understand the size of IP portfolio that what is the number of IPs in your portfolio. So, that is the size we generally talk. The second is value of portfolio, whether

Value can also be measured on two important aspects. Value is because IP we know is intangible asset. So, how much value you are giving to your IP portfolio as an asset in your balance sheet. So, that is the book value. At this book value in the balance sheet.

helps you in getting the investors it helps you in getting the goodwill branding and other benefits which are possible by using the balance sheet book value for the purpose of your financial transactions and second value which probably is more important for us to discuss that how much revenue this portfolio is able to generate for you so revenue streams is another type of value which we are expecting and generally as in case of size the meaning is with respect to number and with respect to value the meaning is with respect to how much revenue you are able to generate from your IP portfolio. So, you can say that the debate is number versus revenue. the WIPO they have also mentioned on their website that quality of patent is very important and according to WIPO this definition is as per WIPO they say that quality of patents means the potential of the protected IP to be commercialized and generate revenue for the country or for company or for individual.

So, you can see IP portfolio interestingly a country may have IP portfolio. IP portfolio can also be owned by a company also. IP portfolio can be owned by one educational institute also. IP portfolio in some cases can also be owned by individuals and you can easily understand the IP portfolio which is owned by a country that must be much bigger than the company, than the educational institute and than the individuals. So, the size of IP portfolio will change or will vary as per the entity which is holding that IP portfolio.

But the meaning of quality, you can just replace this country with company, individual etc. to know that whether it is giving some revenue to country, some revenue to company, some revenue to educational institute or revenue to the individuals. What is the potential of generating the revenue? for the one who is holding the IP portfolio, that is the meaning of quality of patents. So, if you see the countries like India and then you see the position of country like China etcetera, we know that India is on the path of becoming IP CV nation.

after 2016 national IPR policy came into existence we got this kind of awareness that how IP is important for our overall development. And you see that in 2015-16 India was ranked 81th position in this global innovation index and we adopted 2016. became a very important why we are giving this data for 15-16 because till that time India did not have any IPR policy. 2016 national IPR policy was adopted by government of India and then

continuous efforts are there to improve the IP system in our country and as a result of that in 2023 India received 40th position in this Global Innovation Index, which speaks that with respect to quantity as well as with respect to quality, there is a improvement in our IP culture.

But still there is a long way to go. There is a very very long way to go. If you see that in 2023, India received close to 90,000 plus applications. And for this particular period, from 15th March of 2023 to 14th March of 2024, India granted close to 1 lakh patents. And in year 2023 only, January to December, India granted close to 75,000 patents, which

the highest so far, which is the highest so far. But when you see this number with respect to countries like China and USA, in year 2023, as per the Chinese Science and Technology Office, they granted 9 lakh plus innovation patents. So, you can compare 9 lakh versus 75000 or USA granted 3.3 lakh versus 75000. Now, when you compare these numbers only immediately the role of quantity comes to our mind that first we need to improve our numbers that if we want to compete with China with USA we are going to become the third largest economy

First we need to improve our numbers and when I say we have to improve our numbers immediately our focus goes on quantity that how we start producing more and more IP. So, right now for a country where the awareness of IP is very low to initiate the process of IP development I propose that quantity becomes more important in the initial stages. If you start focusing too much on quality aspects, it may be actually not so desired by the masses. People will feel that it is not my cup of tea and therefore, many of us will be hesitant to go for IP regime. And therefore, in the beginning to create a IP culture, we should focus more on quantity.

But once a critical mass is achieved, Once you are able to cross a particular threshold value then you should focus equally on quality aspects. Because ultimately as we have already discussed in our various earlier sessions that maintaining any IP portfolio is a cost to the organization. So, if you are increasing the size of your portfolio. If you are increasing the number of IP in your portfolio, you are incurring excessive cost for that purpose.

And therefore, this cost can only be justified when it is resulting in some kind of revenue generation. without revenue generation it will be very difficult to justify this expenses. So, therefore, this issue of quality and quantity go hand in hand. You need to extract

appropriate value from your IP portfolio. And as we have written here that for a country which is one of the largest economy in the world

Right now fifth largest economy, very soon we will be third largest economy. It is important that quantity and quality of our IP needs to be equally focused upon. We are among the top ten IP filers in the world as per the WIPO list. So, though when we are comparing ourself with China and USA, our numbers are low, but there huge difference from India's position versus rest of the world.

So, we are forward looking but there is still a lot of scope that we should equally focus on quality aspects of our patents. These are some of the suggestions that how can we do a balance between quality and quantity, how can we equally focus on both the aspects, how can we extract the value and maintaining the good number of IP sites. First is, we need to encourage innovations. Where large number of innovative activities are happening, all of them may not give you equal, you can say, value equal return. It is like startups.

I am an investor and if I am investing in startups, so if I invest maybe in 100 startups, there may be 90% startups which may not give any return to me. But there will be 2 startups which may give me 100 times returns and that 100 times returns will take care of my all the losses which I invested on remaining 90 startups. So, But this is only possible when there are large number of startups. If very few startups are there, my stake will also be very high, stake of failure will also be very high.

So, encouraging innovations will create not only a good size of your IP portfolio, but some of those innovations will be really high value innovations also. So, encouraging innovations will help you in achieving Q and Q both. One Q is quality, one Q is quantity. Both can be possible with innovations. Means more innovations will help you in getting both.

Commercialization of technology and transfer of technology, both these things will go hand in hand. Now, commercialization and transfer of technology, it means you are developing those innovations which should be used by the industry. And for that purpose, collaboration with various stakeholders that is very important. These collaborative activities will give you the real life challenges and you can transfer your IP, you can formulate your IP innovations which can be directly used by these collaborators.

So, what happens generally without collaboration we develop IP in our lab and once the IP is developed then we start marketing that IP. And maybe it is quite possible that that IP

may not be required by the companies, may not be required by the corporates. So, therefore, if we invite corporates early in my research activity with collaborative researches, I will develop the IP which will be required by them and then commercialization and transfer of technology will be easier. Then another important strategy can be as I am saying that with your portfolio with your size you can attract investment because many of us they are looking that what is the size of your IP portfolio and if you have a good size of IP portfolio you may get investments both from private as well as public sectors and

With the more investment, you can go for deeper R&D activities which will help you in improving the quality of your IP portfolio. So, size will lead to investment and investment will lead to better quality. However, the opposite is also true. that if you have those IP with you, where let us say opposite, if you have a better quality IP, better quality IP will be a good source of revenue, good source of technology transfer and that is attracting investment and when you have investment, you can go for full category of IP creation related to those product category. So, it may increase the size.

So, both these flows are possible when you have size it may attract it may lead to better quality or better quality IP may lead to size. So, that is also a good strategy which can help you in achieving both quality and quantity. So, as we have just discussed that why quality is important? Because quality is important for the purpose of attracting investment, quality is important for investment, quality is important for branding purpose, quality is important quality of IP is important for incentivizing innovation, quality is important for leading the market

Quality is important for becoming the world class. Therefore, you need to focus on quality of, because you see ultimately IP portfolio is not a piece of paper. IP portfolio is basically for revenue generation activity and revenue can only be generated when you are developing something which is of value for your stakeholder. So, benefit of quality or when I am seeing the quality you need to speak the value of IP. Now, value of IP can be seen from multiple perspectives.

value of IP we can see from end customers point of view. But sometime in case of IP value even the user the user may be the factory or the company collaborator. So, they can also see some value so even the corporate can also find value in your IP. So, you need to see that how you are incentivizing your users and competitor corporate companies they are seeing the value and if they see the value in your IP all these things are going to help

you in improving your competitiveness or your positioning in the business scenario. Now, how are we going to measure the quality of your IP?

Measure of quality of IP is possible with these particular kind of simple criteria you can say. The first I will say is the citation. Whenever you see any database and in that database you want to know which IP is more important, valuable than the other IP. The simplest criteria which we use

that how many citations are there for a particular IP and citations are also possible in two ways. Your IP is cited in others IP it becomes a prior art of any other IP or your IP is cited in a scientific publication. So, these are the way which is the first measure of your quality of your IP. You will see any scientific database of IP there will be large number of IPs having 0 citations that means the quality is not up to the mark. Either the research is not happening in that area or

These IP is not worth any value. Therefore, nobody is citing these IPs. So, the simplest way that even a layman can understand the quality of a particular IP patent because of the citation activity. Second is the grant ratio. Grant ratio can help us in measuring the quality for institutions, for corporates, for country etc.,

Grant ratio means grant versus filed, how many IPs you are filing, how many applications you are giving in a year and how many of them are granted in that year, in that year. So, it is not the correct way to say. Because if I am filing in this particular year of 2024, there will be 18 months period after which it will be published and maybe it will be granted after 2 years or 3 years. But if I consider a steady state system that every year almost the same number of IPs are filed and there is a static nature of your IP office.

So, I can say that in year 2024 these many number of applications were filed and these many applications were granted. But these applications are not granted from the applications filed in the same year. The granted applications were filed may be 1 year back, 2 years back, 3 years back, 4 years back. So, it is not very exact comparison of grant ratio. But you can always compare the grant ratio for a company.

for a particular institution that okay we have filed so many let us say 1000 IP at one of the institution and out of 1000 we have received grant of let us say 500. So, I will say the grant ratio is 500, 50%. So, that is again important if your grant ratio is very low it means the quality of IP which you are filing is not up to the mark. So, that is the second important way of measuring the quality of your IP portfolio that.

Then another important thing is the maintenance rate. Maintenance rate means how many patents or how many IPs you are maintaining out of the granted IPs. So, you will maintain obviously those IPs which are having the potential of revenue generation. So, out of 1000 we got the grant of 500 but out of 500 I am maintaining only 250 IPs because remaining 250 I feel may not give any kind of value to me there are there are no potential of any kind of revenue from remaining 250. So, that is the maintenance rate that 50 percent are maintained out of the granted or whatever it may be.

So, that is also a criteria. Higher the maintenance rate, it means you have more valuable or more quality IP portfolio. Then, weighing by rankings. So, you may have predefined weightage on multiple parameters and you can create your own parameters. Like we discussed few minutes back about GII, Global Innovation Index and I can consider

GII also as a portfolio, portfolio of innovation where they have various parameters and number of filed patent, number of granted patent, number of PCTs, number of successful patents means those patents which are generating revenue for your country. all these are having some weightage and accordingly your overall score is calculated based on your performance of each of these parameters. So, that is the a composite way of ranking your IP portfolio. So, that is generally happening at the national level at the you can say when GII type of institution rankings are there.

In India we are creating this kind of ranking for every state which state is more innovative that is there. We created a system known as ARIA. where we tried to measure the IP portfolio weightage of higher educational institutions in our country. Now, this area is part of NIRF. So, all these are another way of measuring the quality of your IP portfolio.

Now, when we are looking to have a good quality of our IP portfolio, then we need to see that we follow some of the best practices for ensuring the proper quality of our IP portfolio. And for using the best practices, the things are like you can use best databases. The use of proper IP database is very important because then only you will know the novelty of your work And you know that whether I am doing the work in the most updated area or not.

So, that is one important thing. Then you also can take the help of third party observation and opposition mechanism where you are taking the help of experts. They will help you in examining and giving their independent opinion about your IP and they may criticize you. For example, there may be some internal committees also in some cases and these

internal committees can evaluate the IP generated by one researcher, one colleague and they will give their independent opinion about the quality of the IP. So, there may be internal involvement as well as external involvement to ensure the quality of your IP portfolio.

And as we already know, If it is a quality IP, then only it will give some kind of benefit to your business. It will improve your positioning in the business. It will showcase that how much expert you are. You may get some kind of preferential treatment in the business scenario.

And you can always take a leadership position. in the similar kind of industry. You may charge royalty also because you may be supplying technology to the developing nations in the same area. Like India is receiving technologies for let us say large number of renewable energy requirements. So, for those companies institutions which are having those technologies in western world for them it becomes additional source of revenue

when they are giving the technology to the developing nations like India. And here you have this example which is giving you the role of quality versus quantity. We have various names of the companies in the field of chemicals and materials industry. And you can see on the screen there are bubbles of different size. the size indicates, the size of the bubble indicates actually the size of their IP portfolio.

So, you see on the right most side the LG chemicals, the bubble size is really very big and on the left most side this Velaing innovation, the size is very small. But when I see on the basis of value which is generated by these things, the competitive impact of Velaing innovation is much higher than the algae chemicals. So, this is an example that even though you have a large portfolio of IP, but the competitive benefit which a smaller portfolio is giving is much higher because of the value of that type of IP. So, this is quite a big possible.

And you see out of all the names which are there on the screen, Velaing Innovation has the smallest size of its IP portfolio. But that is very very impactful and you see that it is far ahead with respect to competitive impact than any other company in this industry. So, therefore, you can get superior competitiveness because of the quality of your patent. But as I said in the beginning of this particular session,

that we need not to only worry about quality the issue of quality can only come when you have a threshold when you have a critical mass of IP only then quality is important and

once you go for that critical mass that threshold after that if you also ensure quality of your IP, you can be as competitive as this Veline Innovation versus all other companies which are operating in this chemical and material industry. So, with this, we come to end of this particular session. Thank you very much.