

INTELLECTUAL PROPERTY PORTFOLIO MANAGEMENT

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Week : 07

Lecture: 33

Welcome friends, we are talking of portfolio of IP, its size, its value and we are continuously discussing this issue that we have to utilize our IPs for maximizing the value for our organization. And in this process lot of strategic issues are involved, lot of financing issues are involved and in this particular session we are going to discuss that in how many different we can commercialize our IP because whenever we are talking of value creation from IP it is only possible when you properly commercialize your IP and for that purpose in this particular session we are going to discuss different methods of commercializing your IP. We will see that how value can be created from your intellectual property.

We will see that different forms of IP commercialization. And we will see what are the WIPO guidelines for IP commercialization. So, first as we all know that the most important part of any IP is that how much value this IP is generating for you. And now we are talking of a portfolio. So, we are expecting portfolio will give you some kind of synergy.

So, a single IP, one IP. should give you X value, 2 IPs looks like 2 X value but when we have a portfolio of IP where we have 10 IPs for example, a very small portfolio. So, one person can say the value will be 10 X but as I am saying that the value should be in the synergy. So, this is not simply 10 X. this will be 10x plus delta.

It can be 11x, it can be 12x that is where the impact of portfolio, impact of this bouquet is more than individual IPs because you have a complete set of technologies which will be more beneficial or which can be a package to the user. So, therefore, what are the primary purposes? for driving the exploitation of intellectual property. One very clear we are continuously saying enhancing revenue through because any IP is giving you the right of

exclusive uses, exclusivity or the competitive advantage you can say. So, because of that you get higher income.

In a way you can also say that you get some kind of monopoly Those who are critic of IP, they generally say that because of IP systems, you are promoting monopoly. You are promoting the system which leads to more profit making. But we are promoting the system of profit making so that new developments, new R&Ds, new medicines, new innovations can take place. Because of this extra profit,

companies are able to invest in the R and D activities. If you are not able to provide that exclusive rights, if you are not able to protect their extra income, then how science and development will happen, how new things will be possible. So, enhancing revenue so that we can progress, humanity can progress, that is one very important aspect. Second is Because of IP portfolio, because of the strength of your IP portfolio, strength may be because of size also, strength because of importance of IP also.

So, every time size does not matter. You may have a smaller size of your portfolio, but it may be more impactful IPs. That is another way of looking the strength of your IP portfolio. So, IP portfolio strength. Simplest way generally we measure because of size, but when we go for higher order measurements of IP portfolio strength it is not size it is the value of your IP portfolio.

Maybe you have 10 IPs another company has 100 IPs you are able to generate more revenue from those 10 IPs which other company which is having even 100 IP may not be able to. So, if you are only seeing the IP strength on the basis of size. So, company which has 100 IP you will see that it has more strength in its IP portfolio. While the company which has 10 may be having bigger strength because of the value it has in its IP portfolio.

So, because of that you get brand value. you get goodwill. So, indirectly now, you may generate more income because of higher goodwill, a better goodwill in the market. So, that is the second purpose of driving the, driving the exploitation of your intellectual property. And third, which is more useful in terms of start-ups

entrepreneurship where if you have IPs with you, you can generate more funds for your requirement or in terms of for example, SEPs. Two companies are there who are having some portfolio of standard essential patents. In that case, the strength to negotiate is possible because of your IP portfolio. You require my IP, I require your IP.

You have a portfolio of 20 IPs, I have a portfolio of 50 IPs. Both of us need all these IPs for our own products. So, depending upon how many IPs I am bringing on the table, we can have our negotiating power in that business discussions. So, that is also a way of exploiting the intellectual property.

So, direct income, goodwill creation and business negotiations, these are the three ways in which you can exploit your IP. Now, how are we going to exploit or commercialize our IP? There are multiple ways through which you can do it. commercialization by the owner through assignments, through licensing, through franchising, through joint ventures and through scientific spin-offs. These are the different ways of commercializing our intellectual property.

We will be seeing all these ways in our subsequent slides in more detailed manner. So, first is commercialization by the owner. Now, the owner of IP, whether you can be an individual or you are a company when I am saying company it includes corporate, it includes educational institutions, it includes R and D labs anything who owns the IP and other kind of ideas. So, they want to handle the selling their stuffs themselves.

So, they are doing everything on their own because they can do it. proper marketing, they can showcase their IPs in exhibitions, they can do lot of digital marketing, social marketing and they do not want to join hands with other because they have the confidence on their own. So, there are couple of examples in our country also where organizations are doing marketing of their IP on their own. Sometime there is a risk also because this marketing activity of your IP may not be your core activity. So, it is a risk also that if you are doing everything on your own you may not be able to do the proper

commercialization from your IP because you may be a techie but you may not know the entire ins and outs of IP laws and the market dynamics also. The valuation itself is a very important challenge. So, all these things may be a downside of commercializing by your own efforts. Second is commercialization through assignments. Now, assignment means

giving away the ownership of IP like copyrights, trademark to somebody else. For example, when we write a research paper, we give the copyright of that research paper to the journal who is going to publish that particular article. So, that is one simple way of assignment. that we do lot of assignments with respect to trademarks. I own IIT Roorkee trademark.

Whenever there are festivals, we do MOUs with various corporates and we give, we authorize them, we assign them the rights that you can use our IIT Roorkee trademark on your products. So, that is a very common phenomena where lot of assignments of copyrights, trademarks happen and this can be helpful. if the owner is not able to make money from their intellectual property on their own. Like it is a kind of selling the IP completely so the original owner does not have to worry about it anymore. So, it is something like that I have made you responsible for generating the money from this particular IP.

But there is a caution also if you see the last point. that it can be slightly tricky challenging to negotiate the prices because you are giving your right to somebody else. Now, what should be the price of this particular IP, price of the assignment because these properties are very complex you are giving your logo to somebody else to use. Now, at what rate you should charge the royalty for that that is there is no mathematical formula available for that purpose.

there is no underlying principle available for that. So, sometime it is a challenging issue because of the lack of clarity, lack of step by step process available. So, therefore, you need to take help of experts who can help you to negotiate about the prices of the assignment process. The third is commercialization through licensing. Like,

It is somehow similar to assignment but slightly different also because here you are renting out your IP. You are taking rent when you are licensing. The owner gives some permission to use it in exchange for regular payments which is known as royalty. In case of assignment, we are charging a kind of a fee, a price. for assigning the rights to somebody else.

So, there is no regular flow of income in case of assignment. While in case of licensing there is a regular flow of income in terms of royalty and here the ownership remains with the original owner. If you are the owner you do not want to lose your ownership then go through licensing. In case of assignment, ownership is also transferred. So, for the license, it means that they can use the property without spending on R and D and it helps them expand their products.

But it is possible that I am in a process of licensing. I am also using my own IP. I am making some product from my IP and I have given license to somebody else also. he is also using it for making the product. So, because of the same IP, I may create more competition in the market.

Somehow, it is good for the customer also because customer will get a genuine price because of this competition. Customer get better quality products because of this competition. So, if I see from the market point of view, commercialization of IP through licensing is in the interest of the market. Then, commercialization through franchising system, it is a very special type of licensing process.

In licensing, you are keeping the ownership, you are giving somebody rights to use your IP, in lieu of that you are charging some kind of regular payment which is known as royalty. Now, franchisee is a very special case of licensing. What happens in case of franchising? That owner of IP lets someone else copy their whole business in a new place. For example, you must have seen that lot of restaurants, lot of coaching institutions, they are following this franchisee model.

That the entire process not simply one IP, your layout of physical facility, colour combination, uniform of the employees, the way things are displayed, everywhere you have given the rights to completely copy your entire business model, but to a defined location that okay, I am giving you franchisee for India. I am giving you franchisee for Japan. I am giving you franchisee for Korea. So, for a particular definite place, I am giving you permission to completely copy my whole business including all types of IP which includes let us say IP related to product and processes which includes IP related to trademark, branding also, IP related to design also.

So, I am giving you entire package, entire portfolio so that you can use it in full sense at a defined location. The owner supports and train the franchisees to keep the business concept strong because if I am known, if my brand is known for a particular type of USP, that USP should be available to these new locations also. So, handholding, training, etc., these are integral part of this franchisee system.

And generally, as I said, that this franchisee system for commercialization of IP is more popular for spreading or for commercialization of your trademarks for that purpose you generally see and there are plenty of chains which are operating in India and all these chains which are operating in India it is the example of commercialization through franchising system. So, that is the another type of route for IP commercialization. Then the fifth one is commercialization through JVs joint ventures where two parties come together.

When two or even more parties they come together to achieve some kind of a common goal and when they are coming together they are sharing risk and resources and when

they are sharing risk and resources and IP is one type of risk or resource it is one type of resource. So, when I am sharing our all the assets one of the important asset is our IP. So, both the organizations are coming together and they are sharing their IPs for the commercialization, which reduces the investment burdens, which reduces or which helps in better management of our risk.

And here, sometime it happens that two parties who are coming together, they are not exactly equal. One party has more know-how, another party has less know-how. So, there may be some kind of imbalances in this relationship. that may happen that there may be some kind of behavioral issues which may come because of the size, because of the capabilities of the two people coming together and sometime because of this reason that two parties are not equal. So, in case new IPs are generated

with these joint ventures. So, their proper management within this JV may be a tricky issue may be a complex issue because who is bringing how much expertise whether these are equally shared or these are shared in some ratio that requires some kind of behavioral challenges also. Then another way of commercialization of IP is through scientific spin-offs. And spin-off is very very popular these days because we are talking of startups.

These are nothing but startups. But when we are talking of science, technology, IP related startups, they are known as spin-offs. that I am doing some kind of technology development and in that technology development process, I found one opportunity of starting a business. So, that is spin-off of that particular R and D activity. So, spin-offs are new companies made by the owner of IP to sell that particular property, not property exactly to sell the products coming out of that particular IP.

And Through these scientific spin-offs either you can sell your own IP or you can go into the market by developing the products. So, these scientific spin-offs they are one very common way to take your technology into the marketplace because you are able to develop products from your. So, it is generally possible in educational institutions, R and D institutions, but people have their own way of thinking.

Some of the people, researchers, developers, they feel that it is the best satisfying moment when you are able to take your technology into the markets through a product. But there are other set of people who believe that it is not our cup of tea to go for scientific spin-offs, developing the products. We are expert in developing the technologies. We are expert in developing the IPs. So, we should stop at that level only.

We should not go for the product commercialization. So, that kind of debate is perennial debate and I cannot say what should be the best way of handling this debate. Now, there are three ways of value creation through IP. One is introducing innovation to the market as we were discussing out of six, two are related to introducing innovation to the market. Use IP in exchange for a benefit and use IP to secure investments.

So, these are the three ways to for value creation through intellectual property that we discussed in the beginning of this session also. Now, you already know that you can get competitive advantage, it is income, it is goodwill. Be a source of competitive intelligence that is also a part of life your income. You know that what your competitors are doing.

and accordingly you are able to improve your own products then identifying the potential partners. So, it is about business development and secure market access, revenue streams and financing. So, put together all these three aspects. you get, you are able to get new markets, new products and you are able to get some kind of funding, investments and you are also able to get a particular position for yourself in the market because of the reputation, goodwill you are able to generate. Now, commercialization is taking place as we just saw.

in multiple forms and already we discussed that we are introducing innovation to the market, we are talking of IP in exchange for a benefit and we are securing capital from the IP. Now, going further and let us see what WIPO is suggesting saying with respect to commercializing as a process. Now, this particular discussion is important for Individuals who are maybe researcher who are scientist etc. And it is also applicable to government NGOs also.

There are three important steps in IP management. First we have several times discussed that creation of IP. Then using appropriate tool of protection. whether patent, whether design, whether trademark what appropriate tool is needed you need to protect. So, that is up to this one part and then you go to the exploitation that is the value realization.

So, these are the three important you can say activities when we see IP as a commercialization process. creation, protection and exploitation. Creation and protection these are the two stages which are known as pre-commercialization stages. Exploitation is commercialization. So, these two stages are happening before you are commercializing your IP.

You are creating you are developing new ideas and you are trying to implement those ideas, you are seeing their results etcetera, you are able to establish the value proposition means what are the claims you are going to have for this particular IP. So, all that is the first part of your commercialization process. Many of us believe commercialization starts the point why these slides are important at this level. Because, some of you may feel that we have already discussed these things in the first two lectures.

So, what is the purpose of discussing these in this maturity level of this course? So, the reason is generally we believe this is a myth that commercialization starts only after the protection process. But, it is only a myth the commercialization starts right from the creation stages. Because you are creating something which is going to add value to the market, which is going to add value to your organization. So, this concept that I am not doing some random creation, I am doing creation which is required by this set of people.

So, therefore, Only when you have this idea that how your creation will be used by some set of people it is also considered to be the part of your commercialization process. Therefore, I say that commercialization or the process of commercialization starts even in the pre-commercialization stages also. Then second is the protect where the major things which we do mapping the IP you already have. For example, patent landscape reports, build IP strategy that matches your the objective.

Then you have to protect your key IP assets and you need to see that you are able to maintain appropriate level of security which you need to protect properly your IP. And after these two pre-commercialization stages, then the third one is exploit. Where you determine the value of your IP, your products, you are going to launch them into the market. You will like to partner with various supply chain agencies. Like these days, as soon as you launch your product in the market, you will like to go for partnership with Amazon and Flipkart.

Because they are going to have bigger realization of value from your IP. Because of their vast distribution network. So, that is the partnership part. And maybe you will like to give franchisee, you will like to give license to other interested users because now you have shown a way of exploiting the IP. So, many of you can say entrepreneurs will like to use that opportunity for their products, for their business growth and that way exploitation is possible from multi-prong approach.

This is a slide available from WIPO portfolios which is supporting the IP commercialization. These three stages of the process creation, protection, exploitation

already we have discussed and here you see that IP for business guide toolkits is available where the what you are going to do in the creation, how protection and exploitation may go hand in hand So, that is how WIPO is advocating about IP commercialization. So, finally we need to see that depending upon who we are.

Whether we are individual, whether we are a college, whether we are a small medium enterprises, etc., whether we are R&D lab, we see that which policy is more suitable to support IP commercialization in my individual context. So, simple thing is the awareness workshops, programs on IP, IP importance, IP commercialization, etc., etc., Reduced IPP for SMEs and universities are required. Government already have reduced significantly. Financial support for conducting IP audits and landscaping.

So, many of us are not aware of what is IP audit, what is IP landscape reports etc. So, maybe it can be provided through some nodal agencies but you need some kind of extra support at this moment as we are not very IP savvy system. And bigger challenge complex thing is about valuation of your IP because of the intangible nature of the IP the correct valuation sometime is not possible and that may create doubts both in terms of customer as well as in terms of provider of IP.

So, these are some of the policy suggestions which will help not only IP commercialization, but our entire process of making the IP as a important business tool business strategic tool for the organizations. So, with this we come to end of this particular session where we discuss that what are the different types of strategies for IP commercialization particularly we discussed six different types of strategy. We discussed that IP commercialization is not only after the protection but it starts from the time of creation even you have a terminology known as pre commercialization stages where you are creating you are validating and then you are doing the exploitation of those IP.

So, IP commercialization is the most important thing without IP commercialization there is no meaning of IP portfolio or in fact of IP itself. It is only IP when you have a commercial value from the knowledge you are generating under the domain of intellectual property. Thank you very much.