

INTELLECTUAL PROPERTY PORTFOLIO MANAGEMENT

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Lecture - 04

Welcome. In our earlier discussions, we realized that innovation is very important for intellectual property portfolio management. Innovations need to be properly protected and then comes different types of IPRs. In one of the sessions, we also discussed what are these different types of IPR, patent, trademark, copyrights, geographical indicators, industrial design,

integrated circuits, all are the different forms of intellectual property. Now, without innovation these different types of IPs will not be possible. So, we discussed in one of the sessions how to convert our innovations into IP. We also discussed what are the characteristics required in an organization so that your organization becomes innovative organization. we discussed the concept of structured innovation also.

Now, when you are continuously doing innovation, there are so many employees in your organization, they are as a result of your developing the culture of innovation, and everyone is doing innovations. Now, when you have a large amount of innovations, you have to properly manage them also. Therefore, the portfolio comes into the picture. When you have limited things, when you have one innovation, two innovations, IP portfolio or in fact portfolio itself will not exist.

Portfolio will only exist when everyone is doing innovation in your organization and there is a collection, there is a bouquet of innovation available with you. when we are doing innovations on a regular basis then that bouquet that basket is created and when this basket is created the IPPM is helping you in strategizing how to identify, manage, protect different type of intellectual property assets available in your organization. And we can see In the

next slide, that these are the different type of intellectual properties which generally organization maintain. There will be lot of patents, there will be trademarks, copyrights and trade secret.

Now, when I am going to discuss IP portfolio, I can discuss it at two levels. 10 patents, then 50 trademarks, then 100 copyrights. This is one type of IP portfolio. There can be other type of IP portfolio, where you have only patents, where you have only patents, let us say you have 200 patents. you are only dealing with this type of IP that is also a IP portfolio.

So, IP portfolio may have different types of IPRs also in that basket or only one type of IPR but that in plenty like 200 patents or even more patents are possible these days. So, how are you managing different combinations of IP? in your portfolio that becomes very important for all of us to understand. Here there are some common examples which are there available with the organizations. One is most of the organizations in other classes also we have discussed they maintain a huge

basket of trademark related IP and in this trademark related IP they are trying to protect all the possible ways through which their names, their logos can be represented. So, if I say IIT Roorkee then I will say Indian Institute of Technology Roorkee. Then I can say IITR and I can write all these things in capital in small and that becomes a bouquet a portfolio of my a trademarks. So, that is the most common type of portfolio which organizations generally maintain then patent protections.

For example, let me give you the example of a very popular company Gillette. Gillette is maintaining a huge portfolio of patents for protecting its very popular product which is known as Mach3. It is a portfolio of around 47 patents. which they are maintaining for keeping every angle of that Mach 3 razor protected. So, that is another type of example of developing a portfolio of your patent only specific thing.

Then trade secrets, many organizations where they feel that it is very difficult to keep the things exclusively under your control because if you remember when we were discussing about patent we discussed this very important condition of patent that complete disclosure about your invention comes into the public domain. So, you are putting your entire secret

in fact your research in front of the public. Now, on one side I am presenting you what is the solution of this question and on the other side I am also ensuring that you should not copy my solution that is what happens in PET.

But if I am making a dish a new kind of a dish and I give you the recipe you can start making that same kind of dish in your kitchen and it will be very difficult for me to see what is happening inside your kitchen. No organization in the world can do this and therefore, there is a system of trade secret also where we keep the information, we keep these kind of formulations under confidential you can say lock and key so that we are not disclosing our these secrets in the public domain. Generally, food, beverages, all these organizations, they keep lot of their innovations under this trade secret system. We discussed the example of Coca-Cola, that is one of the most renowned example in the field of trade secret. And there may be many similar examples in the field of food and beverages.

Then, there is another example, copyrights. Most of the media companies, they are enjoying only on the portfolio of copyrights. For example, in our case in India, these days T-Series is a very popular name. I think all of us know T-Series. Now, they are enjoying a huge portfolio of music albums and that is actually they are enjoying the copyrights.

they keep taking copyrights from composers, lyricists, singers, performers, everyone and they are maintaining that portfolio. So, whenever they want they will promote one music album, it will come at all the channels YouTube, your other online Spotify and Jio7 and all other channels will show only that particular videos. So, it is how They are able to monetize their copyrights by controlling the portfolio of all such music albums. So, these are some of the common examples where organizations are maintaining portfolio of individual type of IP and as I just said that organizations can also make a portfolio

of combination of these different types of IPs. For example, in the case of T-series, copyright is most important. For purpose of all these OTT platforms, they are enjoying on the copyrights of all the products they have. So, they are least bother about patents and other kind of information. For example, if I am a company like

So, I will be interested in portfolio of trademark and patent. So, what type of IP I should keep in my portfolio, it is very much linked with my business interest, with my scope of

operations. So, what is my scope of operation, what is my business interest that defines the scope of my IP portfolio. Now, when we are creating this IP portfolio, you can understand that what type of things now we need to keep in mind for creating this IP portfolio. And it generally becomes a very solid asset for your marketing purpose.

Organizations, they promote, okay, I have so many patents, so many IP I have created. these days when we are trying to compare the HEIs, one higher education institute with other higher education institute, IP portfolio plays a very important role. There are universities available which are highlighting that we have a portfolio of so many patents. So, it provides a better package for marketing of your organization.

Apart from direct benefit that you will monetize those IP etcetera those are the direct benefits. But having a solid IP portfolio it helps you in better marketing your organization. And just to give you an example When we are developing IP portfolio, so you have some chemical compounds, its method of extraction, then optimizing the processing technologies, process control methods, possible reactions, so many things are involved in this activity in a chemical plant. Now, all of these things may create individual IP.

what type of method of extraction you are going to use, how are you optimizing the process parameters, how electrical and electronic control methods are used in that particular chemical reaction and this entire activity may create a portfolio of intellectual property on its own. So, generally you will see IP is not created individually. Whenever we are working in lab there are so many related activities and every activity may have a scope of developing some kind of IP and therefore IP portfolio automatically gets developed. Like you can see in this example that how a chemical reaction may give rise to so many different types of IP and put together it becomes one example of IP portfolio. you are creating IP portfolio and you are managing that IP portfolio, it generally a very important invaluable source of wealth generation for your organization.

So, one important thing when you have a strong IP portfolio. Some of the companies which enjoy a very strong IP portfolio is like IBM, Microsoft, Google, Qualcomm, Texas Instruments. And we all know that because of their ability of this well-managed IP

portfolio, they are much ahead of their competitors. So, whenever you are enjoying a strong IP portfolio, you will be ahead of your competitors. This is for sure.

So, that is point number one. Now, you get competitive edge because you know how to manage the technology. Unfortunately, there are some negative examples also in this case. A very good example to discuss this particular point is the example of Kodak. Once upon a time, Kodak used to enjoy a very strong IP portfolio.

in the field of photography film. But because they were enjoying the entire IP portfolio in the field of photography film, they took their side that what is going to happen in future. And in the meantime, there was a change in the photography technology from film photography, we move to digital photography. This is also true that before digital camera came to the market Kodak has already developed a digital camera. But they were so obsessed with their competitiveness in the photography film that they thought that market is ruled by us the way we want market will behave like that.

But unfortunately it did not happen. Market moved to digital photography and people stopped doing the photography films and slowly and slowly Kodak lost all their business and finally they became bankrupt also. So, you need to understand the dynamics of the external environment also. Otherwise, if we remain obsessed with IP portfolio, it may be counterproductive also like it happened in the case of Kodak. it will increase the market value, it will help you in getting more investment.

Generally, these days, in the startup culture, investors ask, what is your IP portfolio? And, if you have a strong IP portfolio, there are chances of getting better fundings, better investments and partnerships. So, with this, if you see, we can say that, Three labels are there when you have IP portfolio, how it is directly helping you in adding value. Just now we discussed that it will add more investors, people will be interested in attracting partnerships when you have a strong IP portfolio and since you will create opportunities for yourself.

barriers for your competitors. So, when you have a strong IP portfolio it will create barriers for the competitors they will be reluctant or they need to do something extra to overcome these barriers they need to come even better innovation. So, in that way it will be in the

interest of the society that organizations if they have better IP portfolio. So, the competitor organizations, they need to come even much better innovations than only people will be interested in buying their products.

So, IP portfolio directly helps at the strategic level to the organization. Then, what are the important strategic IP portfolio management steps? And it requires protection of innovation, but obvious without having patents, without having trademarks, you cannot have this entire IPPM. So, protection of innovation. Now, whenever we talk of protection of innovation, the entire law, judicial system of your country, of your society, that automatically comes into the picture.

Whether you have a well-functioning intellectual property office in your country or not. If that office is not there protection of innovation will not be possible. Not only protection but enforcement is also possible only when you have good vibrant judiciary and other kind of regulatory environment. Then it will also help means it is only possible when you get proper revenue.

If I keep doing innovations But if these innovations are not resulting into proper revenue then also I will lose interest in doing the innovations. So, the lubrication or the fuel you can say for innovation to take place is revenue generation. So, when revenue generation starts happening people will start going for innovations on their own. Innovations and IP portfolio management

will also give you the competitive advantage just now we discussed. It will create in getting the new markets. It will also help in new product development. Only when you have a proper IP portfolio, you know that up to what level research has been done in my organization or in this industry and therefore, I need to go one step ahead. So, it creates new innovations and new encouragements are possible.

Risk mitigation is another possibility through which you are able to face uncertainties of the future. we are living in a very turbulent environment which can be characterized by this term VUCA where we have a lot of volatility, uncertainty, complexity, ambiguity in the environment and how to protect our self. A good IP portfolio can help us in mitigating our risk. So, that is also important thing. People are interested

if you have intellectual property to come to meet you, to have partnerships with you. So, they feel that this is something which cannot be acquired so easily. So, if you have a strong IP portfolio, people are always interested to join you, to have partnerships with you. IP portfolio like we discussed market expansion. So, it is similar to that.

It will also help you in developing the brand of your organization. And in some cases, it is also possible to help you in achieving the regulatory compliances. For example, if you are developing a new type of, let us say, processing method, and now in that processing method, there is some kind of hazardous gases or heavy metals which are discharged. innovations, a good amount of innovation to stop or minimizing those emissions from your plant, your factory, your process. And in that way, regulatory compliances will also happen.

So, all these are different types of strategic role of intellectual property portfolio management. Now, when we are talking of this much in detail about intellectual property management, IP portfolio management, we also need to understand that there is a step-by-step process which organizations need to develop in their system, then only a strong IP portfolio management is possible. So, first important thing is, as we have already discussed, ideas are the first important thing. First is creation of IP, first step is creation of IP. So, for creation of IP you need to do generation of idea, facilitate those ideas so that ideas can be developed.

It can be implemented in your lab, in your tinkering setup, in your incubation setup, in your design innovation setup. So, creation of IP through working hard in labs that is first step. Second step is once you have generated the IP, this is creation or generation of IP. Here I do not know something like protection also exist. So, now the second step is

IP protection where we have to go for intellectual property offices. We need to see that how IP protection can be done either through patenting, through trademark, through design and so many other types of intellectual property rights. But protection will only be possible when you have created it. Without creation how protection will come into the picture. After protection, then third is commercialization, licensing, monetization, wealth creation.

So, you need to see how I am going to either license my IP, how I am going to either make product on my own. I will start my own startup and using that startup, I will monetize my IP. I may license it. I may lease it. There may be multiple options or as we progress in this course we will also see some other kind of strategic applications when I can even stop others in doing the similar kind of business.

So, there can be multiple ways through which I can generate money, I can generate wealth that is important. But when I am doing this wealth generation at the same time it is possible that there some people who start using my IP without my permission and therefore, proper enforcement and litigation will also be required for effective IP portfolio management. So, enforcement and litigation and it requires developing capabilities of various elements of your ecosystem. For example, police can be one element, judiciary can be other element, regulatory bodies can be another element.

So, their capabilities, their understanding about IP innovation need to be strengthened. Only then proper enforcement and litigation will be possible. So, that is the next very step. And then IP valuation and management. I do not know what is the worth of my portfolio.

We are keeping so many different types of patents, copyrights, trademarks with me. But I do not know what is the value of my bag. I have coal also inside the bag and diamond also inside the bag. So, obviously, it is simple to answer. If I am keeping coal inside the bag, I can keep my bag anywhere.

But if I am carrying diamond with me, I will always keep it very close to me. But this is only possible when I know the correct value of diamond and coal. If someone who is unable to differentiate between coal and diamond, for that person, both things are same. But we actually know these are not the same thing. Same is in the case of IP valuation and management.

We should know what is the value, what is the importance of IP assets which we have created, the IP portfolio which we are maintaining. So, right valuation and in fact, let me tell you that this is a very very upcoming area. There is no single formula through which I can do the proper IP valuation. So, lot of researches are happening, people from the finance background

and people from IP background, they are coming closer for understanding the IP valuation and management. Then people who are coming from business development background, they are also coming together for doing the proper IP valuation and it requires much more serious efforts in understanding the proper value of your IP. Obviously, you will do better management something which is of more value to you, something which is of less value to you, why will you put so much of efforts in managing that thing? You will simply discard it.

So, the efforts on IP valuation are very much required so that anybody can easily understand why we do lot of value to lend because you can easily understand the value of that lend in terms of money. So, IP valuation need to be understood though we already discussed in the previous slide so many strategic advantage of IP. But ultimately many of us may understand only in terms of language of money whether I enjoys a IP portfolio of worth 100 CR then people will understand oh so much of assets in terms of IP you have. That is also a very important part of my journey of intellectual property management, proper IP valuation. And then only proper management of this portfolio will take place.

And one more important step is there. I am keeping so many apples in my bag. Now, I am purchasing these apples at different times. Now some of the apples are rotten and if I still keep those apples in my bag, it will make all other apples also rotten. So, I need to regularly see whether all apples inside my bag are fresh or not.

Same is applicable in portfolio management. I need to regularly see whether the IP which I am maintaining, it is worth maintaining or not. And if it is not worth maintaining as we discussed, we will stop holding our exclusive right on those IP. Because if I am carrying a bag, there is a burden always on me. What type of burden?

That we will discuss. It is not a physical burden, but it is a monetary burden on me to maintain that portfolio. So, therefore, I have to regularly check the effectiveness of IP which I am maintaining and I otherwise if those IP are not useful. For example, if I am a company in the communication field and if I am still holding some IP in the field of 3G communication no need to hold those because now we are already using 5G and we are slowly going to have 6G also.

So, why to keep those patents which are only for 3G technologies? So, I will abandon, I will not keep those IP. So, IP abandon can also be a important element in this process of intellectual property. Your portfolio should always be up to date which is required for the future. So, removing the dead weight

from your portfolio is also a process part of intellectual property management. So, with this we come to end of this particular session where we discussed what is IP portfolio, what are the different types of IP portfolio and we discussed in detail the process of intellectual property management which is very essential for developing effective portfolio which will give you the strategic advantage. Thank you very much.