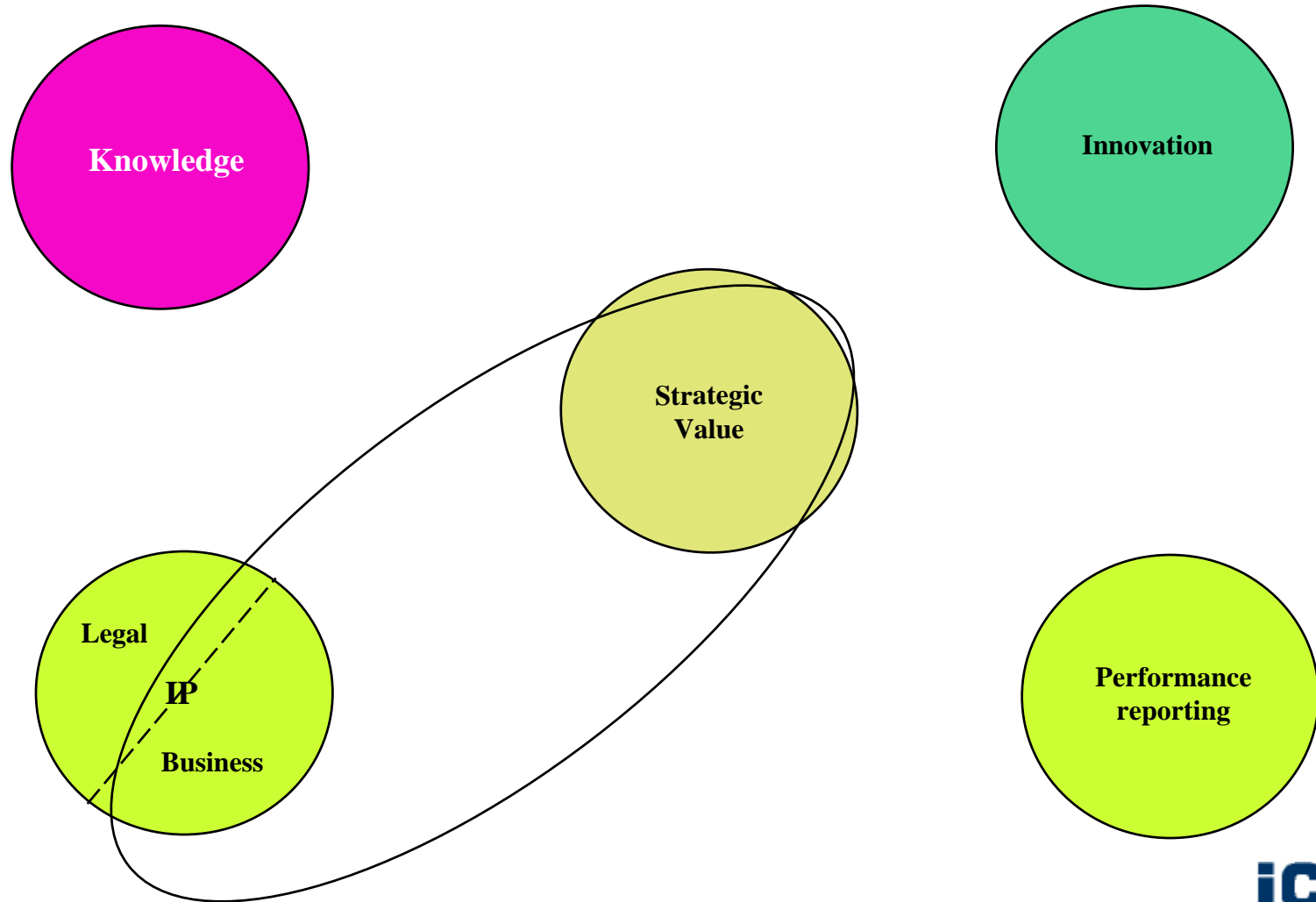




How Leading Companies Realize Value From Their Intellectual Property

January 2008

There Are Many Perspectives on IC

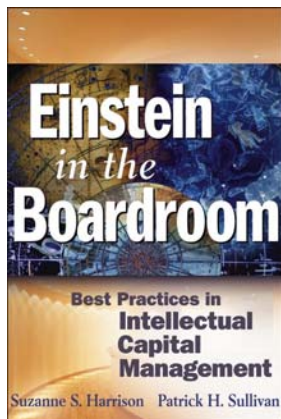
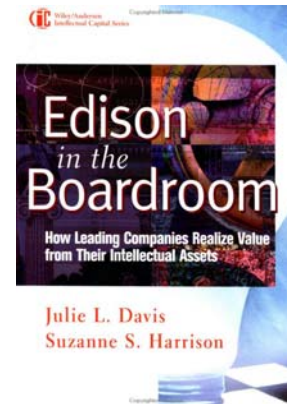
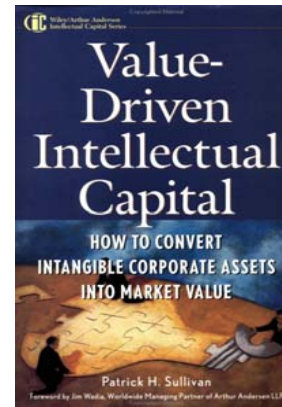
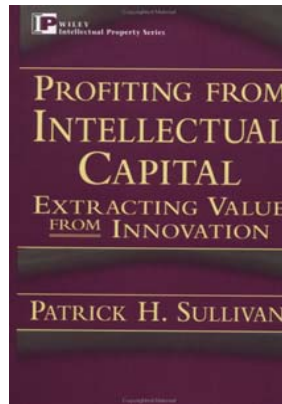
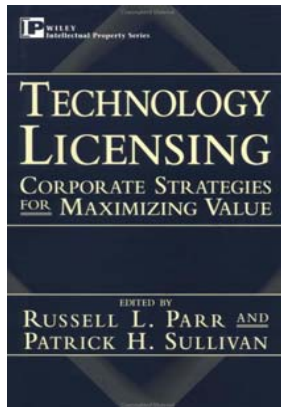


The ICM Gathering

- This presentation is based on experiences and best practices used by the ICM Gathering and other leading companies
 - Group of ~ 30 companies, currently managing their intellectual capital
 - The frameworks regarding IPM were created by the companies themselves and not academics or consultants



Gathering Books



English
Spanish
Japanese
Chinese

English
Japanese
Chinese

The Hierarchy of Expectations for IP Management



The Hierarchy (Expanded)

	What Companies Wish To Accomplish	Best Practices Focus At Each Level
Visionary	<ul style="list-style-type: none"> Stake a claim on the future Encourage disruptive technologies Embed IAM into culture 	<ul style="list-style-type: none"> Patent strategically Institute performance measurement and reporting system
Integrated	<ul style="list-style-type: none"> Extract strategic value Integrate IP across company Become more sophisticated in value extraction 	<ul style="list-style-type: none"> Align IP with corporate strategy Manage IP across all functions Competitive Assessment Codify IP knowledge Focus on strategic value extraction
Profit Center	<ul style="list-style-type: none"> Extract value from IP Focus on IP with tactical (not strategic) value 	<ul style="list-style-type: none"> Obtain management buy-in Proactive licensing IP Donations and royalty audits Organize to extract value Develop advanced screening criteria
Cost Control	<ul style="list-style-type: none"> Reduce portfolio costs Refine and focus IP 	<ul style="list-style-type: none"> Relate portfolio to business use Establish IP Committee Criteria for screening patents Guidelines for filing & renewal Prune portfolio routinely
Defensive	<ul style="list-style-type: none"> Generate patents Ensure protection Develop processes Ensure design freedom 	<ul style="list-style-type: none"> Take stock of what you own Obtain IP Maintain patents Be willing to enforce

Roles for IP

The Gathering & Forum Have Identified Over 50 Business Roles for Intellectual Property

They include:

Defensive Roles

Protection of Rights

Offensive (Commercial) Roles

Revenue Generation

From protected products & services
Directly from the IP itself

Cost Savings

Strategic and Tactical Positioning

Business Roles for IP (Continued)

Objective	Patents	Trademarks	Know-how	Relationships
Conflict Avoidance/ Resolution	<ul style="list-style-type: none"> • Protection (exclude others) • Design freedom • Cross-licensing (defensive) • Litigation bargaining power 	<ul style="list-style-type: none"> • Protection (exclude others) 	<ul style="list-style-type: none"> • Protection (trade secret) 	N/A
Revenue Generation	<ul style="list-style-type: none"> • <u>Patents</u>: sales, licenses, infringement policing • Increased bargaining power • Market penetration • Increased speed to market 	<ul style="list-style-type: none"> • <u>TM</u>: sales, licenses, co-branding, infringement policing 	<ul style="list-style-type: none"> • Sales, licenses, joint ventures, strategic alliances, integration, increased speed to market 	
Cost Reduction	<ul style="list-style-type: none"> • Tax Donation • Litigation avoidance • Access to technology of others • Improved knowledge transfer 	<ul style="list-style-type: none"> • Litigation avoidance • Access to technology of others 	<ul style="list-style-type: none"> • Litigation avoidance • Improved knowledge transfer 	<ul style="list-style-type: none"> • Reduced marketing costs
Strategic Position	<ul style="list-style-type: none"> • Reputation / image • Competitive blocking • Barrier to competition • Consumer/ Supplier control • Optimization of core technology 	<ul style="list-style-type: none"> • Name recognition • Consumer loyalty • Barrier to competition • Joint venture • Strategic alliance 	<ul style="list-style-type: none"> • Reputation / image • Barrier to entry 	<ul style="list-style-type: none"> • Reputation / image • Consumer loyalty • Barrier to entry

Intellectual Property Management (IPM) is not...

- Licensing a few patents
- Just enforcement
- Something that only affects the Legal Department
- Just another program-of-the-day
- Something Consultants created to sell more business
- Easy
- Quickly implemented

IP Management Is.

Managing the legally protected intangibles of the organization to improve it's current and long-term profitability.

IPM can....

- Generate additional revenue outside product/service sales
- Streamline and better focus R&D
- Help you better understand where value resides in your portfolios and how to access it
- Align the company's IP portfolio with its business
- Become treated as a corporate business asset

There are 4 popular business related paths IP Managers often pursue...

- Minimizing risk
- Cost reduction
- Value generation
- Strategic value

Let's look at each path more closely



IPM – a path to minimize risk

- Here the IPM program is generally conducted within the Legal Department
 - its focus is largely on ensuring process compliance.
- Topics of interest include;
 - Product Clearance
 - Ensuring Design Freedom
 - Protection
 - For individual patents and for families
 - Cross-Licensing
 - Lower insurance premiums
- **Companies using IPM to minimize risk**
 - DuPont
 - GE
 - Intel
 - Sun Microsystems

IPM – a path to cost reduction

- **Here the IPM program is also within the Legal Department**
 - Its focus is on maintaining the effectiveness of the IP program while cutting the costs of doing so
- **Topics of interest include;**
 - Reducing maintenance fee payments
 - Cutting internal projects
 - Focusing R&D
 - Minimizing exceptions
 - Countries filed
 - Having a clear patent filing strategy
 - Alignment of trademarks, products and brands
- **All companies at or above Edison Level 2 (Cost Reduction) use IPM as a path to cost reduction**

IPM – a path to value

- **Here the IPM program is headed from within a Business Unit and** -
 - Its focus is on generating value (often licensing revenue).
 - To be considered strategic, the IPM strategy **MUST** be aligned with the overall corporate strategy, otherwise this will never be more than an ad hoc activity.
- **There are two ways to generate value from intangibles:**
 - Embed the IP into a product or service and sell it in the marketplace
 - Or, disassociate the product from the piece of paper and monetize the piece of paper
- **Companies using IPM as a path to value for the organization:**
 - IBM
 - AT&T
 - Boeing
 - NCR
 - Lucent
 - Financial Institutions

IPM – a path to enhance strategic value

- **Here the IPM program is led by a Business Unit, supported by the Legal Department**
 - The focus is on utilizing IP to change the nature or direction of competition within the business, industry or market.
- **Topics of interest include:**
 - Strategic Patenting
 - Understanding and Agreeing on Core Competencies/ Capabilities
 - Refocusing R&D
 - Understanding your corporations ability and/or willingness to partner with customers, suppliers, and others
- **Companies using IPM as a path to enhance strategic value for the firm:**
 - Dow Chemical
 - Microsoft
 - P&G
 - HP

In Summary

- IP is a Business Asset as well as a set of Legal Rights
- Sophisticated firms define the business roles they wish their IP to play in support of the company strategy
- Companies that manage their IP for business value typically choose one or more of the following paths:
 - Minimizing Risk
 - Cost Reduction
 - Generate Value
 - A path to Strategic Value

What's Next? The ICMG Gathering Is Going On-Line

Gathering 2.0 is being created

- A Global, internet-enabled peer community for senior IP managers

A world-wide network

Focusing on creating and extracting value through IP, e.g.:

Protecting company innovations

Increasing revenue

Reducing costs

Improving competitive positioning

Creating and sharing standards for IP management

Creating and sharing best practices for

IP management

IP monetization

The Gathering 2.0 Community Provides

Monthly webinars on new and emerging trends and practices

Networking opportunities for members

Monthly benchmarking surveys of community practices (e.g., inventor incentives, IP measurement)

Wikis

Discussions and Forums

Access to Thought Leaders

IP alerts

Reading Room

It's Free

Sign up at: www.Gathering2.com

Thank You

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