



LEOGRIFF

Intellectual Property Managers and Developers

IPR in business plans

UiO

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M.Management, BI-Norwegian School of Management

Industrial experience: Telecom, eLearning, media

Focus: IP strategy and management for IT, telecom and media, Open Source Software, innovation processes - branding, trademarks, design - IP in project management, litigation



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Industrial experience: Industrial R&D, Multinational Group Patent Counsel, IPR advisor to numerous businesses, board of VC company

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Morten Landsgård, Managing Partner

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Norwegian Army's Officer Candidate School

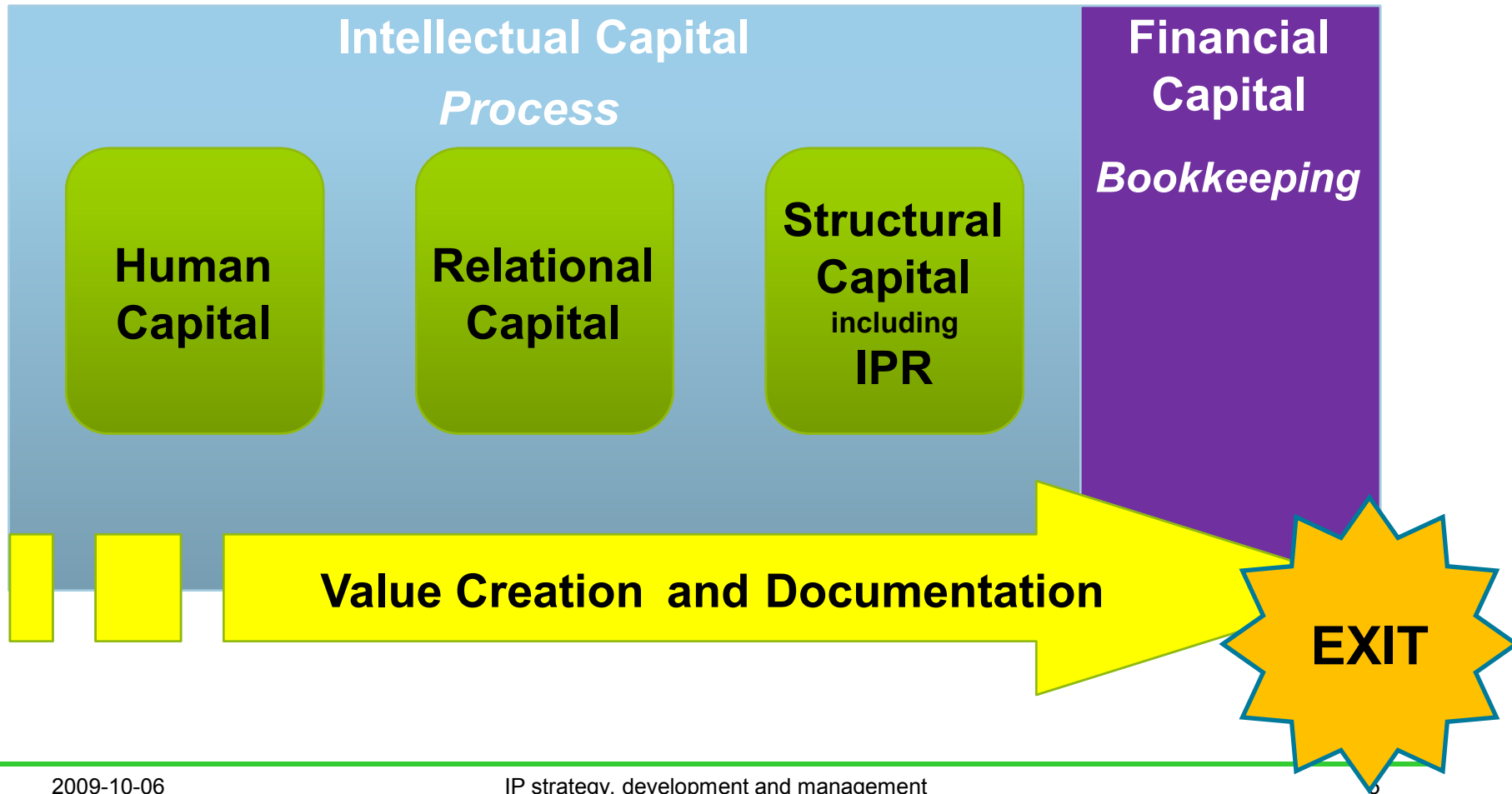
Industrial experience: Business Development, Defence

Focus: IP for start-ups and SMEs, IP in Business plans, IP software implementation, IT and telecom, Defence

Agenda

- **The main areas for IPR Strategy and IPR in the business plan**
- Available IPR tools
- Some examples and practical cases
- Valuation of IPR
- What do I write in the business plan

Exit value depends on documented value



**Short
term:**

- **Get ideas faster and better to the market**

**Long
term:**

- **Maximise return on intellectual assets**

**Find uniqueness, get ownership, manage the IPR –
and document the value**

Operate innovation process:

- Market focus effect of IPR development
- Incentives for employees
- Scoreboards and metrics
- Innovation board and gates

Exclusion:

- Create patent monopolies and protection from other IPR.
- Build brands and stop others from using them in bad faith

Increase income and value:

- License in and out
- Consider licensing of core technologies to competitors when market share has been ensured
- Visualize hidden values for investors and management

Ensure that competitors do not get undeserved rights:

- Oppose patents,
- Use third party observations,
- Find prior art and use in negotiations

Agenda

- Why having an IPR Strategy and IPR in the business plan?
- **Available IPR tools**
- Some examples and practical cases
- Valuation of IPR
- What do I write in the businessplan

You need to know the basics – and address them in the business plan:

- **Understand the IPRs you can use**
 - or you opponent throw at you
- **Patents** – understand the complexity
- **Trademarks** – understand the simplicity
- **Design** – understand the difference
- **Copyright** - software and other material
- **Trade secrets** – understand need for documentation and informing employees

	Field	Requirements – Validity period	Examination
Patent	Technology Product, Process, Use of a product	Novelty, Inventive step, Industrial application Validity < 20 y (+ 5 years possible)	Grant 2-5 years Publication after 18 months
Petty patent , utility model, Innovation patent	Technology Product (mainly)	Lower requirements than for patents No harmonisation of rules between countries Validity 6-12 years	Registration directly No examination
Design registration	Visual appearance, not functionality	Novelty, Individual character - classes Validity < 25y – grace period : 12 m.	Grant after examination. Unregistered designs under certain conditions.
Trademark registration	Name, logo, sound and odour	Distinguishable over other marks - classes Validity < no limit if trademark is used and fees paid	Registration or Shown to be known within the field
Copyright	Artistic works Computer programs	Originality (low requirement) Prevents against copying and adaptations Validity < Life + 70y	Automatic © 2005, Acme AS
Trade secrets	Anything that will give a company a competitive advantage by not being generally known	Positive measures to keep secret must be applied. Valid as long as secret	Protected by secrecy agreements
Domain names	Related to trademarks	Validity unlimited, fee payment	Registered by special authority
Scientific Publications	Publication	Novelty bar to later patent applications Content of patent applications can be published in Scientific Publications	Peer review
Know-how	Specific field within trade secrets	Is often under constant development	Documentation important

Also: plant varieties rights, geographical indications, Integrated Circuit Topologies, Databases, Indigenous Peoples' Rights and others

Patents may have to be defended

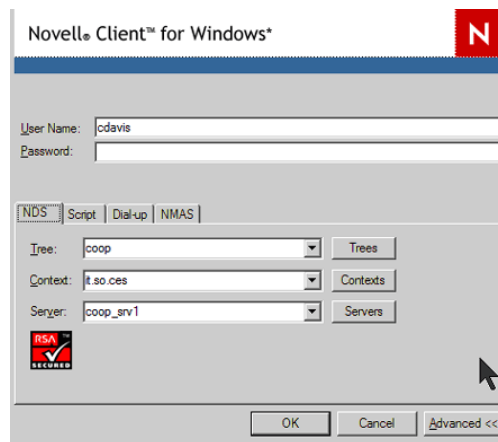
- A patent is a publication
- A patent may be narrow, or broad, and also strong, or weak – a patent is as good as it can impress potential infringers and can be defended in court
- A critical patent should be reinforced by other patents (thicket strategy)
- An IPR strategy shall include a clear strategy in case of infringement
- **Utility patents** should be considered: fast, cheaper, a publication, lower inventiveness, possibility to trigger PCT.

Patent infringements

- **40 to 50 % of patent applications are granted** (STEP study-2002). The other are withdrawn or rejected, a good part due to potential infringement risks.
- **Infringement lawsuits can be extremely expensive**, and may well kill the “infringer”. Order of settlements is in MNOK + sometimes legal fees of opponent. US legal actions start at 1MUSD.
- **“FREEDOM TO OPERATE”** - is about your chance for staying out of court. That risk must be addressed.

Trademarks are designed to protect the buyer

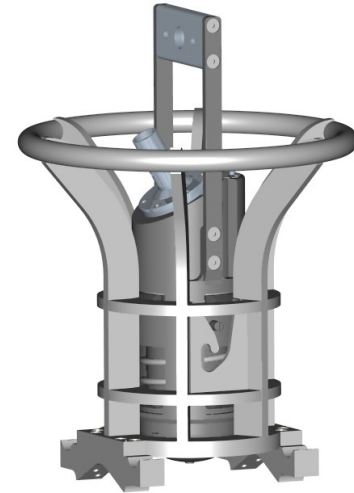
- A trademark shall give the buyer the security that the purchase object has the expected quality – not there to protect the producer but the consumer
 - Counterfeiting can lead to heavy fines or other sanctions
 - Important to choose a trademark “med særpreg”
 - And that can be registered (worked trademark is an alternative)
 - And for which important internet domains are available
- In 2003 Novell sued TVNorge at The Court of Enforcement (Namsretten) and asked for a temporary injunction against TVNorge as they found the logo too similar to their own. Novell did not seem to proceed to a full court case after losing their case there. (Source: Wikipedia)



When choosing a company or product name

- Creative work needs to be supported by trademark quality control
 - Trademark databases
 - Company name databases
 - Internet domains searches
 - Internet searches

Design examples



Trade secrets - knowhow

- Know-how is non-patented information that is kept secret

- Must be possible to identify
- Need for effort to keep secret
- Must be business critical

- Documentation of
 - the secret
 - how kept secret
 - how employees and partners who knew could distinguish it from general knowledge

Secrecy: a tricky tool

- Requires structuring of confidentiality within the company (contracts, NDA, classifications, ...)
 - May be risky if company sells only products
 - May be strong when a production process is involved, the company produces itself, adds a strong service component, and the company has a strong sales apparatus
- May be broken anytime, no interdiction for third party
- When lack of means, publication should be discussed as a preferred alternative

Some consequences of a NDA

- The information can not form part of a patent application
- The receiving party has to keep track of the information in order to secure non-breach
- Limitations on future development
- Procedures for signature within a company necessary
- Shall a NDA be signed or should you limit the disclosure to non-confidential information
- There is no standard NDA, consider your requirements

NDA and patents

- A research consortium, you have the right to commercialize and file patents.
- Before you start Disclosure the projects, Non *Disclosure* Agreements are signed with partners.
- The project evolves...one year, two... your organisation files for a patent
 - After 18 months get public
- The most spectacular way to violate an NDA is filing for a patent

Agenda

- Why having an IPR Strategy?
- “Available tools”
- **Some examples and practical cases**
- Integrating IPR Strategy – IPR Management in practice

Agenda

- The main areas for IPR Strategy and IPR in the business plan
- Available IPR tools
- **Some examples and practical cases
(some more not written down)**
- Valuation of IPR
- What do I write in the businessplan

Short term return from IPR focus

Snorre Kjesbu is now Vice President, Innovation at Tandberg ASA.

In 2002, then at ABB, his team won the prestigious Wall Street Journal Innovation Award for its development of wireless sensor technology. He says:

- “During that project, we filed for numerous patents. The future effect is that ABB will own a valuable technology. But the immediate effect was even more important. The focus on finding the uniqueness in our development work and describing it clearly, boosted inventiveness, market orientation and created new and improved solutions”.

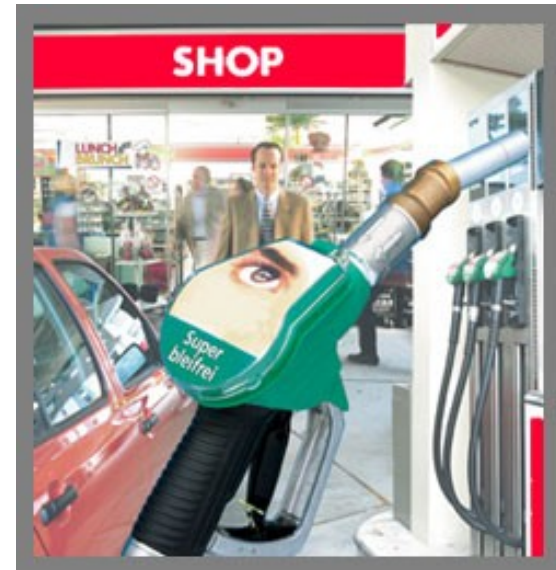


Patent – but is it relevant ?

Patent myth - The Alvern patent from Cato Nyberg, TANDBERG

“Stein Alvern har fått patent på reklame
på bensinpumpestoler”

- Dagens Næringsliv



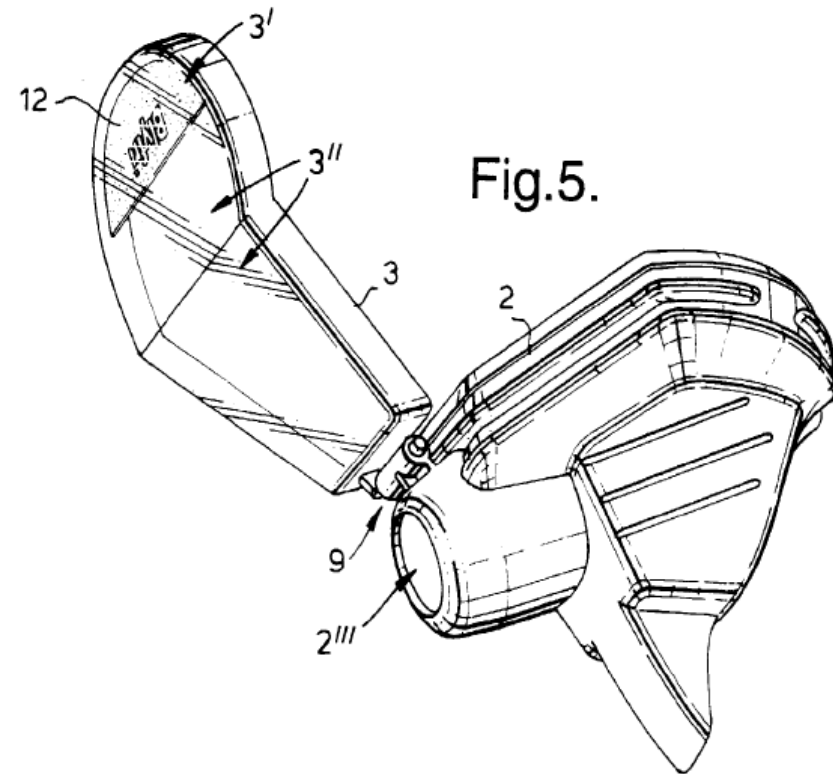
The claimed invention (EP0836733)

1. An information supporting device for the display of information and/or advertising, the device being adapted to be placed on a fuel pump filler gun, whereby the device comprises a supporting member having an upper surface portion for the support of an information and/or advertisement card, and where a top member can be placed on the supporting member at the surface portion thereof and through which information and/or advertising provided on the card are visible, **characterised in**

that the top member (3) is a cover (3) of a transparent plastic material which is pivotally connected to the supporting member (2), and

that a first, minor portion of the cover (3), seen in the axial direction of said cover, has a surface area (3') provided with non-detachable information (12) with regard to the fuel type delivered from the filler gun, and

that the cover (3) has a second, major portion (3''), seen in the axial direction of said cover, through which the information and/or advertisement (7) provided on said card (6) is visible.



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EPO Rule 29 (1)(a): A statement indicating the designation of the subject-matter of the invention and those technical features which are necessary for the definition of the claimed subject-matter but which, in combination, are part of the prior art

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EPO Rule 29 (1)(b): The second part or "characterising portion" should state the features which the invention adds to the prior art, i.e. the technical features for which, in combination with the features stated in sub-paragraph (a) (the first part), protection is sought.

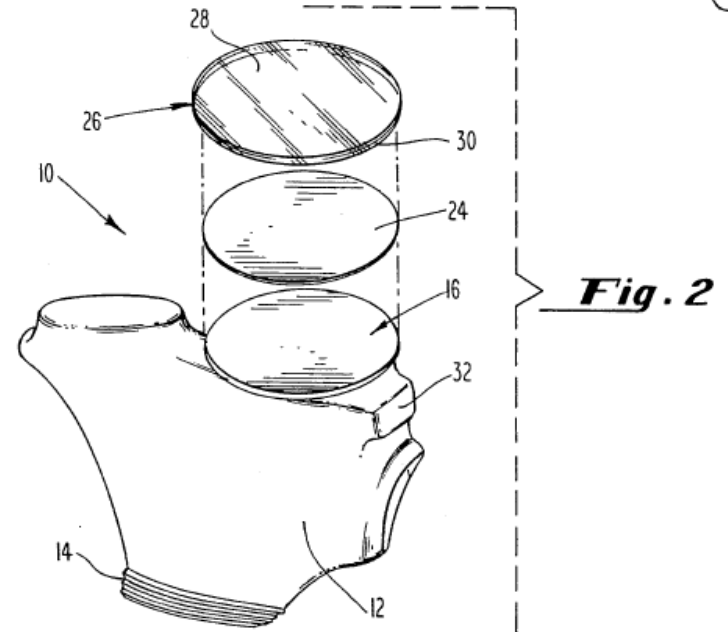
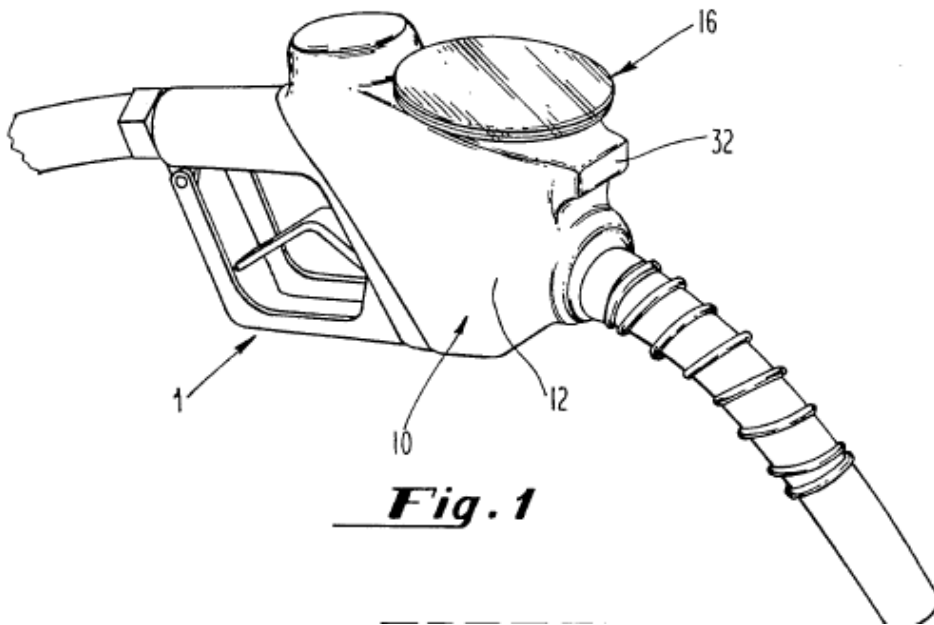
Prior art

U.S. Patent

Oct. 22, 1991

Sheet 1 of 3

5,058,637



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that the top member (3) is a cover (3) of a **transparent plastic material** which is **pivotally connected** to the supporting member (2), and
 that a **first**, minor portion of the cover (3), seen in the axial direction of said cover, has a **surface area** (3') provided **with non-detachable information** (12) with regard to the fuel type delivered from the filler gun, and

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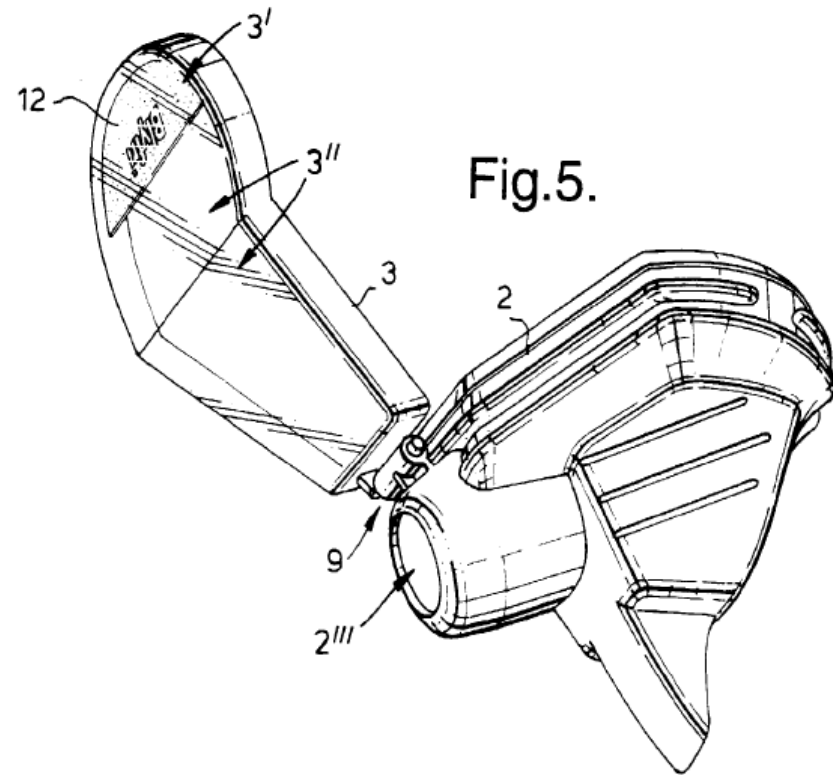
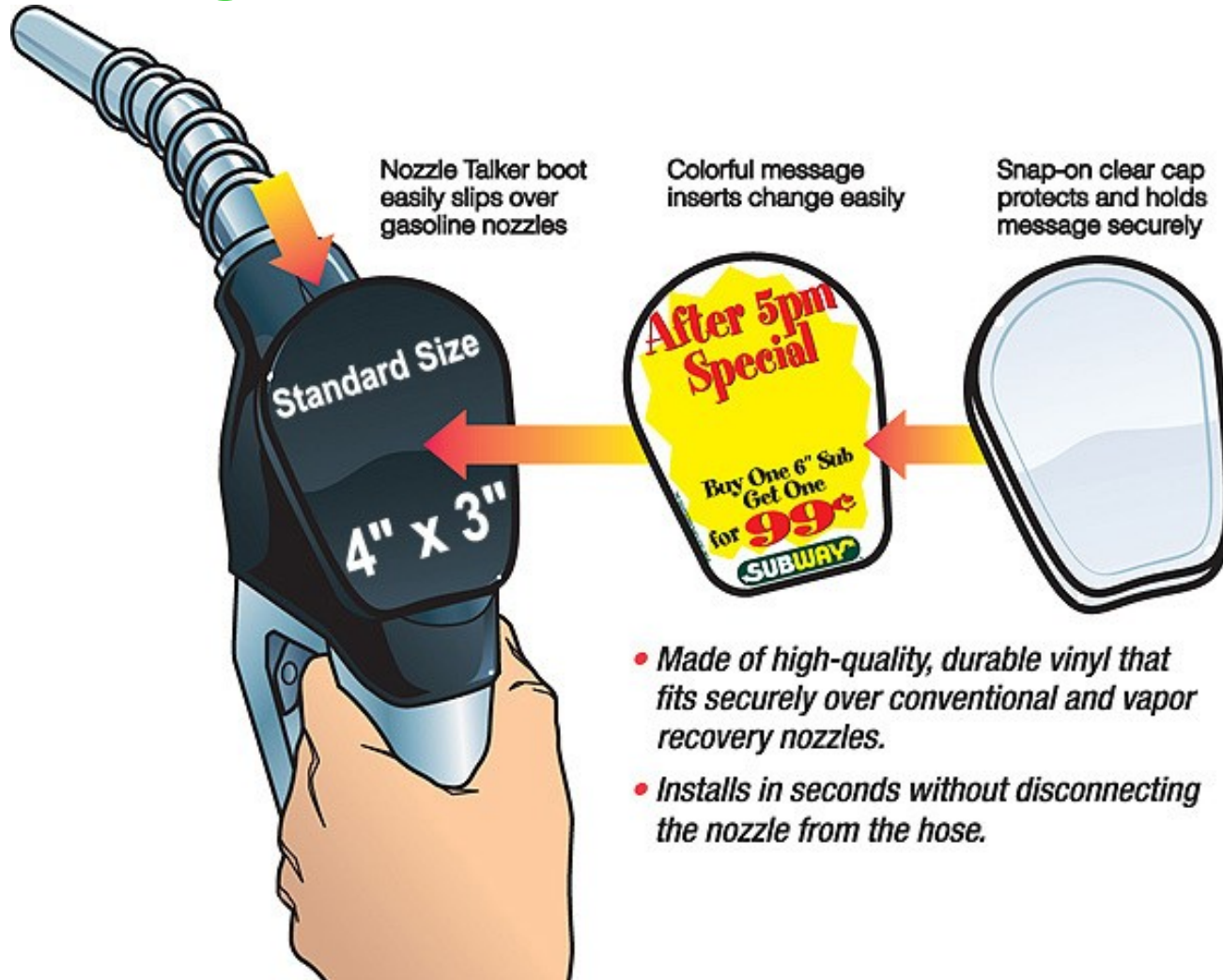
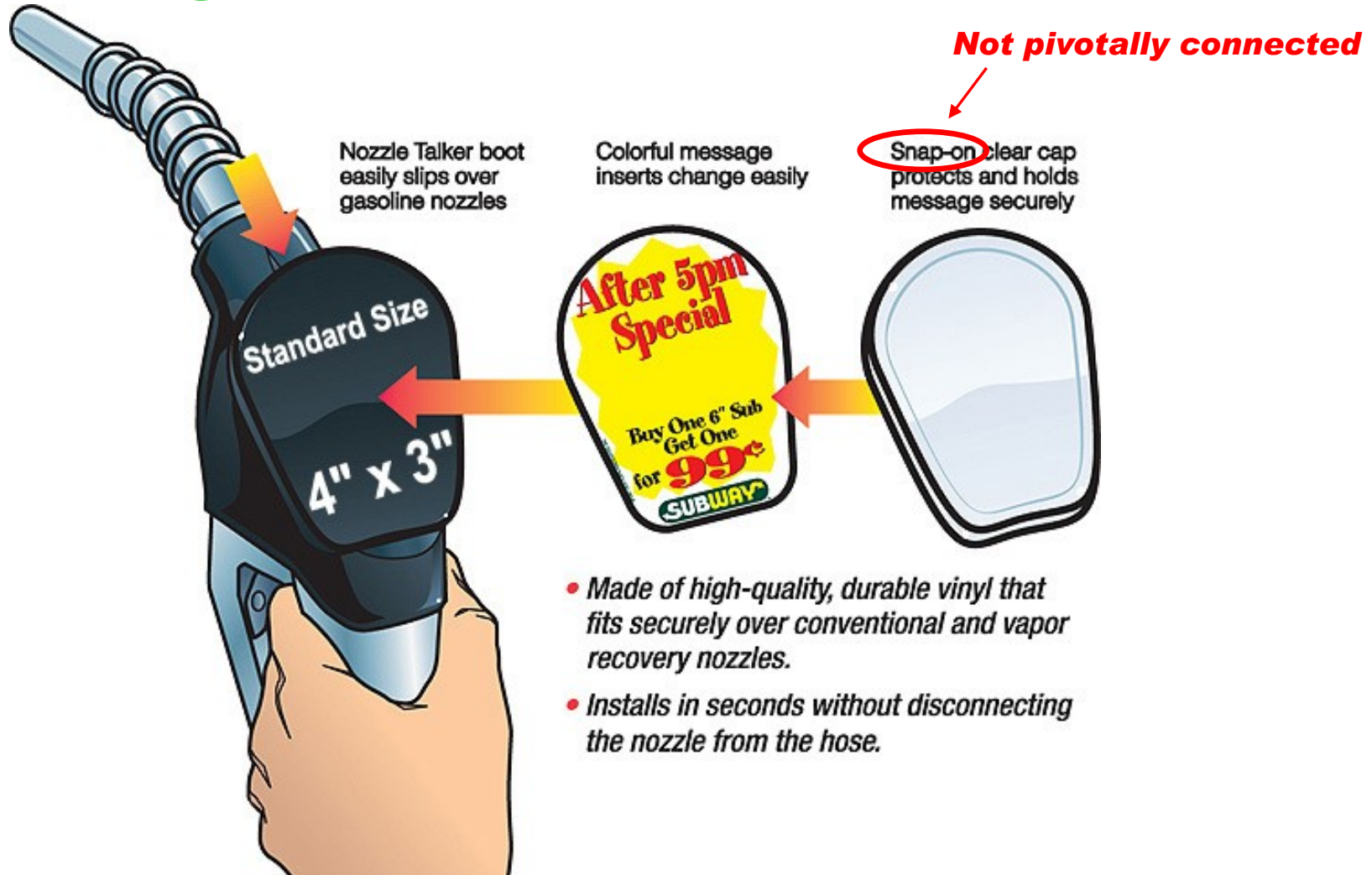


Fig. 5.

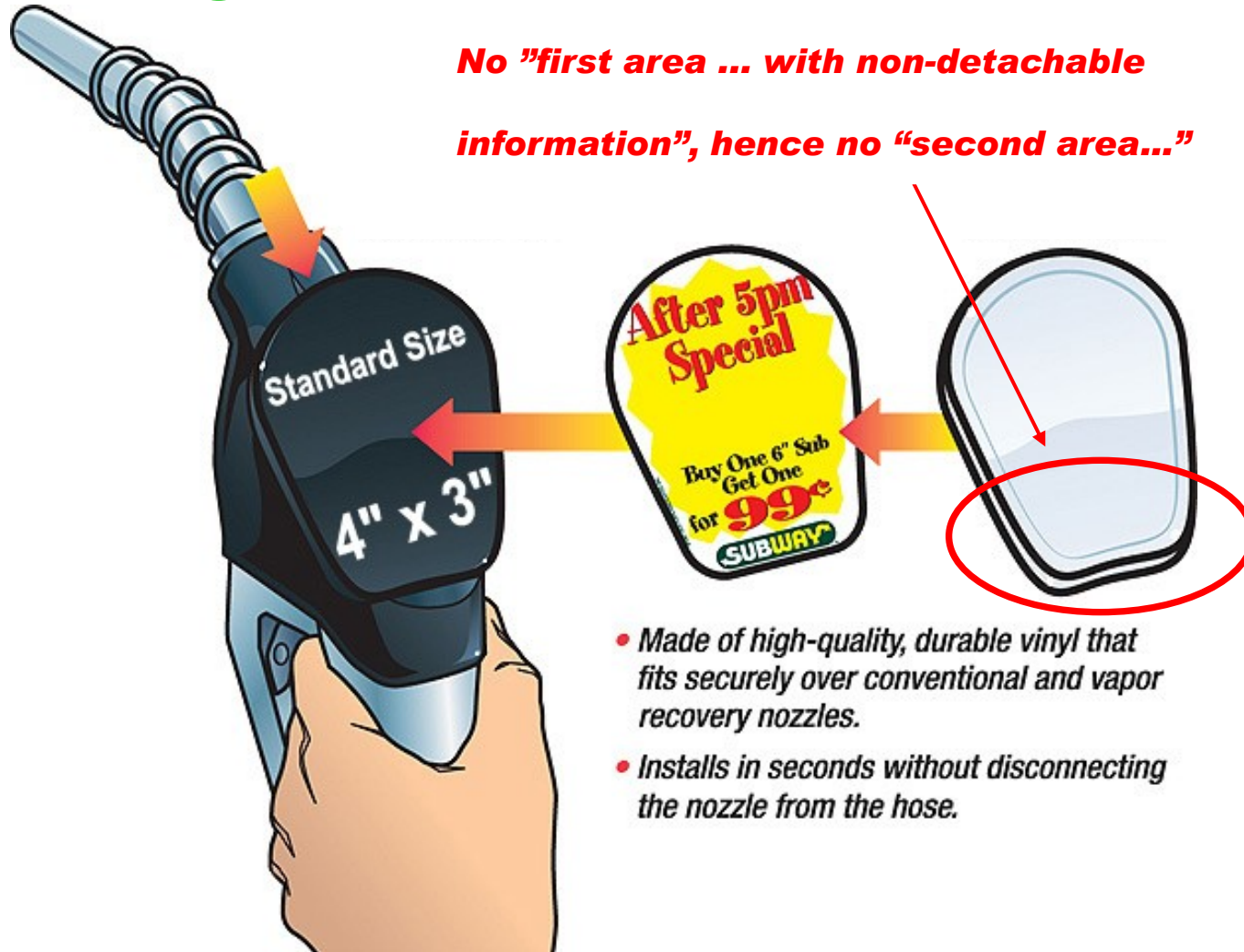
How to “get around it”.



How to “get around it”.



How to “get around it”.



How to “get around it”.



The business plan must discuss how relevant patents are to the business idea

- Also applies for other IPR
- ONLY write things that you would like your competitor to use against you in court
 - Do not discuss specific infringement risk
 - BUT discuss what you will do to have Freedom to Operate
 - Own IPR
 - Activities to create more IPR
 - Activities to search for competitors IPR and relate to that
 - Do not discuss weaknesses in the prosecution,
 - BUT state how IPR management will be done
 - AND be honest about the scope of the IPR – e.g. covers a field or only a particular implementation

Case of using multiple IPRs

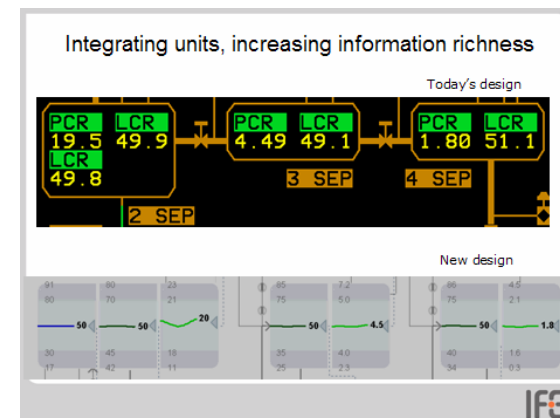
- Unique user interface developed by IFE as part of control system software
- Publication in conference paper
 - Only patent application in USA
 - Difficult area to patent
- Before one year grace period, applications for design registration
 - Screen display is new and difficult area
 - Rapid registration in EU and Norway, design patent application is US
- Evaluation of extent of copyright
- Describe package that can be licensed
 - concept, rights, know-how
- Successful licensing to major industrial actors.

A Building Block for Information Rich Displays

Alf Ove Braseth, Robin Welch and Øystein Veland
IFE Halden
Email: alfob@lrp.no

Abstract

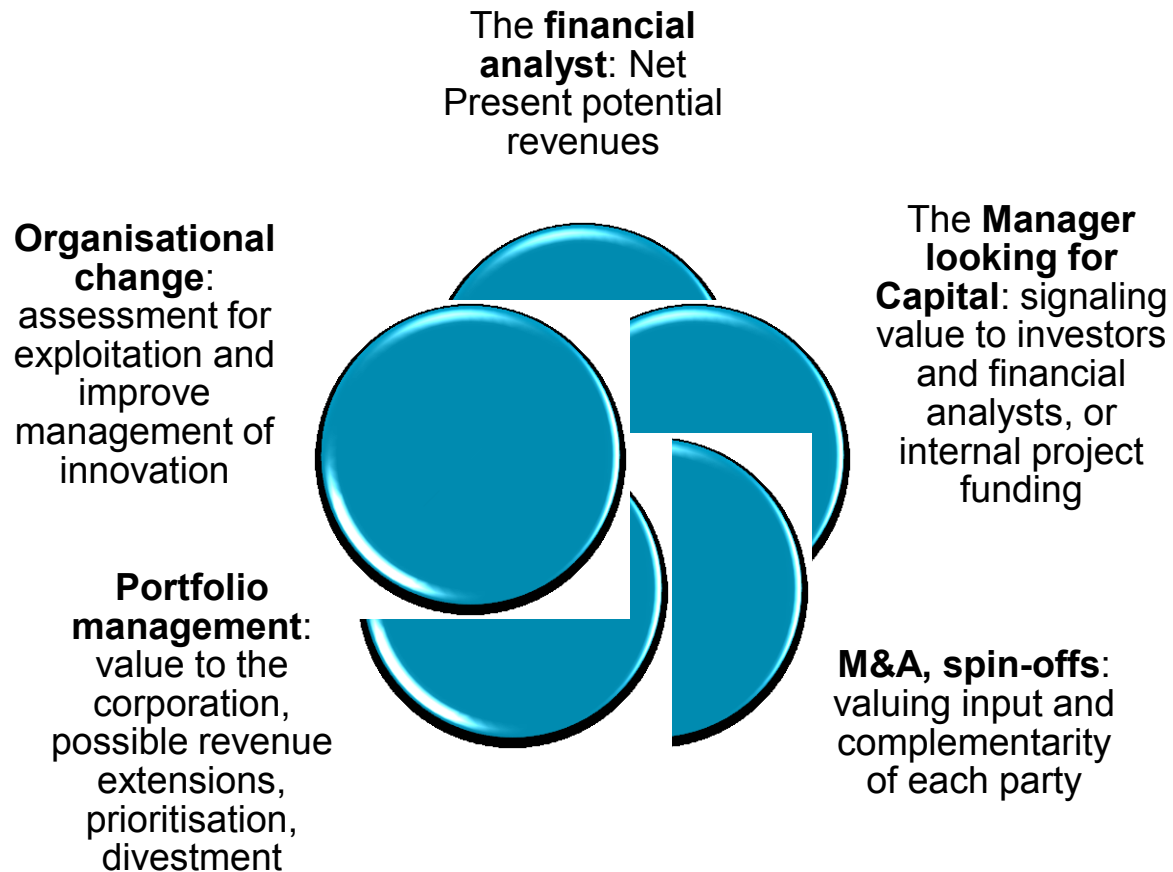
This paper presents a feature called "the building block" developed for use in design of *Information Rich Displays*. The purpose of *Information Rich Displays (IRDs)* is to condense prevailing information in process displays in such a way that each display format (picture) contains more relevant information for the user. The need for a new approach to offshore display design is in particular based on shortcomings in today's designs related to the *key-hole effect*, where the display format only reveals a fraction of the whole process. Furthermore, the upcoming introduction of larger off-shore operation centres will increase the control room operators' *work domain* and workload due to the need of operating several processes in parallel. The proposed *IRDs* aim to meet this increasing workload by providing more relevant information to the operator.



Agenda

- Why having an IPR Strategy and IPR in the business plan?
- Available IPR tools
- Some examples and practical cases
- **Valuation of IPR**
- What do I write in the businessplan

Valuation – the different views all mix



Object for valuation

- A single object, e.g. a patent
- A combined object, e.g. a product protected by several patents and licensing agreements
- A portfolio
- A company with all IPR

Purpose of valuation

- External trigger: sell, M&A, licence, spin-off...
 1. Exit **Value**
 2. Capacity to exploit
 3. Capacity to enrich portfolio

- Internal trigger: benchmark, portfolio management, finance/risk reduction, incentive, capital growth...
 1. Capacity to exploit
 2. Capacity to enrich portfolio
 3. **Value** creation

- Accounting
 - Any **Value**

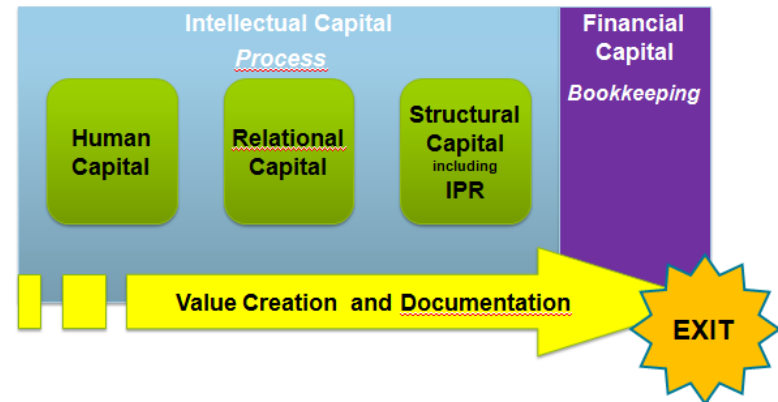
IP assets valuation classic light

- Do one or more of these:
 - Market value of company and subtract net tangible and goodwill (10% of market value)
 - Historical Cost, Replacement Cost of technology
 - Market value based on comparable M&A, licenses or valuations
 - Macro-economics
 - Economic Benefit – Income
 - IP Score model from DKPTO / EPO
- 1. Look at the purpose of the valuation (company, technology, project) (external, internal, accounting),
- 2. compare results of several methods,
- 3. make an educated opinion

Uten IPR-management blir verdien ofte satt feil

- Ved investering godtas ofte garantier fra ledelsen om at IPR er i orden som eneste vurdering i due dill..
 - Advokatfirma har sjelden teknologisk kompetanse til å vurdere risikoen.
- Hverken regnskapsføring eller revisjon følger normalt opp IFRS38-prinsipper om årlig verdifastsettelse.
 - Verdi blir sjelden satt systematisk på en armlengdes avstand.
 - Oftest brukes kostnader som verdi
 - Lite kunnskap i ledelse og styre

Exit value depends on documented value



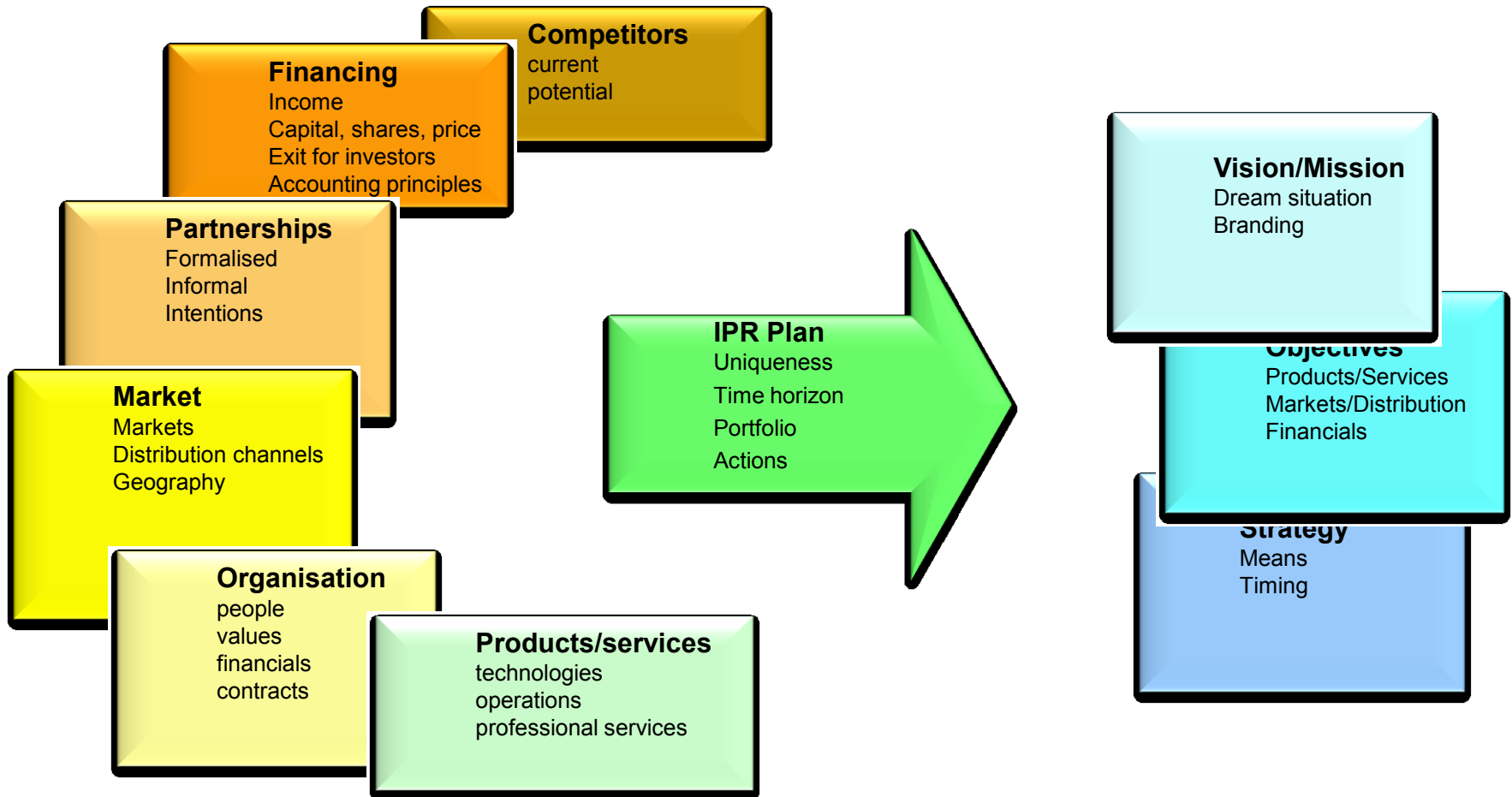
Agenda

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Growing companies: some IPR concerns

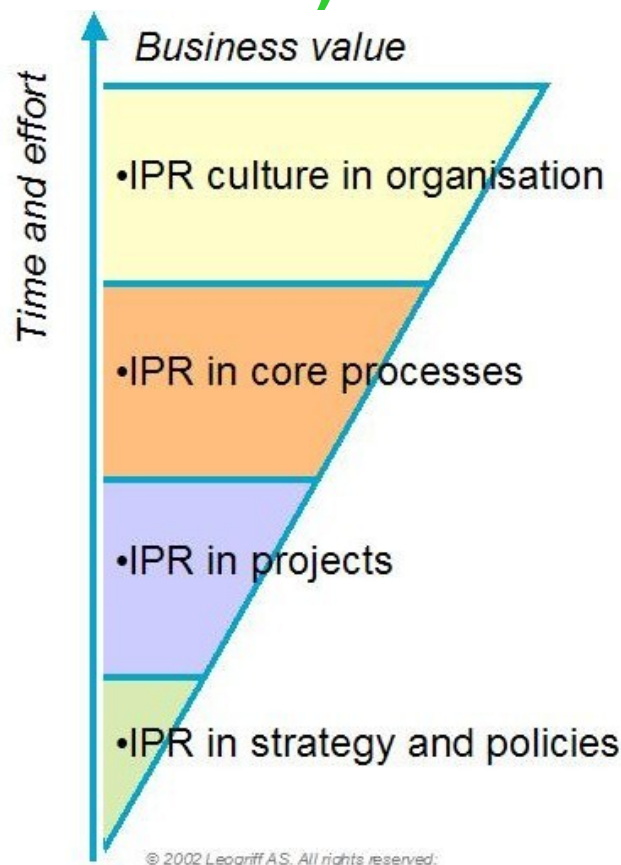
- Financing
 - Biotech vs ICT
 - Biotech is absolutely dependant on getting patents early
 - Upfront investment of IPR,
 - e.g. few short term benefits from a patent application
 - Hard to spend time documenting trade secrets, when resources are needed for sales and deliveries
- Strategic control
 - Most companies end up doing something different
 - First IPR may be of less value
 - Empty threat
 - Cannot afford litigation – and bigco knows

The Business plan should state how IPR contributes to mission and objectives



Main levels of IPR Management – you could discuss them (or other similar models)

- 4. Culture in organisation:
 - IPR integrated
 - focus: sustainability of IPRs.
- 3. Core processes:
 - IPR value in/of the company
 - focus: IPR as routine concern.
- 2. Projects:
 - Faster and better development
 - focus: uniqueness of the product...
- 1. Strategy and policies:
 - Board and management anchoring
 - focus: market, investors .



Nordic IPR study – 10 good rules that you could discuss in the business plan

- Understand the power of IPR : evaluate risks and opportunities
- Make IPR a board issue: designate and train an IPR Manager
- Put in place basic IPR quality control: review contracts etc.
- Map and rank internal intellectual assets
- Know the IPR and technology landscape
- Formalise an IPR strategy, start with most critical assets
- Train all employees in IPR
- Put in place IPR processes
- Use systematic selection to choose partner IP firm
- Question IPR strategy and portfolio regularly

see www.leogriff.no/NordicIPR



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