

Understanding and unifying diverse IP strategy perspectives

In today's economically uncertain era, a strong and unified IP strategy, combined with the ability to execute it, will reduce costs and risks while increasing company value

By **John Cronin** and **Paul DiGiammarino**

A unified IP strategy is a key ingredient to growing and protecting IP value successfully. It also helps to align business goals. But what is an IP strategy? Within a particular company there are, in fact, many points of view as to what constitutes one, how to formalise it and how to ensure it is executable.

Here we examine: the definition and purpose of an IP strategy from the various points of view; the strategic insights achieved by reviewing your IP landscape and the information necessary to do this effectively; and how to develop and implement a cohesive, unified IP strategy that diverse stakeholders understand and readily support.

Defining IP strategy and stakeholders

Historically, developing an IP strategy meant simply understanding what inventions to file as patents and in what countries to file them. Primarily, the patent attorney's directions accomplish this with some high-level input from the business and technical areas. We have noted, however, that this results in lack of buy-in by key stakeholders of the strategy, insufficient internal processes to support ICM goals and underestimation of the resources needed to deliver the strategy.

Senior executives in many companies, representing diverse markets, suggest IP strategy appears legally defined and driven. However, businesses have not figured out how to influence it, drive it and, most

importantly, measure it effectively.

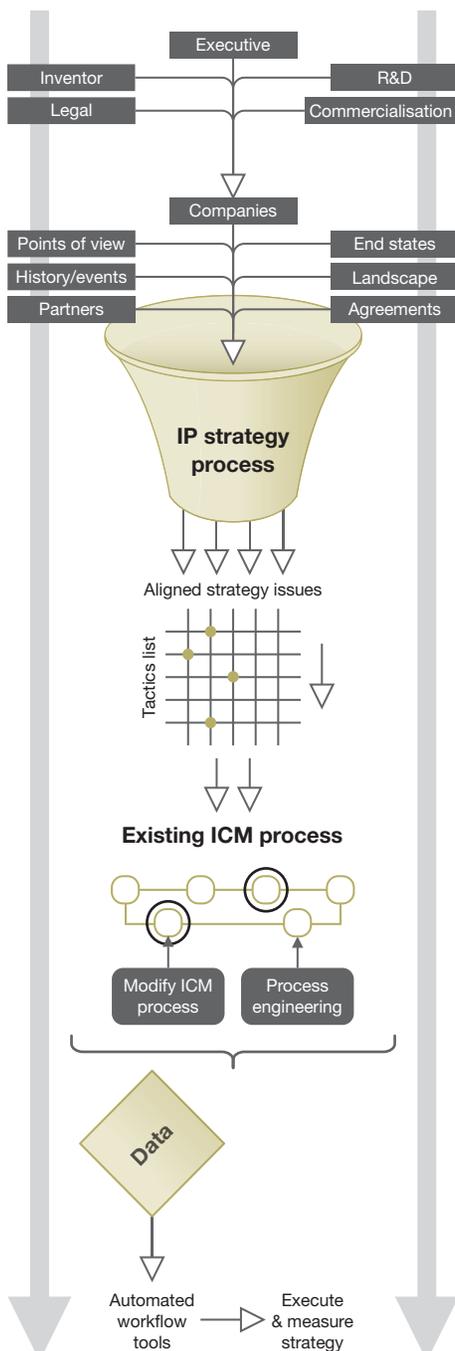
Past experience has shown that one of the key drivers of a failed IP strategy is the assumption that all key stakeholders have the same point of view on the definition as well as the purpose of the strategy. In order to ensure the points of view of the stakeholders are aligned, we have found that it is very insightful first to collect privately the IP strategy definitions and purposes one on one. It is important to understand and document these definitions and purposes within the strategy development process. The first step in developing IP strategy is not to understand the vision, mission and goals, but to understand the very definition and purpose of an IP strategy from the perspective of each of those involved.

Intellectual property strategy touches many different parts of an organisation, and therefore requires input from a variety of team members with diverse backgrounds and perceptions of what intellectual property is. Provided below is a general summary of the perspective of various stakeholders and their definitions of the IP strategy.

Patent counsel

In most companies, the patent counsel's definition of an IP strategy is, as it should be, legally focused. Counsel's IP strategy definition drives patent claims for enforcement and develops clearance opinions for freedom to operate. These definitions also focus on minimising the risk of litigation, ensuring that critical patents remain in force and that high-priority, high-quality patents are advancing through the filing process as quickly as possible. The patent counsel is typically not focused on concepts such as developing IP partnering strategies or forecasting patenting across the business value chain.

Definition of IP strategy based upon the particular project or business you are in



Engineers and inventors

Engineers file patents as a result of their work, but they do not necessarily think of themselves as inventors. An overwhelming majority of their involvement with patent creation is spent documenting inventions. When we interview engineers, some with as many as 60 patents, they do not consider themselves to be inventors. Most see documenting invention as only part of their job and define their IP strategy as the criteria needed to help them identify which of their ideas in the project may need to be documented as inventions. They do this to ensure their company gets credit for the inventions.

In contrast, we have spoken with other engineers who have only two or three patents, but who consider themselves to be inventors. We have found that an inventor’s definition of an IP strategy involves how to find high levels of novelty, as well as how they can find new ways to solve key problems or to find unique technologies to apply to existing problems. Often, if there is an IP strategy, it has not been communicated to the inventor community.

Product and technical managers

A product or technical manager’s definition of an IP strategy is usually focused on which inventions are required to protect certain products and markets, both present and future.

A product or technical manager’s IP strategy focuses on developing new approaches to increasing the business impact of specific IP. For instance, the definition of an IP strategy may involve ensuring that critical employees have incentives to stay in the organisation; or developing a trade secret strategy to keep important IP from walking out the door. A product and technical manager’s definition of an IP strategy may involve identifying additional IP to protect further platforms for technology, equipment or analytical methods.

Executive management

The executive management definition of an IP strategy focuses on identifying key metrics and goals. Some executives view the process of IP strategy as setting goals for filing IP and then monitoring actual performance to goals throughout the year. Other executives want an IP strategy that requires a total number of patents; while others define their IP strategy in the context of the company’s history or potential future events contemplated – for example, a large looming infringement issue may warrant an IP strategy that focuses on a response to an infringement notice. Finally,

some executives define their IP strategy by viewing the results of patent maps and other analytical tools where they may identify potential opportunities and vulnerabilities.

Business development

Business development executives are involved in the commercialisation of products or technology. As such, their IP strategy typically focuses on achieving joint venture goals, often in search of accelerating launch of innovation products. Their purview includes licensing technology from potential partners.

A business development executive definition for IP strategy involves leveraging company IP to motivate other entities to complete a deal benefiting both parties. In addition, IP strategy includes options for leverage in IP negotiations, which as well as patents may include know-how, trade secrets and an understanding of relevant disputes.

CTO

The chief technology officer’s definition of an IP strategy may be the broadest of all. In general, the CTO worries about the IP strategy as it relates to major technology changes and the competitive landscape. Typically, the CTO is concerned about developing prophetic inventions, using IP to lock up future spaces and inventing around the barriers to technology development.

The CTO’s definition of an IP strategy often involves an understanding of other companies’ IP positions with the goal of gaining access to technology. The CTO may also be looking at an IP strategy that involves acquisition as well as alignment between future products and existing technology, and may use IP assets as trading cards with other companies.

Commercialisation and marketing

For those involved in commercialisation, the IP strategy definition usually ensures that IP does not hurt existing commercialisation and marketing relationships. These stakeholders have a mission to sell products or to raise the margins of existing products, and to find long-term buyers for the company’s products and services.

Therefore, their definition of an IP strategy is focused on improving freedom to operate. Commercialisation and marketing stakeholders may need to have strong IP to convince customers to buy, with IP becoming a key differentiator in the market. Others may have an IP strategy for dealing with competitors that claim to have won the space and therefore hamper marketing efforts. In essence, these IP strategy definitions involve

externally facing interactions with customers and the perceptions of customers rather than actual ownership of IP.

Changing definitions

One interesting aspect of an IP strategy definition is that for a given stakeholder, the definition may change based upon the particular project or their respective business.

For instance, in an immature business, freedom to operate may be absolutely essential for the patent counsel's IP strategy, whereas in a brand-new business it will be exploratory as freedom to operate is not essential at this stage. For the younger business, the patent counsel's IP strategy will be one of getting very broad claims for key patents.

If the critical business issue of a project is to get to market first, then the IP strategy of the engineers may be very different from if it is business as usual. For example, the definition of an IP strategy for engineers or inventors would be to file many more cases for a first-to-market directive, rather than spending the time figuring out which is the most important case to file.

If the business involves a significant number of competitors, then the IP strategy of a product or technical manager may not be focused on looking for IP that provides significant technology leverage. Instead, the product or technology managers may be more focused on IP licensing strategies – to equalise the playing field for the IP they have developed for a new technology or product.

If the business area is one where there is little to no legal contention between the company and its competitors, then its executives' IP strategy may shift the focus more towards taking the IP high ground and using this IP to influence partnerships. The IP strategy is very different in a litigious competitive situation as opposed to a cooperative competitive situation.

If the business environment is such that business development is very tough – one where partners are needed but few want to collaborate because of competition – then the IP strategy of business development may be more aggressive in using IP to force deals to happen versus to open deals up.

The CTO's IP strategy may not be to use IP as a differentiator in the market, but rather to use IP to build a technically winning position. This strategy may, therefore, become one based on a picket-fence principle, whereby IP is used to build around others and to invent on top of others' existing IP.

Finally, in commercialisation and marketing, if IP has been rarely used to

convince customers to buy, but the margins are suffering with many more companies selling similar products, the commercialisation and marketing manager may start to use IP as a key differentiator and actually get involved in using litigation to drive key competitors out of the market.

The process for developing an IP strategy

There are eight essential steps for developing robust and properly resourced IP strategy.

The first step involves extracting the definitions of each stakeholder's IP strategy. From the examples above one can see that a separate meeting with each of the stakeholders is necessary to extract these definitions prior to combining them into one organised list of IP strategy definitions and issues.

The second step is to construct an overarching IP strategy that incorporates similarities and differences in definitions. The goal of this step is to align the various IP strategy definitions. It is important in this step to create a first pass documented IP strategy. Few, if any, companies ever have a documented IP strategy to start from.

Third, once the first pass documented IP strategy is defined, it is important to develop an IP landscape. An IP landscape is a map of the business that depicts how patents and potential IP are used. In this third step, each area of the landscape is looked at to identify even more IP strategy definitions and issues. For instance, a supplier in the landscape may have a particular IP position that may limit the second sourcing of a fundamental supplied technology; this will require a particular IP strategy to address the issue.

In the fourth step, each major company on the landscape is investigated to determine whether it is a competitor, a partner, a potential acquisition and so on. In this step, there may be a particular IP strategy for each major company. For instance, there could be a company whose IP is targeted at a mature industry and it has basically left the market to pursue other non-competing growth markets. This company may employ an IP strategy that involves taking licences so as to extract all potential revenues from a technology. As in the second and third steps, these inputs are facilitated with the stakeholders and added to the overarching IP strategy document.

The fifth step involves getting input into the IP strategy from other relevant areas. For instance, a facilitated discussion with all the stakeholders on potential IP end states may be required. It may be that the IP strategy process needs to have available a

complete playbook of IP end states. Often, a company does not have a world-leading IP strategist on its team, so having an IP end state playbook is the next best thing. An example of the value of this would be reviewing from the playbook all possible licence types and finding guillotine-licensing for the first time – that is, a licence that ends in a certain period of time, when all rights are reset as if they never existed. This may be an IP end state that, when considered, becomes an important strategy for developing a temporary partner if the company knows it can invent in front of the partner over time, but needs access to some of that partner’s IP. By exploring the playbook, it is possible to add new input to the overarching IP strategy document.

The sixth step involves developing the IP tactics needed to execute the strategy. For instance, a product clearance tactic may be needed prior to products being released by the company. A second freedom to operate tactic may be to file many enabled publications to block others from building new patents on top of the product patents by creating a higher prior art bar, thus fortifying freedom to operate. Through this process, those involved in building the IP strategy become increasingly more aligned in all areas of its development.

The seventh step involves translating all the efforts of the IP strategy to executable processes. For example, through review of the existing intellectual capital management (ICM) processes, it may become apparent that the product clearance process requires changes to support the overarching IP strategy. Based on this, the ICM group would

include the resources needed to re-engineer this process. The company may also lack a consistently applied publication process, requiring a team to design and implement this capability. Of course, the plan should include training for this new feature.

In the eighth and final step, the automated workflows and metrics are implemented to support the ICM processes. Integration with other data sources and applications is also important to ensure the integrity of the ICM assets. Implementation of metrics and processes to review overall effectiveness and productivity will also enable the company to identify weaknesses and ongoing improvements needed to increase alignment of actions with the IP strategic and financial objectives.

This last step requires two critical elements:

- A flexible ICM infrastructure enabling tailored workflows and access to high-integrity data, now and in the future, as the ICM strategy evolves.
- An appreciation that change is complex and successful business process change requires executive commitment, leadership, active stakeholder participation and strong communication between all parties. There should be a clear statement of the expected benefits, when they occur and actions needed to deliver them.

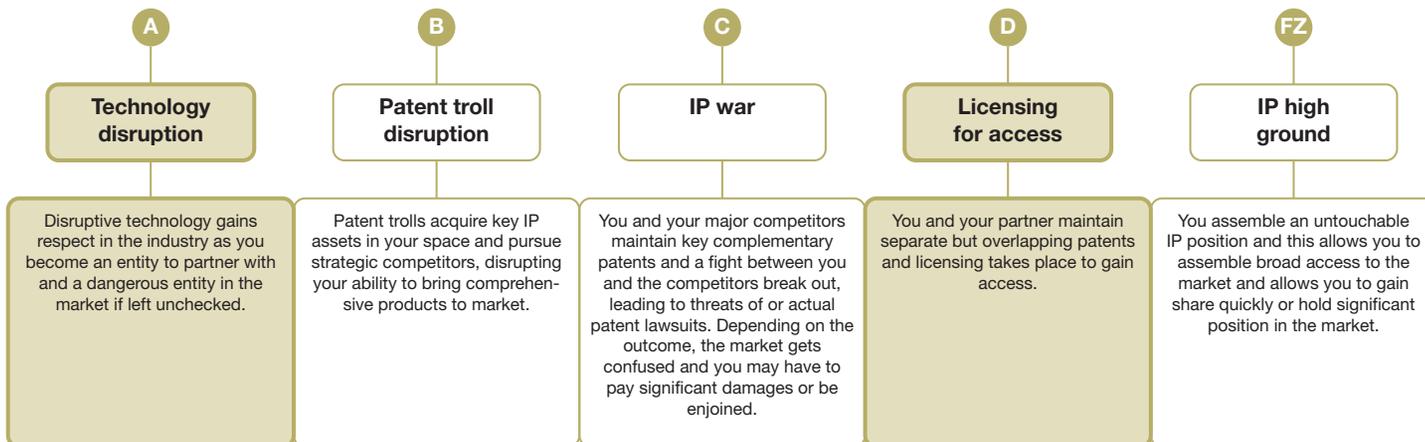
The role of the ICM function

Very few companies have an ICM function. If there is no ICM function in the company, chances are that the IP strategy definition, tactics and supporting processes are modest

Determine your IP end states

End states

- There are numerous potential end states that define how your company might end up after deploying IP strategically.
- It is important to use your overall business goals and strategies to determine your preferred end states – then work backwards to determine what you need to do now.



Example end state that maximises positioning for future acquisition

Example end state for partnerships

Map tactics to your IP end states



- Pied piper tactic
- **Trade secret tactic**
- Keep quiet tactic
- **Creative brainstorming tactic to link your IP to the market**
- Global vendors tactic
- Government fund tactic
- **Effective use of NDAs**
- **Poison the well with offensive publications**

Example tactics that maximise your position for future acquisition

at best. For instance, many companies do invention disclosures that are usually driven by the engineers who are the inventors. At times, companies have proactive brainstorming sessions and these help to generate further invention disclosures. In the basic process, there is usually a patent review committee meeting where there are some modest review criteria based upon a patent counsel’s IP strategy definition. There are further processes for patent prosecution. These are required in order to be efficient in interacting with the various patent offices.

These basic processes seem to be present in all companies. However, one can see that there are limitations in the resultant IP strategy because there is no formal IP strategy process and, additionally, there is no ICM group to facilitate the process and install any new processes that may be required. The typical IP infrastructure in a company at this stage is usually antiquated, fragmented and perhaps comprised of *ad hoc* internal applications. It is rarely a suitable foundation for implementing a new and effective IP strategy.

It is the role of the ICM function to coordinate the overarching IP strategy document and then to facilitate the various IP tactics and processes that are needed to execute the IP strategy. Further, the ICM group must also engage in process engineering – that is, defining, measuring, analysing, improving and controlling the processes that will be necessary to support implementing the IP strategy. Given that the ICM group in our model becomes the facilitator of the IP strategy with each of the stakeholders, the ICM group can then identify the processes that are needed to be modified, added or discarded to execute the IP strategy. Finally, the ICM group will then take the next step to automate these processes with software and workflows tools as needed.

Limitations of the traditional approach

Following an IP strategy development process, such as the one described above, increases relevant input and buy-in from IP stakeholders. Further, this strategy will

incorporate strategic thinking related to the business landscape, the major companies involved in the market and other considerations, such as contract agreements and partnerships.

A well-constructed IP strategy, execution plan and supporting infrastructure and software tools will increase alignment between IP and the business strategy. Cultural changes will occur as clarity increases about the business, technical and legal ICM goals, and there is access to high-integrity data and collaborative tools, so enabling informed decisions at all stages of ICM. Automated workflows ensure the processes followed are consistent with IP goals. In turn, this will result in increasingly positive company results that have factored in business, technical and legal interests.

In the future, we envision automated processes and workflow tools automatically driving IP strategy facilitations, incorporating the eight-step process discussed here with an automated system providing the necessary ICM processes. Many elements of the IP strategy definitions, the IP and end states, the IP tactics, the structure for vision mission and goals can be coordinated in the system and the system configured to support the desired workflows. The processes become dynamic: when the IP strategy changes, the system can automatically redefine IP process workflows. Many of the ICM functions become automated and the ICM expertise is reduced to a set of business rules within a rules-driven workflow system. Thus, in the future, every company, no matter how big or small, can have a robust IP strategy that is low cost, sophisticated and executable. *iam*

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