WHY AN INNOVATION-BASED BUSINESS SHOULD CONSIDER IP AUDIT?

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IP RIGHTS DO NOT ASSURE QUALITY

HAVE A PATENT ON MILK PRODUCT

HAVE COPYRIGHT IN A BOOK

HAVE TRADEMARK FOR A WATCH

HAVE INDUSTRIAL DESIGN FOR A PHONE

What items have patents?

Bottle opener

Chinese character input method and device

Construction materials made of rubber

What items have copyrights?

Motion Pictures

Software

Company Documents

Paintings

What items have trademarks?

adidas

Lenovo

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Starbucks

What items have trade secrets?

Recipe of COCA COLA

Chemical Formulas and Processes

Customer Lists

Capturing IP Value

- COCA-COLA
 - Brand Value: USD 77.8 million
- GOOGLE acquired MOTOROLA
 - USD 12.5 billion plus
 - 17,000 patents
 - USD 735K per patent
- LENOVO acquired MOTOROLA MOBILITY
 - USD 2.91 billion
 - 2,000 patents + brand and trademark portfolio
- IBM: building an IP licensing business
 - 50,000 active patents

IP War

- Apple/Samsung in US
 - Apple wins the lawsuit against Samsung in US
 - Samsung to pay USD 1 billion in damages
 - Patents: user experiences and interfaces
 - Design: outlook of the phone and icons

Mismanaged IP Intangible Business

Related agreements, relevant policies and compliance procedures

How IP assets are used or unused

Whether IP assets are owned by the company or by others

Identify IP owned, used or acquired by a business

IP inventory creation for improving competitive advantage

How each IP asset serves the relevant business goals

Whether these IP assets are infringing the rights of others or vice versa

Type of IP Audit

General Purpose IP Audit

- New company
- New policies
- New marketing
- Reorganization
- M&A or joint venture
- Financial transaction
- New product/service
- IP licensing
- Bankruptcy / layoff

- Personnel turnover
- Foreign IP filings
- Changes in IP law
- "Clean room"
- IP litigation

Event Driven IP
Audit

Limited Purpose Focused Audit

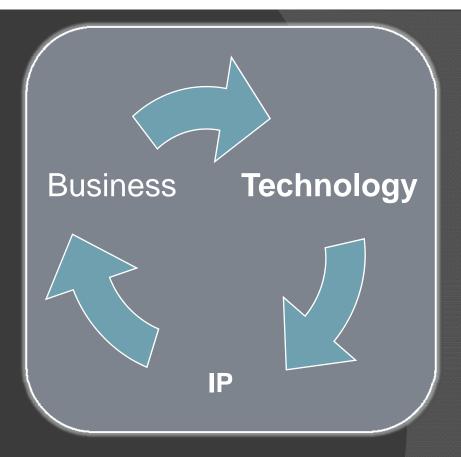
IP Audit Team

Board of Directors:

CEO

CTO

CIPO



Internal Staff Members from:
Administration / Legal
Engineering / R&D
Marketing
Human Resources

External Expertise from:
Business Management
Technology
Legal

Preparing for an IP Audit

Clarity about the purpose

Audit 3 4 Training Start up Report Management Jointly develop interview, Analysis of current **Enhancing IP** the details for information situation and awareness of implementation collection, on-site recommendation enterprise of the audit audit and for Improvement diagnosis

Preparing for an IP Audit (Continue)

- Background research
 - Internal and external relationships
 - Business strategy
 - Importance of IP assets
 - Status of IP management
 - IP disputes
 - Financing
- Prepare for an IP audit plan

Conducting an IP Audit

- A checklist
 - Innovation-Knowledge Enterprise IP
 Management Practice DB44/T 797-2010
 - Enterprise Intellectual Property Management GB/T 29490-2013
- Auditing contracts/agreements for:
 - Licensing
 - Assignment
 - Employment and independent contractor
 - Joint venture & collaboration
 - R&D grants

Conducting an IP Audit (Continue)

- Auditing IP assets for:
 - Identification and recording
 - Determining ownership and legal status
 - Detecting infringement
 - Creating and maintaining IP
 - An example:

Type of IP Asset	IP Registration No.	Title & Legal Status	Product Life	Extent of Use	Importance	Income / Value (\$)

After Completing an IP Audit

IP Analysis (Categorizing)

 IP assets that are important to your products and services

Group 1



 IP assets that have potential but not necessary to your company

Group 2



 IP assets that have no value to your company or anyone else

Group 3



After Completing an IP Audit (Continue)

Evaluating IP Assets (BCG Matrix for IP

Assets)



After Completing an IP Audit (Continue)

 Overall review on IP assets and IP Policy (SWOT analysis of IP Strategy)

		Environmental Factors		
		Opportunity	$\underline{\underline{T}}_{hreat}$	
Relative Strength of IP	Strength	SO strategy: Offensive	ST strategy: Offensive-	
	_		defensiveness	
	\ \ / /	<u>WO</u> strategy	<u>WT</u> strategy:	
Relati	VV eakness	Defensive- offensiveness	Defensive	

After Completing an IP Audit (Continue)

- Preventing or being prepared for litigation
- Business strategy formulation
- IP asset management infrastructure
 - Formation of IP asset management team
 - Creating an IP culture
 - IP policy monitoring

Thank You !!!