

— *An International* —

INTELLECTUAL PROPERTY CONSULTING & BROKERAGE FIRM

IP Processes IP Toolkit for SMEs

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IP Processes – Summary

This slide deck covers some of the practical steps SMEs can take to determine and implement their IP strategy.

- What are the IP activities that should be undertaken at key points in the start-up journey?
 - IP activities include: IP audit, landscape, IP capture, risk assessment and benchmarking
 - What does each of these provide me with? How do they help my business?
- What are the benefits of strategically managing your IP?
- How do I protect my confidential information
- Are IP templates available and where would I find them?
- What are the costs of obtaining an international patent, trademark and design right?
- What other resources do I have at my disposal?



Typical IP Strategy and Activities for SMEs



Startup Goals & IP Journey

First identify your long and short term goals. Your IP strategy should be designed to help accomplish these goals.

Having an IP strategy does not necessarily mean you have to file patents, and it does not have to be expensive



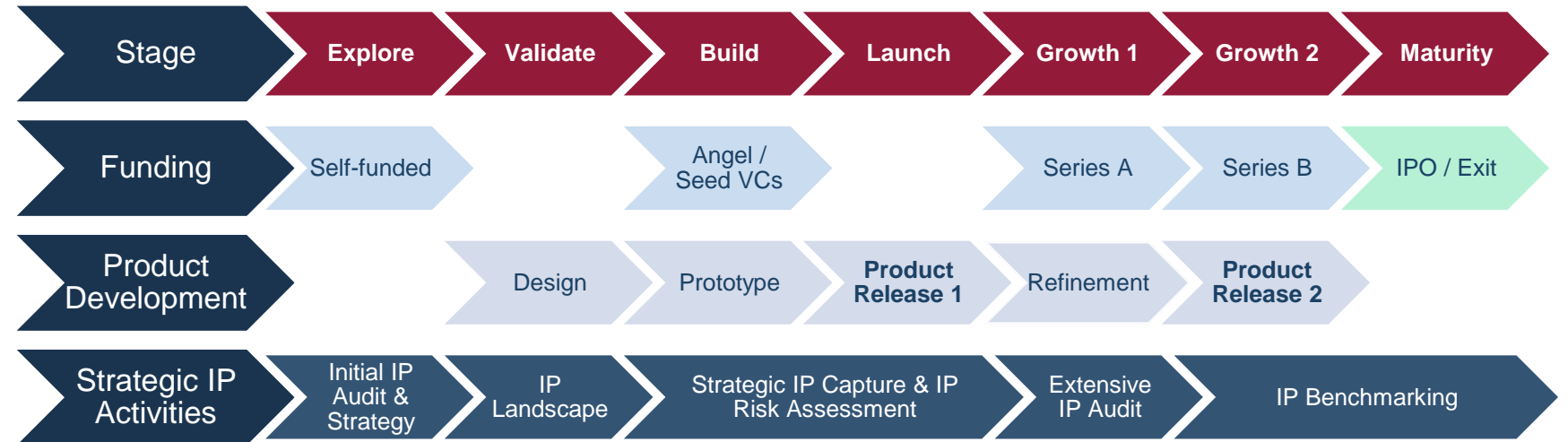
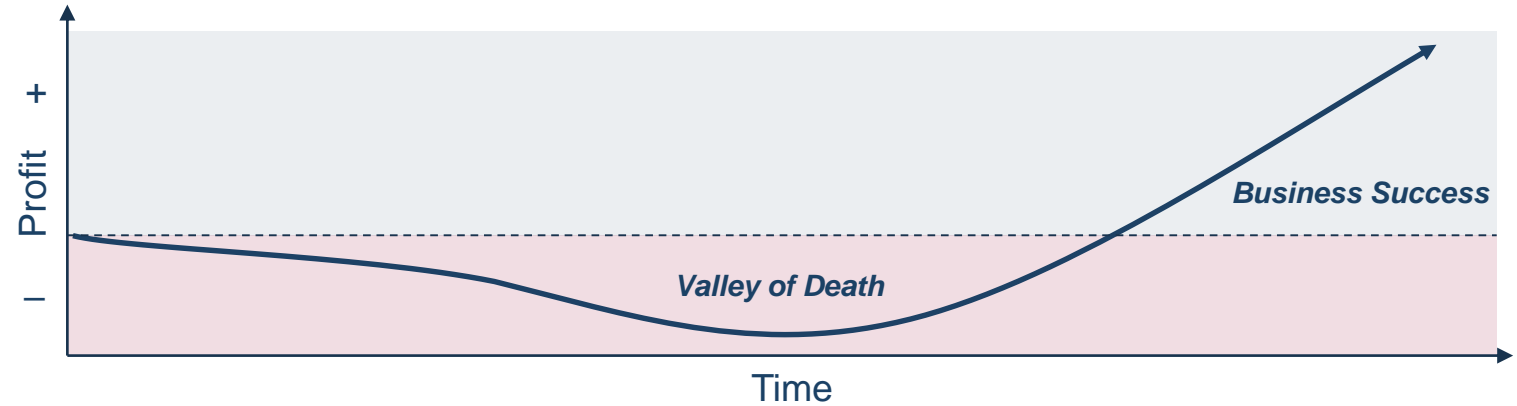
IP Journey

Each goal has associated IP risks and rewards



Strategic IP activities along the journey

This graphic suggests some of the typical IP activities that may be appropriate at each stage of an SMEs start-up journey. However, every case is different.



Harness your IP to stay on the J-curve – avoid staying in the Valley of Death!



Initial IP Audit & Strategy



- **Initial IP audit**

- Captures all the company's current IP assets
- Exposes 'gaps' in protection and procedures
- The *3.2 IP Audit Questionnaire* provided in this toolkit can be used as a check list

- **IP strategy**

- Determine company's goals
- Define & document how company IP strategy supports company's goals
- Set out how deficiencies identified in IP audit can be remedied
- IP operating manual (e.g. trade secret policy, employee IP policy)



Demonstrate to investors that you are taking IP seriously and have a robust IP Strategy to support company goals



IP Landscape



It is important to understand the IP landscape relevant to your company. This helps you:

- Know who is innovating in your technology space and what their IP strategy is
- Identify “white space” where you may be able to file patents
- Validate that your technology is truly novel
- Identify potential partnerships
- Identify companies that may not be active in your technology space, but have patents that may be relevant to your products
- Demonstrate that you have an understanding of the landscape to investors

This kind of exercise does not need to be expensive and there are [free tools available](#) that can be used.



Strategic IP Capture & Protection



It is important that you capture your innovations in order to make clear decisions on what to protect and how. This typically includes the following steps.

1. Initial Invention Record – what is it?
2. Initial Invention Capture – document the invention, quick check for novelty.
3. Prioritise inventions based on alignment with company strategy, impact of invention and initial novelty assessment. Determine whether worth progressing to next stage. See [invention capture database template](#) in this toolkit. Also see *3.6 Invention Capture Log - Template*.
4. Detailed novelty search – search patent databases and the internet to determine if the invention, or certain aspects of the invention are really novel
5. Invention decision form – based on the findings in the above steps determine how/if the invention should be protected: patent, design, trade secret, publication
6. Full invention disclosure – if decision made to file IP protection, capture full details of invention to ensure an efficient and timely filing (and reduce attorney costs). See *3.7 Invention Disclosure – Template*.



Innovation Capture Template & Database

- Work with the technical team to capture all potentially patentable ideas (now and on the roadmap) and assess them for novelty, business value and uniqueness

Aspect of the invention	Summary	Preliminary view on Novelty	Stage of development	Ease of design-around	Business value	Relevant link 1	Relevant Link 2

KEY	1	5
Stage of development	Very early stage	Finalised design
Ease of design-around*	Very easy	Very difficult
Business value**	Low value	High value

* Ease of design-around considers the ease at which the particular aspect of the invention may be functionally replicated in a competing product despite the protection which may be available via patent / design rights

** Business value: this measure is intended to give an overall indication as to the attractiveness to a customer of particular aspects of the invention over the currently available products, as well as an indication as to the value of the inventive aspect

See 3.6 Invention Capture Log – Template



IP Risk Assessment



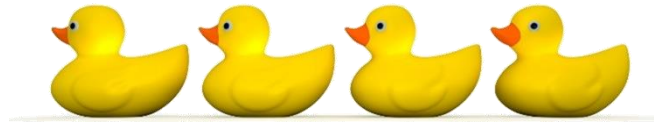
As the company grows it becomes important to identify and prepare for potential IP risks.

- Review of IP litigation in technology space
- Reassess IP landscape for Freedom to Operate issues, prior to product launch – chance to minimise risk!
- Know who may be likely to attack and in which territories
- **Adjust IP strategy according to level of risk**
 - Design around
 - Take a license (cross-license)
 - IP insurance
 - Join ‘patent aggregator club’ (e.g. RPX)
 - File patents on competitors’ business area?





Extensive IP Audit

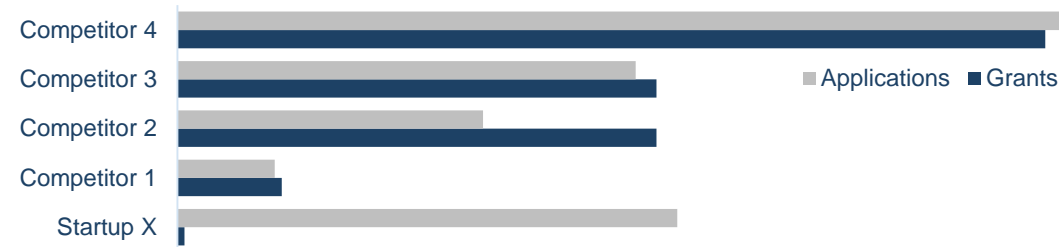


- Crucial to be ready for M&A approaches with extensive list of documented IP Assets to hand
- What IP covers which products / services?
- Market relevance of the IP portfolio?
- Some acquirers will use IP position to chip down the price
- IP Audit leads to a compelling **IP Story** and exposes any weaknesses in the portfolio

Adjust IP strategy accordingly – patch any holes in the portfolio



IP Benchmarking



Demonstrating the strength of your portfolio in terms of size, coverage, and priority relative to your competitors can be important to demonstrate company value:

- Acquirers understand potential value of pending applications – don't worry if primarily 'patent pending'
- A handful of patents can be enough for M&A
- Successful IPO requires more grants – open to competitive attack
- Demonstrate the strength of IP portfolio through comparators – comparison stats, market EOU reports

Provide comfort to investors that your IP is in the sweet spot for successful M&A / IPO



Summary – Benefits from Strategic IP Management for SMEs



**MORE LIKELY
INVESTMENT**



**INCREASED ENTERPRISE
VALUE**



**GREATER CERTAINTY OF
SUCCESSFUL EXIT**



**REDUCED IP
RISK**



IP Processes - Takeaways

- IP activities should ideally be aligned with different times in the journey of a start-up.
 - Initially, it would be beneficial to conduct an IP audit and form an IP strategy
 - During the product development design stage, an IP landscape would help assess where your novelty lies, identify white space and assess your competitors
 - While building and launching products, a strategic IP capture process will streamline your idea to filing pathway ensuring efficient growth of your portfolio
 - During this phase, assessing the risk of litigation and competitor actions is advised
 - In advance of an exit, an extensive IP audit is recommended
 - IP benchmarking is best done as your company grows and matures



IP Processes - Takeaways

- Strategic management of your IP means you are more likely to attract investment, enterprise value increases, a higher chance of a successful exit and reduced IP risk to your business
- Several templates have been provided relating to IP ownership, employment contracts and an IP capture template/database
- The breakdown of costs of international IP coverage has been provided
- Links to online resources and tools have been given at a national, European and international level



Confidentiality



Introduction to Confidentiality

- Proper **dissemination of information** is key to any IP system
 - Care must be taken with respect to when, how and to whom this occurs
- Confidentiality is paramount where secrecy is required
- As seen in previous slide, **novelty is a key criterion** for patentability
- Until the patent is filed, the invention must be kept secret
- **Confidentiality agreements** or **Non-Disclosure Agreements** (NDAs) are used to **protect from public disclosure** which would destroy the novelty of the invention, rendering it unpatentable
 - NDAs must be put in place prior to discussion of any confidential information
- Also used in patent transactions to **protect the parties' identities** and/or acquisition plans from leaking



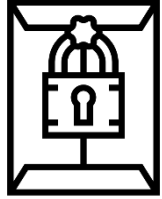
NDA

- The best way to keep something confidential is not to disclose it in the first place. You should use a non-disclosure agreement (NDA) if you need to share information with investors, suppliers, accountants, and advisors. *3.3 Example Mutual Non Disclosure Agreement* and *3.4 Example One Way Non Disclosure Agreement* templates are provided but legal advice should be sought to ensure they are applicable to your situation.
- NDA can be one way, when only one party is disclosing information or mutual two-ways when both sides are disclosing confidential information.
- Don't disclose your ideas or information until the other party returns the NDA signed by a director or someone authorised to sign. Without an NDA, you are taking the risk that others could use your ideas or information without your permission.

Source: UK IPO



NDA



An NDA must:

- Make clear what is being kept confidential and for how long
- Restrict the disclosure of the information
- Define the obligations on the parties to ensure that the information be kept confidential and used appropriately
- Limit access to the information

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Useful Tools and Resources





IP Ownership

- Example (free) IP assignment documents are available. You may need to customise them particularly with respect to governing law. **This does not constitute legal advice. Legal advice should be sought on how to customise these templates for your own situation**
 - <https://www.docracy.com/6480/short-ip-assignment-agreement-for-internet-startup>
 - <https://www.dropbox.com/s/okd10cqfb1xf0z/JAG001-04%20-%20Template%20IP%20assignment%20v.1.doc?dl=0>
 - https://www.dlapiper.com/~media/Files/Other/2014/ip_assignment.doc
- More detailed guide here:
 - [https://uk.practicallaw.thomsonreuters.com/2-504-4154?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&bhcp=1](https://uk.practicallaw.thomsonreuters.com/2-504-4154?transitionType=Default&contextData=(sc.Default)&firstPage=true&bhcp=1)



Example IP clause for Employment Contracts

It is important to ensure that all IP generated by your employees is assigned to your company.

This is an example of an IP clause used in an employment contract (also found in the 3.5 *Example IP Clause for Employment Contract or Consultancy Agreement* document). You should consult legal advice to ensure that you have a clause that fits your needs.

"All right, title and interest of whatever nature (Including but not limited to copyright design rights and patent application rights) and all intellectual property rights and moral rights in any work undertaken or produced by the worker under or in connection with this contract or relating to the services provided hereunder will vest in and belong to the company (or the client or such third party as nominated by and at the option of the company) at all times free from any interest of the worker or any third party. "



Cost of Obtaining an International Patent

Legal/admin step	Timescale	Estimated cost/€	Why?
Patent Application drafted and filed by international patent firm in country with substantive examination	0	€2.5-€5.75k	A valuable patent needs to have international coverage, strong technical claims and high probability of validity
File an international patent application (called PCT)	<12 months	€5.75k	This is the common decision as it preserves the option to apply for national patents in all key geographies while postponing most of the cost for another 18 months.
Review the international search report and decide to proceed for a full international examination.	22 months	€850 to €1,750	So, for about €11.5k you can keep your options open to try to get worldwide patent rights for nearly 2.5 years.
Moving from International to National Phase	30 months	€4.6k EU €3.5k US €5.75kCn	After 2.5 years you decide what territory you want your rights to be granted in and file a national / regional application
Dealing with objections / office actions		€5k-10k	
Patent grant – translation and country formalities		€2.5k -12k per country	Assume €2.5k for EU countries and €3k to €12k for non EU
Maintenance		€5-15k per country	Over lifetime of patent, some country have annual renewal, some every few years

A strong international patent which can be seen as an asset by investors, banks and could be monetised, will cost about €30k for key European markets and could be in excess of €100k for global coverage over its lifetime



Cost for International Trademark and Design Rights Protection

Trademark

- A EUTM is valid 10 years. It can be renewed indefinitely, for 10 years at a time
- Application and renewal cost depends on number of classes:
 - 1=€850, 2=€900, 3=€1050, 4=€1200
- TM attorney will be about €2k
- A US TM for 1 class will cost (including attorney fee) in the same region as a EU TM (€3k) for one term of 10y.

Design rights

- A EU Community Design is valid 5 years. It can be renewed for 5 years at a time with a maximum of 25 years
- Application and renewal cost:
 - 1=€350, €175 per additional registration
- TM attorney will be about €750
- A US Registered Design cost about or €1.5-2k. US design rights last 15 years.



List of Patent Online Tools & Resources

National and Western Balkans Resources

- Albania: Industrial Property Office: <http://www.dppm.gov.al/index1.php> , Copyright Office <http://zshda.gov.al/>
- Bosnia & Herzegovina IP Office: <http://www.ipr.gov.ba/>
- FYR Macedonia IP Office: http://www.ippo.gov.mk/MK/Index_mk.aspx
- Kosovo IP Office: <http://www.itg-rks.com/en-us/The-Industrial-Property-Office>
- Montenegro IP Office: <http://www.ziscg.me/>
- Serbia IP Office: <http://www.zis.gov.rs/home.59.html> and NDA & Licensing Templates: <http://www.zis.gov.rs/ip-for-business/contract-models.595.html>

European Resources

- European IPR Helpdesk: <https://www.iprhelpdesk.eu/>
- European IPR Helpdesk – IP SME Corner: <https://www.iprhelpdesk.eu/ip-sme-corner>
- European Patent Office: <https://www.epo.org/index.html>
- Filing a European Patent Online: <https://www.epo.org/applying/online-services/online-filing.html>
- UK Government – Template NDA: <https://www.gov.uk/government/publications/non-disclosure-agreements>

Patent Search Tools

- Espacenet: <https://worldwide.espacenet.com/>
- Google Patents: <https://patents.google.com/>

Trademark Search Tools

- World Intellectual Property Organisation (WIPO): <http://www.wipo.int/branddb/en/>
- TMview: <https://www.tmdn.org/tmview/welcome.html>

Industrial Design Search Tool

- WIPO: <http://www.wipo.int/designdb/en/index.jsp>



IP Processes – Takeaways

This slide deck covers some of the practical steps SMEs can take to determine and implement their IP strategy.

- A strategic, methodical approach to IP should be adopted to ensure that IP is not lost and value is maximised
- Many activities can be undertaken at little to no expense and will help demonstrate to investors that you understand IP, even if you decide not to file expensive protection
 - IP activities include: IP audit, landscape, IP capture, risk assessment and benchmarking
- Templates and useful information to assist with this process are included in this toolkit