



## Introducing the UKSPA Best Practice Guide to Getting the Most out of your Intellectual Property.

The protection and exploitation of Intellectual Property is a highly relevant issue for all businesses but particularly for those at the forefront of innovation and applied science within the Science Park Community. At Parks throughout the world there are businesses from every conceivable technology sector creating wealth and generating employment and business growth through securing and exploiting their Intellectual Assets.

But awareness of intellectual property rights and how to protect and manage them is still patchy, particularly in the SME sector. Many businesses do not have a clear strategy to protect their innovation and have a poor or incomplete understanding of how registrable rights such as patents, designs and trademarks, and other IP rights such as copyright, know-how and trade secrets can interplay to create comprehensive protection in the UK, and internationally. Failure to obtain appropriate IP protection can hamper business development and restrict funding opportunities.

It is for this reason that UKSPA has commissioned leading European patent and trademark attorneys Haseltine Lake to produce this **Best Practice Guide to Getting the Most out of your Intellectual Property**. This easy-to-use guide is presented in a self-audit format designed to help businesses to understand their existing and prospective IP. I hope it will get you thinking about IP within your organisation and will help you to get the most out of your IP now and in the years to come.

A handwritten signature in black ink, appearing to read 'A. P. Wright'.

Paul Wright  
Chief Executive  
UK Science Park Association

## Introducing Haseltine Lake's IP Review Pack

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Haseltine Lake works with businesses all over the world, helping to define and establish IP management strategies and to obtain and maintain IP rights.

This IP review pack is designed around a series of questions. By answering these questions in relation to your business, you will be able to devise an appropriate IP strategy and to establish suitable procedures and controls to help you to get the most out of your intellectual property.

You can use the review area at the end of each section to record the outcome of your review and any follow up research or action that you may wish to take.



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SECTION I:  
Introduction to IP, a key business asset

## THE ROLE OF IP IN A MODERN BUSINESS

Intellectual Property underpins the value of many 21<sup>st</sup> century businesses. The true worth of a business is no longer determined simply by its plant and machinery and other physical assets but also by its technology and R&D and know-how and branding. Across a wide array of technologies, products and services, successful businesses are recognising the value of their IP and taking steps to protect and exploit it.

## ASSET MANAGEMENT

IP rights are key business assets, which help to differentiate a business from its competitors, to ring-fence its markets and to create revenue-generating opportunities.

Like any other business asset, IP needs to be properly managed with a clear strategy and appropriate procedures and controls. This review pack will help you to identify an IP Management Strategy that is right for your business and to establish the controls and procedures you need to make it effective.



SECTION 2:  
How to use the IP Review Pack

### GETTING STARTED

Take a look at the questions below. If you can answer most of them in relation to your business then you have already established a structured approach to IP management. You may wish to focus on just a few specific issues or questions and you can do this by referring directly to the relevant sections of the pack.

If (like many businesses) you find it difficult to answer some of the questions, then this may suggest a need to review a wider range of IP issues and you may wish to work more systematically through the review pack.

- How do you differentiate your products/services from those of your competitors?
- What IP rights does your organisation currently own? How / where are these rights recorded or documented?
- How does innovation arise within your business?
- Internationally, where are your markets, production centres and infringement risks?
- Who is “responsible” for IP protection? How are decisions made about what to protect?
- What is the general level of awareness of IP issues and concepts within your business? Is there a clear understanding of what can and cannot be protected?
- Who sets and monitors the budget for IP expenditure? How can the costs of IP protection be predicted and controlled?
- Who are your main competitors and what IP rights do they own?
- What steps (if any) do you take to detect infringement of your IP rights? If your rights were infringed, what action would you take?
- What steps (if any) do you take to ensure that you are not infringing the IP rights of others? What would you do if someone alleged that you were infringing their IP rights?
- Is there scope to generate revenue (or more revenue) from your IP?
- How can the commercial contribution and monetary value of your IP be assessed?



SECTION 3:  
Self-guided IP review

### 3.1 How do you differentiate your products / services from those of your competitors?

One of the primary functions of an IP strategy is to preserve those aspects of a company's business that differentiate its offering from that of its competitors. This links the IP strategy with the overall business strategy of the company. To what extent is your success dependant on being able to differentiate your products and services from those of your competitors? What is unique or distinctive about your products or services?

- If the product has novel technical features these may be protectable by patent registration.
- Special considerations may apply where the invention includes the use of software to new effect.
- If the appearance of the product is distinctive it may be protectable by design registration or by unregistered design right.
- If the brand identity of the product can be distinguished by words, graphics, logos or devices, or in some other way, it may be protectable by trade mark registration.
- The words used to describe, advertise, promote and explain the product (including those on websites, in training literature and in technical manuals) may be protectable by copyright.
- Confidential information about customers, sales, trends, production costs, supply chain, pricing and profit margins can be protected through commercial IP contracts and via appropriate IP protection clauses in employment contracts.



## SECTION 3: Self-guided IP review

3.1 What are your key differentiators and how critical are they to your business?  
What action is needed to identify and protect them?

## 3.2 What IP rights does your organisation currently own? How / where are these rights recorded or documented?

The starting point for any analysis of a company's IP position is to look at the IP that already exists. This isn't always as easy as it sounds. If a company has not previously had a strategy for managing its IP assets then it may not know what IP it owns. Mergers, acquisitions, joint ventures, and other commercial agreements and the departure of staff with historic knowledge can all muddy the waters.

- Some IP rights such as copyright and unregistered design right arise automatically when an original work is created, without the need for any formal registration process. Organisations may have a proliferation of such rights and may find it hard to keep tabs on them.
- Many IP rights are recorded in public registers. Ownership of these rights is a matter of public record and most international registries can be searched for ownership information. In most countries, registration certificates or grant documents are issued to evidence ownership of IP rights such as patents, trade marks, designs and utility models. Registered rights are subject to renewal at periodic intervals and renewal certificates are issued to evidence that the rights remain current (i.e. have not been allowed to lapse). Businesses need good record systems for their registered rights and renewals.
- IP rights can be operated under licence. Your business may be either a licensee of IP rights belonging to others or a licensor of its own IP rights to others. IP licences are just one form of commercial IP contracts and there are many others such as joint venture agreements, research and development agreements, consultancy contracts and confidentiality agreements, all of which may create, restrict or evidence IP ownership.
- The IP that may be most difficult to identify and monitor is the unregistered, undocumented know-how tied up in technical processes, assessments, ideas, projects and work-in-progress. Until such times as all or any of that becomes protectable by any of the more formal methods indicated above, how (if at all) can it be identified and monitored?



## SECTION 3: Self-guided IP review

3.2 How do you record your IP rights?  
What action is required to establish or improve on record keeping?

### 3.3 How does innovation arise within your business?

In order to protect your IP assets, you need to understand all of the ways in which innovation occurs in your business. How do concepts, projects, prototypes, designs, inventions, software developments, marketing campaigns, product names and collaborative ventures “happen”? By understanding the processes and activities that create opportunities for innovation you can devise procedures to protect it from the outset.

- Innovation can occur through a structured R&D, marketing or design process. You may employ experts to “invent” for you, marketing professionals to devise logos and catchwords, designers to generate distinctive products, packaging or artwork. You need to be sure that you own the IP rights that emerge from these processes and that you are protected against an assertion of rights by your employees or by third party contractors or collaborators.
- Innovation can occur spontaneously when someone finds a solution to a particular problem, perhaps a technical problem. For example a production engineer might discover a new way to apply a coating substance that significantly improves production efficiency. He’s not employed as an “inventor” but the solution he has come up with may be protectable by patent registration either to preclude competitors from its benefits and/or to generate licensing revenue from other users of the invention.
- For technical products that may be protectable by patent registration, it is sometimes important to be able to prove the date on which something was “invented” by reference to certain laboratory notebooks or project notes.

## SECTION 3: Self-guided IP review

3.3 Can you chart the processes for innovation throughout the organisation?  
What action is needed to protect emerging IP?

### 3.4 Internationally, where are your markets, production centres and infringement risks?

Most businesses are involved with international transactions of some sort. They may have overseas customers, suppliers or competitors. Their IP needs to be protected in all relevant jurisdictions but most IP rights are territorial. They only provide protection within a defined territory (UK, USA, Japan etc). There is no such thing as a “worldwide” patent or trade mark, and to obtain protection in each of the countries of the world that operates a formal system for registration of IP rights would be prohibitively expensive.

- Businesses need to decide what interests they need to protect and where. This may depend on existing and potential markets, manufacturing and supply locations and competitor locations as well as on budgeting factors.
- Depending on the nature of your product, there may be some geographic regions where you are at particular risk from counterfeiters.
- You may wish to look beyond the territory in which you intend to manufacture and distribute your product and consider whether your IP rights may be of potential value to others in other territories. In order to licence the rights to a third party in those territories you may need to obtain patent, trade mark or design registrations. Registration of rights in those jurisdictions may give you scope to challenge infringers (always providing the enforcement mechanisms in those jurisdictions are adequate).



## SECTION 3: Self-guided IP review

- 3.4 Where in the world do you need IP protection?  
Where are you most at risk of counterfeiting and infringement?  
Where do you have licensing opportunities?  
What action is required to protect your international interests?

### 3.5 Who is “responsible” for IP protection in your organisation? How are decisions made about what to protect?

Most businesses have a clearly defined chain of command for the management of key business assets such as finances, premises and human resources. Sometimes the lines of responsibility for management of IP are not so clearly drawn. Organisations need a defined and (preferably) documented plan for managing IP.

- At strategic level, a senior (i.e. Board level) executive needs to understand the value that IP contributes to the business and to oversee the role that it plays in the overall business development plan. He or she should define the aims and objectives for the use or deployment of IP within the organisation.
- At operational level, those generating IP (whether in R&D functions, marketing departments, design roles, outsourcing or elsewhere) need guidelines on how IP is to be recognised, recorded, protected, reported and evaluated.
- At administrative level, you need a system for record keeping and reporting that will help the organisation to keep track of its IP assets and will facilitate reviews and decision-making at strategic and operational level.



SECTION 3:  
Self-guided IP review

3.5 Is the IP chain of command defined and documented?  
What needs to be done to clarify responsibility?

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### 3.6 What is the general level of awareness of IP issues and concepts within your business? Is there a clear understanding of what can and cannot be protected?

We have seen that IP can be created in many different ways and at many different points in your business processes. This presents opportunities to capture, manage and exploit the IP for the benefit of the business but also gives rise to risks that IP may be unrecognised, underutilised, unprotected or lost. To guard against these risks and to make the most of the opportunities that your IP presents, you need to create a culture of IP awareness.

- For those closely involved in the generation of IP, a programme of education and training may be required to ensure a good understanding of the significance of IP within your business model. If the relevant parts of your workforce know what can and cannot be protected by the various forms of IP rights and by commercial contracts they will be better able to innovate in line with what can be protected and exploited.
- It is especially important for inventors to understand that once an invention has been publicly described, it can no longer be patented.
- Internal communication media such as newsletters, bulletins, intranets and induction material can all be used to create and consolidate IP awareness and to showcase its contribution to the business.
- Appropriate contracts with employees and external contractors can signal that an organisation takes its IP seriously (as well as providing important practical safeguards).
- Bear in mind that staff turnover can create gaps in IP awareness, so training events may need to be repeated at regular intervals, particularly within work groups where staff turnover is high.



SECTION 3:  
Self-guided IP review

3.6 What needs to be done to create or improve a culture of IP awareness?  
Who needs to know about IP and what do they need to know?  
How can it best be communicated and refreshed?

## 3.7 Who sets and monitors the budget for IP expenditure? How can the costs of IP protection be predicted and controlled?

There is significant cost associated with the generation, protection and exploitation of IP. This expenditure needs to be planned and managed.

- The main costs associated with the protection of IP are the professional fees and official registration fees payable in connection with the filing and prosecution of patents, trademarks and registered designs. These will depend on the nature and complexity of the rights that you are seeking to protect and the geographic regions in which you wish to protect them. Your patent and trade mark attorneys or other professional advisers should be able to provide you with reasonably accurate estimates of these costs.
- There will also be costs associated with the renewal of your registered rights once granted. These vary greatly from country to country but can be predicted by your professional advisers with a reasonable degree of accuracy. A regular review of your IP portfolio will enable you to abandon rights in any countries where protection is no longer required and so save on renewal costs.
- Costs associated with enforcing your IP rights are much harder to predict. If your IP rights are being infringed by a third party, then the legal costs associated with enforcing your rights may be considerable, and in some cases the outcome may be uncertain. Once again, your professional advisers should be able to give you some indication of possible cost at the outset.
- Some organisations operate a contingency fund or a legal defence fund so that if it is alleged that their activities are infringing the IP rights of others, they are able to defend their position. There are also specialist insurance products available for IP defence costs.
- In connection with the exploitation of IP, you may need to budget for the payment of royalty or license fees if you are authorised to use 3rd party IP rights. If you are able to license your IP to others, there will be legal fees in connection with the drafting of the required commercial agreements, although you may choose to offset these against the licensing revenue.



## SECTION 3: Self-guided IP review

- 3.7 Who has budget responsibility/control for IP expenditure?  
What information do they need in order to predict costs?  
What can be done to control or reduce costs?

### 3.8 Who are your main competitors and what IP rights do they own?

If your competitors have thought about their IP strategies, there is a risk that your business activities could be restricted by your competitors' IP positions. For example, they may be trying to patent a feature that you would like to introduce into your products.

- It is possible to monitor the IP activities of specific competitors to find out what patents (or patent applications) or other registered rights they own. Once you know what IP rights they are registering, you may be better able to anticipate their product and development plans.
- If you identify a competitor's patent application that is of concern to you, you can seek advice on the likelihood of that patent being granted. There may even be steps that you can take to oppose the grant of the patent.
- There is a technique known as IP landscaping which enables you to compare your IP rights with those of others in a defined industry or technology sector. This makes it possible to identify areas of intense and of sparse IP protection, which may lead you to new product development strategies.

SECTION 3:  
Self-guided IP review

3.8 What information do you have about your competitors' IP rights?  
Ideally, what information would you like?  
What needs to be done to set up a cost effective monitoring system?

### 3.9 What steps (if any) do you take to detect infringement of your rights? If your rights were infringed, what action would you take?

Ultimately, the right given by a granted patent is the right to sue someone who uses your patented invention without your consent. It is usually preferable to avoid the need to sue someone, and there are steps that you can take to reduce this risk.

- Do you monitor the products launched by your competitors in order to determine whether that they are infringing your IP rights?
- Do you have a good awareness of what your IP rights protect? Unless the monitoring of your competitors' products is carried out by someone who understands your company's IP position, the monitoring could easily fail to recognise the fact that the company's IP rights are being infringed.
- Can you respond quickly to intelligence about your competitors' products? If you are able to point out to a competitor that a planned product of theirs would infringe your IP rights, they may be deterred from entering the market at all or may readily enter into licence discussions. If you only raise this issue when your competitor has committed significant expense to the new product, that competitor may feel the need to pursue the project, even if this involves a dispute with you over your IP rights.
- Remember it isn't only your direct competitors who may infringe your patents, infringements can occur in unrelated product areas – and this may be harder to monitor.

## SECTION 3: Self-guided IP review

3.9 Are you aware of any infringement of your IP rights?  
Which products or brands are most at risk?  
What action is required to detect infringement?

### 3.10 What steps (if any) do you take to ensure that you are not infringing the IP rights of others? What would you do if someone alleged that you were infringing their IP rights?

The possibility that a competitor may seek to enforce its IP rights against you is a significant potential threat for any business. Although this risk is never entirely avoidable, you can take steps to minimise the possibility of disruption to your business arising from IP infringement claims.

- Are you operating in an area where most companies have significant IP portfolios? In your innovation processes, do you take steps to find out what relevant IP rights exist?
- Are you aware of the actions that a holder of IP rights could take against you, and their consequences?
- Are you operating in an area where your products will need to comply with particular technical standards in order to be acceptable in the market? If so, are there existing IP rights that might limit your ability to compete in this field? Will licences be available at a cost that your business can afford?

For example – standards for optical disc storage between Blu-Ray and high definition DVD.

- One way to mitigate potential problems caused by a competitor's IP rights is to be prepared to offer a licence of your own IP rights. Do you have an established IP position that could be of value to your competitor in such a situation?

For example - Microsoft is one of the largest licensees of computer software in the world, generating considerable revenue from licensing to companies such as Toshiba to connect Microsoft's PC software with Toshiba's digital consumer electronics technology.

## SECTION 3: Self-guided IP review

3.10 What steps do you take to avoid infringing the rights of others?  
Which of your products or brands may be particularly at risk of infringing?

## 3.II Is there scope to generate revenue (or more revenue) from your IP?

If you have an IP right, this gives you control over how your right is exploited. Although this is often done by making and selling products which embody the IP right, there are other methods of exploitation that may generate revenue.

- Can you fully satisfy the market for products which incorporate your IP? If you have limited resources for manufacturing, marketing, distribution, etc, it may be that another company could sell a larger number of products than you can, and may be prepared to licence your IP, paying you a royalty for each product sold.
- Can your IP be used in different markets? If you have a patent on an invention that is applicable not only in your products, but also in a different type of product that you have no experience of making or selling, you may be able to license your invention to a company that has experience of making that different type of product.
- By negotiating a license of someone else's IP rights, could you develop your own product in different ways, to improve your market share or profit margin?

## SECTION 3: Self-guided IP review

- 3.II Who is responsible for identifying opportunities for generating revenue from your existing and emerging IP?  
What action is required to maximise revenue-generating opportunities?

## 3.12 How can the commercial contribution and monetary value of your IP be assessed?

The commercial value of your IP can be construed in a very broad context, recognising the contribution that IP makes to the success of your business and to the way in which the business is perceived by its customers, investors, competitors and markets. Some aspects of this wide commercial value can be given a specific monetary value. This may be helpful in relation to corporate accounting and to identifying brand and product worth.

- In assessing the commercial contribution of your IP, you will need to have regard to your strategic objectives. What is it that you want your IP to do? Create product distinctiveness? Generate revenue from licensing and sales? Contribute to investor confidence? The contribution made by different sorts of IP may vary greatly.
- There are a number of methods that are used to calculate the monetary value of IP and the appropriate method to use will depend on the reason for the valuation. The method that you would use to value the IP in your company accounts would likely be different from the one that you would use if you were selling the IP to a third party.
- IP valuation is a complex technical area, but very broadly there are four principal methods or models which can be applied, and scores of hybrids and variations. Detailed advice can be obtained from accountants and from specialist valuation agencies.



## SECTION 3: Self-guided IP review

- 3.12 How do you assess the contribution that your IP makes to the success of your business?  
Should your IP be given a monetary value?  
What action is required to assess and monitor IP value?



SECTION 4:  
Creating an IP control document

You may wish to use your responses to the issues raised in the IP review to create an IP control document under the following headings:

- A. The role of IP within the business
- B. Principal ways in which IP is created
- C. Outline approach to IP protection
  - i. Purpose of protection
  - ii. Scope of protection
  - iii. Geographic extent
- D. Responsibility for IP within the organisation
  - i. Strategic
  - ii. Operational
  - iii. Administrative
- E. How we record and review our IP portfolio
- F. How we monitor and analyse competitor activity



SECTION 5:  
Working with IP professionals

## SECTION 5: Working with IP professionals

In identifying, protecting and exploiting your IP, there will be times when you need help from professional service providers with relevant specialist knowledge and expertise. Sometimes the role and responsibilities of the different professionals operating in the field of IP can be confusing, so here is a brief guide to their main roles and activities.

### 5.1 The role of Patent Attorneys

Patent attorneys can advise on all technical issues relating to patents and registered designs. The principle job of the patent attorney is to present your invention to the relevant Patent Registry in the way most likely to persuade that Registry to grant a patent with the broadest possible scope. This involves a close understanding of your technology and that of others operating in your field. All patent attorneys have science or engineering degrees as well as specialist qualifications in patent law and practice. Patent attorneys are also qualified to advise on:

- Scope of third party patents
- Infringement issues
- International patenting strategies
- Patent management and administration systems
- Strategic management of IP portfolios
- Patent issues in corporate sales and acquisitions
- Patent licensing
- Registered designs
- Assignment of patents and designs
- Copyright (including software copyright).

## 5.2 The role of Trade Mark Attorneys

Trade mark attorneys can advise on all technical issues relating to trade marks and registered designs. The main job of the trade mark attorney is to present your trade mark to the relevant Trade Mark Registry in a manner most likely to persuade that Registry to allow registration of the trade mark for the goods that you wish to protect. Trade mark attorneys can also advise in relation to:

- Infringement of trade marks and designs
- Systems for managing and administering trade marks and designs
- International trade mark and design protection strategies
- Trade mark issues in corporate sales and acquisitions
- Trade mark and design licensing
- Assignment of trade marks and designs
- Copyright
- Domain name registration and disputes.

## 5.3 The role of Solicitors

There are many aspects of law directly and indirectly relating to IP which may require the involvement of a solicitor. These include:

- Infringement litigation
- Complex IP licensing
- Sale and acquisition of IP assets
- Confidentiality contracts
- IP protection in employment contracts
- EU competition law.

## 5.4 The role of Accountants

Accountants can undertake a range of work in relation to the accountancy and tax treatment of IP assets and their valuation. In particular:

- Treatment of IP assets in corporate accounts
- Valuation of IP assets on sale or acquisition
- Revenue projections
- Forensic evidence in infringement actions
- Tax treatment of IP assets
- R&D tax credits.



SECTION 6:  
About Haseltine Lake

## SECTION 6: About Haseltine Lake

Haseltine Lake is one of the largest independent IP firms in Europe. We have over 60 IP professionals based at our offices in Bristol, Leeds, London, and Munich and we file more than 1,000 patents, trade marks and designs each year. All of our resources and expertise are exclusively dedicated to IP protection: safeguarding the inventions, creative designs, brand identities and other innovations of our clients.

We are privileged to work with some of the most exciting and forward-looking businesses in the world. Our clients are at the forefront of innovation and product development in their various spheres and range from small independent companies to large-scale international corporations. We work with many UK, European, US, Japanese and Chinese businesses and with a network of specialist IP Attorneys throughout the world.

For further information on how Haseltine Lake can assist your company, please contact one of our offices below:



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