

3. IP Management and Commercialisation Strategy

Introduction

An effective IP Management and Commercialisation strategy will help a business define the IP assets they own and demonstrate how they intend to protect and exploit those assets on a commercial basis and integrate them into their wider business strategy.

It should include an overview of the business, breakdown of IP relevant to the business (not all areas of IP will be relevant to every business), IP management (external and internal) along with an action plan detailing how the IP assets will be commercialised.

The development of an IP Management and Commercialisation Strategy is an essential starting point should you wish to raise finance from your IP assets. The information below should help you produce a comprehensive strategy detailing your business background, IP assets including registered and unregistered IP rights, IP risks including third party threats, points to consider in respect of a licence and an assessment as to how you are managing your IP assets within your business.

It is also recommended that you complete the “IP Assets Checklist” on page 9, using the information contained within your IP Management and Commercialisation Strategy. This checklist will assist in demonstrating your IP assets and the benefits they bring to your business during any discussions you may have with potential lenders. To assist with completion, information on the following pages has been cross-referenced to specific columns within the checklist.

You should also consider valuing your IP assets. This will allow you to demonstrate to potential lenders the value held in them – for more information on valuing your IP assets refer to the Valuing Your IP guidance at Section 4.

If you are considering finance to grow your business and would like further information regarding the different types of funding available it is recommended that you refer to the Funding available for IP-Rich Businesses at Section 5.

Routes to Commercialisation

As you read the following sections consider how you are going to use the information to commercialise your IP assets and ensure they are contributing to the growth of your business. Some points to take into account are:

- Identify how/where the IP strategy aligns with and benefits the general business strategy over the short to medium term;
- Identify if and where the IP could be enhanced to support income/funding;
- Identify if there is any other use for the IP to generate income/funding
- Identify potential weaknesses and threats which might impact on the value of the IP and IP strategy in the context of the short to medium term business plan;
- Identify suitable options for exploiting the business’s IP, again to fit with the overall business plan, e.g. by licensing and/or enforcing and/or using the IP to attract and reassure investors and business partners.

Any potential strategy should include:-

1. The business context

- Identify the nature of the business and the key features of the business plan, in particular the features by which the business intends to differentiate over its competitors including an analysis of potential competitors and market (size and value) for the product/service.
- Include financial history (preferably three years) covering assets, cash flow, balance sheet (profit and loss), debtors/creditors, asset liability income & expense of directors, use of loans/funds, fixed and variable costs, growth rate.
- Also include basic company information, such as:-
 - Date established, nature of business;
 - Number of employees;
 - Size of company;
 - Company structure, biography of management (potential lenders find it useful to know the background of the people they are investing in) ;
 - Number/Quality of clients.

2. Type of IP Right (UK and International) {Ref 1 & 2}

- Identify IP assets including IP rights held within the business on a UK and International basis. This should include registered and unregistered rights along with copyright, technical know-how, trade secrets and confidential information. Below is a guide as to what should be considered:-
 - Granted patents and pending patent applications;
 - Registered trade marks and trade mark applications;
 - Registered designs and design applications;
 - Unregistered trade mark rights;
 - Unregistered trade mark rights, including trading names and branding;
 - Domain names;
 - Potentially patentable inventions;
 - Potentially registrable trade marks;
 - Potentially registrable designs;
 - Technical know-how;
 - Other forms of confidential information, including trade secrets and other commercial information, client lists;
 - (Unregistered) design rights;

- Potential sources of copyright (e.g. databases, websites, promotional materials, product information, internal documentation);
- IP-relevant contracts (e.g. licences, franchises, joint venture agreements, material transfer agreements);
- Known or likely sources of other IP rights, e.g. database rights, semiconductor topography rights, plant variety rights.

3. IP Risks including third party threats {Ref 3, 4 & 5}

- Identify potential IP risks and consider what action can be taken to minimise them. In particular consider :-
 - Third party IPRs (that may impact on your own IP rights);
 - Ownership issues surrounding the IPRs identified in (2) above;
 - Infringements of those rights;
 - Trade mark non-use issues;
 - Competition and potential acquirers of IP.
- Also consider potential financial issues relevant to the IP assets, for example financial (including tax) aspects of the ownership or licensing structure; the role of the holding company, if applicable; the country/countries in which the assets are held and any charges over the IPRs.

4. Licensing {Ref 6}

- Consider whether your IP may be licensed out to a third party or whether you need to license in IP in order to develop your own product and service. Other points to consider are:-
 - What IP is being licensed? The nature of the right: is it a patent, trade mark, design or copyright? If the right has been registered, how long will it last?
 - Potential benefits licensing could bring to your business;
 - If you are the licensor consider the return for granting the licence and the value of your IP;
 - How much are your IP rights worth? (This can make or break a deal. Understanding the value of the rights and being able to justify that value will bring success in negotiations);
 - How will the IP be used and who will use it? Will a right be used in a specific sector? Will the owner be able to license the IP to other sectors?
 - The terms and conditions on which the IP is licensed; the payment structure? The duration of the license? Are there termination clauses?
 - What are the risks and how they can be mitigated against?
 - Will enforcing or defending the right including through litigation be the licensor's or licensee's responsibility?

5. IP management {Ref 7 & 8}

- Consider how your IP is managed both internally and externally and what practices and procedures you have in place for doing this. For example:
 - Use of confidentiality (non-disclosure) agreements;
 - Ownership safeguards, in particular contractual terms in agreements with contractors, consultants, licensees and other partners; job descriptions for key staff; terms for non-employee directors; appropriate transfers of IP both within the organisation and externally;
 - Capturing and recording know-how and other confidential information;
 - Capturing and recording unregistrable IP such as design right, copyright and unregistrable or not-yet-registrable trade marks;
 - Capturing and recording evidence of use of trade marks (this is useful if you need to provide evidence of prior use in a dispute);
 - Capturing and evaluating potentially registrable IP (patentable inventions; registrable designs and trade marks);
 - Prioritisation of registrable and registered IPRs, in light of the business plan, and implementation of registration and exploitation tactics to match;
 - Infringement clearance procedures, in particular for new projects such as the adoption of a new trade mark, the development or launch of a new product or the initiation of a joint venture with a third party;
 - More general awareness of relevant third party IPRs, for example use of watching searches or “landscape” searches;
 - Taking expert advice on IP-relevant contracts and, where appropriate, their registration;
 - Publication clearance procedures, to avoid loss of protectable IP;
 - Maintaining up to date proprietor, licensee and contact details for registered IPRs, including domain names;
 - Marking – for example flagging application and registration numbers on product literature; use of the TM, ® and © symbols;
 - Improving staff awareness of IP issues and policies;
 - Regular reviews of IP rights and strategies including life cycle of IP and associated products, in particular in light of developments in the business plan.

IP Asset Checklist

This checklist has been devised to help you realise your IP assets and the benefits they bring to your business during any discussions you may have with potential lenders.

Each column in the following table has been cross-referenced back to a particular section of the above guidelines to help you complete it.

Description of Asset:	Type of IP Right {Ref 3}	Do you own the IPR? {Ref 3}	Is it UK/EU Wide? {Ref 3}	Is the IPR New or modification of an existing IPR? {Ref 3}	Registration Fee Status {Ref 3}	Is the IPR subject to any legal disputes {Ref 4}	Licensed in/out? {Ref 5}	Any buy-in of other IPR to take this forward? {Ref 5}

