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Important IP Steps for Every Company

Intellectual Property best practices

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Introduction

The guidelines provided below are created by M/S. Brain League IP Services Pvt. Ltd. based on the experience of working with various companies. Best practices with respect to IP, as followed by different industry leaders are consolidated into this document to suit the requirement of knowledge driven organizations in general. The practices suggested here are mere guidelines and should in no way be treated as attorney advice. All guidelines provided hereunder may not suit all organizations and hence, the same may be considered selectively.

Below is a summary of the guidelines provided in this document:



IP Best Practices and Measures for IP Hygiene

Intellectual Property can play an important role in providing business and competitive advantage to a company. In order to gain business value from its IP, every company must take the following steps:

Best Practices

1. Build IP Culture

Building IP Culture and Hygiene in an organization enables it to generate, excavate, protect, manage and commercialize IP effectively and efficiently. A company, which has a good IP culture, will go a long way in maximizing business advantage from its IP. IP training and promotion are generally used to build IP culture in companies.

IP Training

IP training is the first step towards building IP awareness and culture in an organization. It has proved to be very useful in enabling a company extract the most from its IP. IP Training at a company may be organized at two levels, basic and advanced. Basic training may involve spreading the knowledge about basics of IP and their importance to an organization. And, advanced training may involve imparting specific skill sets (relating to day to day operational matters, and long term strategic goal setting and decision making) to various stake holders in the organization to enable implementation of various processes in relation to IP. Each division in a company must be provided customized training to suit the requirements of such division.

IP Promotion

In addition to training, a company should take steps to promote IP awareness among the employees. Such steps must show case the value afforded to IP by the organization. Promotion measures may include steps such as

- Putting up wall posters, banners and so on relating to IP;



- Organizing IP functions to recognize employees filing patents, copyrights and so on;
- Organizing IP based competitions such as quizzes, inventor awards and so on;
- Organizing mock hearing;
- Regular emails on IP from the executive director, senior employees and IP team to all employees in the organization; and so on.

Such promotion activities will send the message to all employees that IP is important for the company. The measures will also ensure that IP is continuously on the mind of the employees, which will provide the foundation necessary to build IP culture through training and other programs.

2. Incorporate an Incentive System

An incentive system to generate, excavate, protect and manage IP will encourage employees to participate in the IP process of the organization. An effective incentive system must consider the following factors and give appropriate weightage to each factor:

- Favorable research environment and transparent IP process;
- Favorable treatment in personnel affairs;
- Inventor/creator recognition program; and
- Financial incentives.

3. Frame IP Policy and Process

A well-defined IP Policy and Process play an important role in enabling an organization to generate, protect and manage IP effectively and efficiently.

Every company must have an IP Policy that defines the IP goals of the organization in the light of its business objectives. The IP Policy must lay down the IP strategy of the organization. It must throw light on aspects of IP such as ownership, protection strategy, management, enforcement, use of third party IP, interaction with third parties, confidentiality and so on at macro level. The policy must also define the IP roles and responsibilities of various stake holders in the organization.

IP Process Guidelines may be framed by a company to implement the IP Policy at the micro level. The process guidelines must clearly lay down the steps to be followed for IP generation, protection, management, enforcement, commercialization, third party interaction and avoidance of infringement. The process guidelines must be in consonance with the work processes followed in each department.



4. Idea disclosure mechanism

An efficient and simple idea disclosure mechanism will enable a company to excavate and protect IP being generated in the company effectively. An idea disclosure mechanism must include the following:

- Employees must be provided with a technical idea/invention disclosure form that may be easily filled;
- Inventor interviews must be conducted to collect information from employees. Such interviews will reduce the onus of employees with regard to documentation;
- Idea/Invention disclosure sessions must be organized at each department at three (3) month intervals in order to collect ideas from employees directly;
- IP officers must be appointed in each department, who will excavate ideas aggressively and they must be trained for such an endeavor;
- Online IP submission mechanism and status verification may be made available;
- Multiple idea disclosure mechanisms must be available for employees. A process may be set up in order to enable employees to disclose ideas in one or more of the following modes:
 - disclose ideas to the IP consultants during idea disclosure sessions that are organized once every three (3) months at the department;
 - disclose ideas to IP officers in the department at any point of time and
 - disclose ideas over an online idea disclosure tool.
- The process after idea disclosure should be transparent and must include objective steps. The employee who discloses the idea must be regularly informed about the progress of the idea for filing and/or grant.

The afore-mentioned steps coupled with the incentive mechanism will increase the number of idea/invention disclosures, which may be considered by a company for protection.

5. Strong Confidentiality Measures

Stringent physical and information security measures must be taken to maintain confidentiality of trade secrets of the organization. Such steps must include the following:

- Confidentiality notices must be incorporated on all confidential materials;



- E-mail access should be restricted to a company's e-mails and all out going e-mails must be monitored regularly. Attachment limits must be reduced to a pre-defined size without permission.
- Transfer of information must be restricted in all forms. All data transfer mechanisms such as p2p file sharing, uploading to third party websites, etc, must be restricted and prohibited. All facilities for data transfer such as USB ports, disk drives and so on must be disabled;
- Employees and contractors must be bound by instruments of confidentiality;
- Third parties accessing the company's confidential information must be subject to stringent measures. They should be bound by strong confidentiality agreements, they must be educated and their premises must be regularly audited; and
- Confidential information in the company must be classified based on the value of the information to the company. Appropriate confidentiality measures must be instituted for information in each class.

6. IP Ownership Agreements

Appropriate agreements transferring ownership of IP to the company must be in place. IP ownership clauses must form part of employment agreements, agreements with third parties such as consultants, sub-contractors, agents and so on. Necessary IP assignments must be executed as and when required.

7. Incorporate notices

A company must incorporate patent, copyright, trademark and confidentiality notices on appropriate materials. Such notices must be incorporated on components, articles, machines, catalogues, brochures, documentation, manuals, drawings and so on. The notices will enable a company to not only claim protection but also to take necessary action against willful infringers. Existence of such notices will also indicate to competitors that the company is serious about IP protection and enforcement. All emails sent from a company's email address must also include a confidentiality notice.



8. Perform IP watch and enforce IP violations

A company must regularly watch IP being filed and used by competitors in order to understand the competitor's research activities and direction. That will enable a company to oppose any IP that it believes is not protectable and to avoid infringement of competitor's IP. The IP watch may also be used to understand the research and commercial dynamics in the field.

9. IP Risk Assessment and Mitigation

Every company must take appropriate steps to avoid IP infringement. Risks from IP of third parties IP must be assessed and mitigated.

10. Manage IP efficiently

Every company must institute an IP Management process in order to manage and leverage its IP portfolio for competitive and business advantage. The process must include components such as maintenance, portfolio development, licensing of IP and so on.

11. Organize Entrance and Exit interviews

In addition to signing agreements with IP clauses, the HR department of a company must organize entrance and exit interviews with all employees at the time of recruitment and exit. At the entrance interview, the employee must be informed about his/her obligations regarding IP of the organization and third parties. The induction process must include a session on IP processes.

When an employee quits a company, an exit interview must be organized to brief the employee of his IP obligations. The process must include acquisition of a 'no objection' certificate from the IP department, if the employee was involved in any IP process. An employee involved in any IP process, must be informed of his/her obligations regarding IP after exit. Necessary signatures required for IP protection must be taken before the employee is relieved. All employees must sign trailer agreements with IP clauses before they are relieved.



Recommended Measures

Various measures can be taken within an organization to ensure that the best practices are in place to protect the IP interests of an organization. Some of the major measures that can be implemented are:

IP Audit

A regular IP audit involves performing a thorough review of IP policy, processes, agreements, invention disclosure mechanisms, invention disclosures, status of various IP filed and maintained, and ownership of IP within the company among others.

Such a review on a regular basis ensures that IP processes within an organization are in alignment with the organization's overall business goals at all times, and that IP within the organization is being protected, maintained, and utilized properly.

An IP audit can be performed by an internal team and by an external expert team. Internal audits can be setup more frequently compared to external audits. The frequency of audits varies from organization to organization based on the needs and size of the organization. However, generally, it is recommended to have an IP audit by an external expert team at least once in a year.

Freedom to Operate (FTO) and Infringement Analysis

Freedom to Operate and Infringement analysis studies must be conducted whenever a new product is conceptualized or is being launched. Such a study enables an organization to understand the IP risks and opportunities in the field of interest, and take necessary steps, including but not limited to in-licensing existing technology, and circumventing existing IP in designing and building the new product.



Landscape Analysis

IP watch involves understanding the IP landscape and product landscape in the field of interest for the organization on an ongoing basis.

IP landscape studies and competitor analysis studies should be conducted to understand trends with respect IP activity in the field of interest. Understanding IP trends often helps in technology roadmap planning in an organization.

Market watch involves performing market studies to understand the products that are being released in the market. Such studies enable the organization to understand if there are any products that are infringing on the organization's IP.

Such studies relating to IP watch must be updated on an ongoing basis to ensure that upto date information is available for quick decision making.

IP management

Innovation process

A well defined innovation process can help in building an IP focused organization. An innovation process may involve conducting regular sessions to brainstorm on identified problems that engineers or managers may be facing with in developing products or setting up processes within the organization. The sessions may or may not involve use of a well defined problem solving technique. The nature of the sessions can be decided based on the size of the organization and the comfort level for the teams involved in such sessions.

Strong docketing mechanisms

Defining and documenting IP as an asset class

An IP must be documented and reported as an asset class along with any other asset in the organization together with at least an estimated valuation from the organization's point of view. At the least, such documentation and reporting in accounting and financial reports enhances the value of the organization. More importantly, such documentation and reporting provides clarity within the organization on the importance and value of various drivers of the organization.

Defined licensing program

A company must have a well defined licensing program in order to take advantage of its IP



and to mitigate risks from third parties. Valuable revenues can be generated by a company by building strong and quality IP, grouping IP and collaborating with complimentary IP holders. Steps must be taken to identify IP that is licensable and devising licensing strategies. A licensing policy with clarity on licensable IP and approach to licensing and collaboration will play an important role in helping a company generate revenues from licensing. While licensing a company's IP is important, it is also important to use a third party's IP after acquiring appropriate licenses and authorization. Care must be taken to ensure that licenses from third parties are appropriately designed and framed to provide flexibility of IP use and avoid risks.

Enforcement of IP

A company must take appropriate steps to prevent violations of its IP through well defined enforcement mechanisms. Competitor watch, product watch and IP watch must be performed on an ongoing basis. Any violation of IP must be prevented through aggressive action. Many companies consider litigation as the last resort and take steps to prevent violations through other modes. Alternative dispute resolution is the most favoured mode in IP issues.

Disclaimer: *The contents of this document are mere guidelines and shall in no case be treated as professional and/or attorney advice. M/S. Brain League IP Services Pvt. Ltd. shall not be liable for any claims, disputes arising out of any occurrence resulting directly or indirectly due to any action done in pursuance to this document.*

