

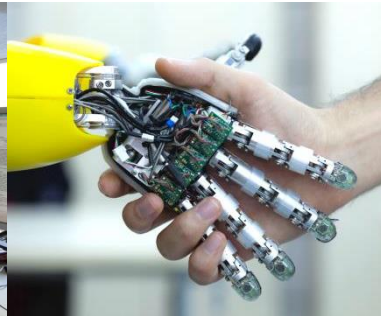


Europäisches  
Patentamt  
European  
Patent Office  
Office européen  
des brevets

# IP strategy

## IP strategy at the heart of business strategy

in cooperation with I3PM 



# Your speaker – Peter Bittner



- Background
  - Diploma in Physics
  - LLM in IP Law and Management
  - European Patent Attorney
- More than 20 years experience in industry (NOKIA, SAP), IP counsel/consultant since 2010
- I3PM International Institute for IP Management:
  - former president
  - current Chairman of the I3PM Advisory Board
- lecturer at the University of Strasbourg
- member of the EPPC subcommittee of epi on ICT/CII

Source:

[www.i3pm.org](http://www.i3pm.org)

[www.bittner-patent.eu](http://www.bittner-patent.eu)

## **Disclaimer**

Opinions expressed in this presentation are those of the speaker and not necessarily those of the European Patent Office.

# Agenda

- Economic impact of Counterfeiting and Piracy
- IP strategy at the heart of the corporate strategy
- Overview of common IP asset types
- IP maturity levels
- IP manager profiles

# The economic impact of counterfeiting and piracy

- 2013 value of international and domestic trade in counterfeit and pirated goods: \$710 - \$ 917 Billion
- in addition, the global value of digital piracy in movies, music and software \$213 Billion
- estimated net job losses in 2013 globally between 2 and 2.6 million
- a percentage point reduction in the intensity of counterfeiting and piracy is worth between \$30 Billion to \$54 Billion in 2017 for the 35 OECD countries.

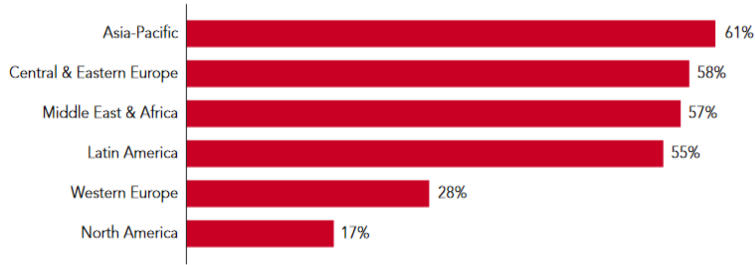
1. THE ECONOMIC IMPACTS OF COUNTERFEITING AND PIRACY - Report prepared for BASCAP and INTA 2016

Source:  
<https://cdn.iccwbo.org/content/uploads/sites/3/2017/02/ICC-BASCAP-Frontier-report-2016.pdf>

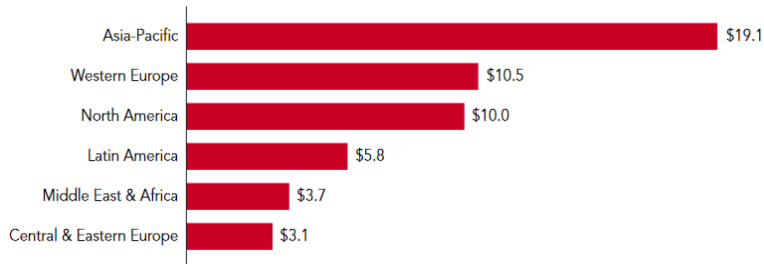
# Is there a correlation with the strength of IP regimes?

- Example:  
The global software market

Average Rate of Unlicensed Software Use



Commercial Value of Unlicensed Software Use (in Billions)



European Patent Office

Top 20 Economies in Commercial Value of Pirated PC Software, 2011

	Pirated Value (\$M)	Legal Sales (\$M)	Piracy Rate
US	\$9,773	\$41,664	19%
China	\$8,902	\$2,659	77%
Russia	\$3,227	\$1,895	63%
India	\$2,930	\$1,721	63%
Brazil	\$2,848	\$2,526	53%
France	\$2,754	\$4,689	37%
Germany	\$2,265	\$6,447	26%
Italy	\$1,945	\$2,107	48%
UK	\$1,943	\$5,530	26%
Japan	\$1,875	\$7,054	21%
Indonesia	\$1,467	\$239	86%
Mexico	\$1,249	\$942	57%
Spain	\$1,216	\$1,548	44%
Canada	\$1,141	\$3,085	27%
Thailand	\$852	\$331	72%
South Korea	\$815	\$1,223	40%
Australia	\$763	\$2,554	23%
Venezuela	\$668	\$91	88%
Malaysia	\$657	\$538	55%
Argentina	\$657	\$295	69%

- BSA Global Software Piracy Study (2011 and 2016)

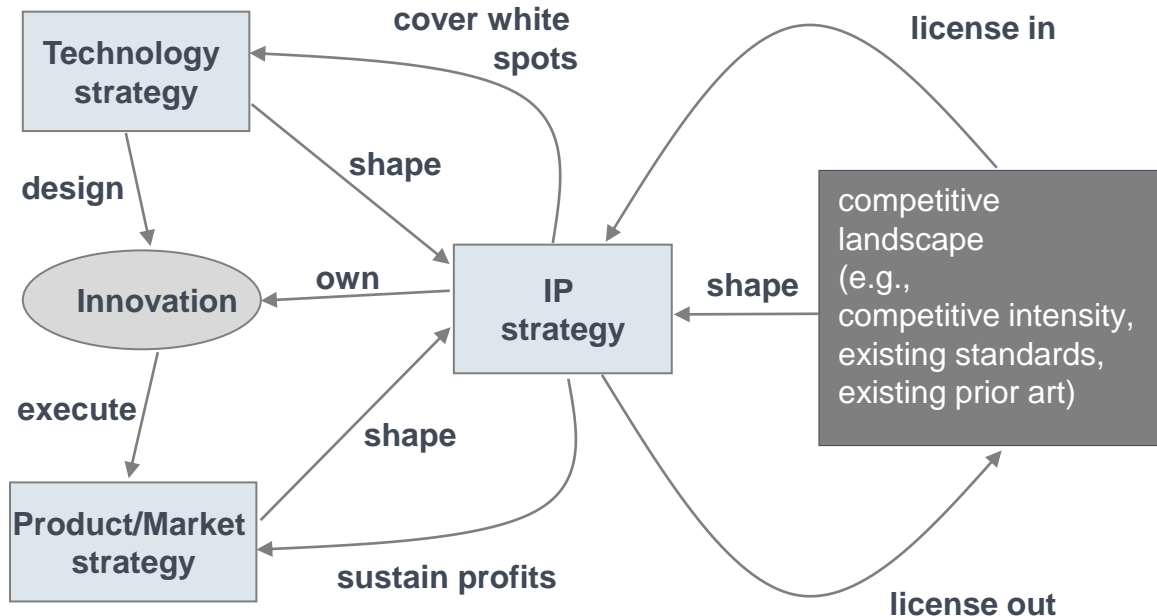
Source:

- [http://globalstudy.bsa.org/2011/downloads/study\\_pdf/2011\\_BSA\\_Piracy\\_Study-InBrief.pdf](http://globalstudy.bsa.org/2011/downloads/study_pdf/2011_BSA_Piracy_Study-InBrief.pdf)
- [http://globalstudy.bsa.org/2016/downloads/studies/BSA\\_GSS\\_US.pdf](http://globalstudy.bsa.org/2016/downloads/studies/BSA_GSS_US.pdf)

# IP strategy at the heart of corporate strategy

- Innovation is driving growth (Robert Solow)
- For owning the innovation own the respective IP assets
- Whoever owns the IP will own the profits

1. A “Must Read” Reference:  
Mark Blaxill and Ralph Eckard,  
The Invisible Edge, Penguin  
Books Ltd, 2009



# Exclusivity vs. Freedom to Operate (FTO)

exclusivity



- Blocking



- Revenue generation



- Technology access

FTO

# Overview of common IP asset types (codified and uncoded IP)

## non-technical innovation

- copyright
- design
- trademark

## technical innovation

- patent
- utility model
- trade secret



# Copyright

- protects automatically each expression of an individual creative work in:
  - Literature (includes computer programs)
  - Science
  - Arts
- Prohibits
  - copying (except reproduction for backups), communication to the public, distribution, rental and/or lending
  - 70 years term
- BUT
  - No protection for general concepts or algorithms

```
10 Rem *** Start ***
20 DIM A as Integer
30 DIM B as String
40 If A>0 then A = 10
50 For I = 1 to 10
60 B = B+ "A"
70 Next
```

Codified Berne Convention and national Copyright laws

Source:

[http://www.wipo.int/treaties/en/extended.jsp?file\\_id=283698](http://www.wipo.int/treaties/en/extended.jsp?file_id=283698)

# Design

- Industrial designs (design patents) are utilized to protect the novel ornamental features of a utilitarian object such as:
  - shape
  - color
  - layout
- Protection of design features of an item for max. 5 (plus 3x5) years in Germany (14 years in the US)

EU Design of the EUIPO and national design protection laws

Apple's Design Patent D604305  
Black and White versus Color

Samsung is Confusingly Similar To Apple  
Compared to Other GUI designs

What was published  
Black and White

What was covered  
Color



Samsung Galaxy



Apple Patent



Blackberry Torch



# Trademark

- Protection for
  - word or name,
  - symbol
  - device
  - sound
  - or any combination used, or intended to be used
- in commerce to identify and distinguish the goods of one manufacturer or seller from goods manufactured or sold by others, and to indicate the source of the goods.
- Trademarks have to be used!
- max. 10 years term – extendable



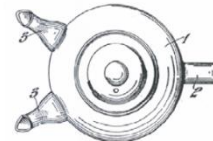
National, community (EU) and international trademark applications (Madrid) are available

# Patent

- protection of embodiments of new, inventive and industrially applicable ideas/concepts showing technical character
- such as:
  - Method (Algorithms)
  - Use of a method for a specific purpose
  - System/Apparatus (Computer Systems)
  - Computer Program Products
  - Substance
  - ...
- max. for 20 years



*Fig. 1.*



*Fig. 2.*

# Utility Model

- protection of embodiments of new, inventive and industrially applicable ideas/concepts showing technical character
- such as:
  - System/Apparatus
  - Substance
- No protection for processes/methods in most countries
- 7 – 10 years terms in most countries

Not available in all countries with patent protection

# Trade Secret

- protection for a valuable piece of information for an enterprise that is treated as confidential and that gives that enterprise a competitive advantage
- characteristics:
  - Protection of entire technical concept (like a patent)
  - Must be non-obvious
  - Controlled access only for a limited number of people
  - Take all reasonable effort to protect
  - Knowledge by externals can be disadvantageous for the carrier of the secret
- Term: as long as kept secret



Images from [www.coca-cola.com](http://www.coca-cola.com)

1. EU Directive on trade secrets 2016 → national law by June 9, 2018

Source:

[https://single-market-economy.ec.europa.eu/industry/strategy/intellectual-property/trade-secrets\\_en](https://single-market-economy.ec.europa.eu/industry/strategy/intellectual-property/trade-secrets_en)

# IP strategies - from protection to IP based business

## Typical IP strategy evolution stages of companies:

- 1) Focus on protection
- 2) Focus on cost of protection
- 3) Focus on profit generation
- 4) Focus on business model extension

# IP maturity level 1 - Protection

## Often initiated because of an infringement case

- Protecting the primary value chain - in doubt → file
- IP Management often controlled by outside counsel - high external cost
- Uncontrolled IP asset creation (numbers game)
- Risk of burning money



# IP maturity level 2 - Cost of protection

## Often initiated through budget constraints

- Cost reduction through „strategic filtering“ and improved IP process efficiencies
- Need for professional IP cost accounting (tools!) and higher degree of formalisation
- Strategic target to protect the primary value chain and avoid “burning money”
- Need for change management

# IP maturity level 3 - Profit generation

## Sophisticated level → go for commercialisation

- Value creation focus → visibility at board level
- Additional income generation from IP
- Requires new processes and new skill sets/resources
- Long-term IP Strategy for gaining market dominance

# IP maturity level 4 - Business model extension

## Value extraction through IP based business model

- New income stream from IP and new market options
- Decoupling from product driven R&D and abandoning grown market position
- IP funded research
- Risk of „troll“ image

# IP manager profiles in different IP maturity levels

- **focus on protection (level 1):**

IP portfolio manager, IP champions in R&D

- **focus on cost of protection (level 2):**

IP portfolio manager, IP process manager, IP accountant

- **focus on profit generation (level 3):**

IP strategist/portfolio manager, IP analyst, IP licensing expert, IP enforcement expert

- **focus on business model extension (level 4):**

IP strategist/IP analyst, IP licensing expert, IP enforcement expert