

# How to Maximise the Value of Intellectual Property

**Martin Sandford**  
**2 October 2007**



# Agenda

- My background
- Licensing Executives' Society
- The basics of Intellectual Property
- Why protect?
- Procedures and process
- Evaluation
- Realising value
- Examples

# My Background

- Civil Engineer + MBA
- 21 years at BTG, VC + Licensing
- Now freelance – IAC + friends
- President of LES 2006-2008



# Licensing Executives Society

- LES - Founded 1965, USA
- LESI – 31 National & Regional Societies with 11,000 members worldwide
- LES Britain & Ireland – 600+ members including lawyers, patent attorneys, industry, academia, government.
- Activities: networking and education
- Benefits: Membership Database, Les Nouvelles, News Exchange, International Conferences, National & Regional Meetings, active committees



# Intellectual Property

## What is it?

- The results of intellectual endeavour
- Comes in many primary varieties
  - Patents – 20 years
  - Copyright – 70+ years
  - Trademarks – for ever!
  - Know-how – as long as it's secret
- But, most people, most of the time, mean patents

# What is a patent?

- Bargain with the state
  - Full disclosure : limited monopoly
- Civil law right to prevent use
- Monopoly limited to what is new, is not obvious and to 20 years from the date of filing the patent application
- Even once granted, a patent can be challenged at any time until it expires

# Why is it important ?

- If you have a dominant patent, you can control a market, build a company, or grant licences
- If someone else has a dominant patent, they can stop you from entering a market, or ask you to take a licence and pay royalties
- If you don't protect your ideas, you will get no benefit, and others may benefit, possibly to your cost
- BUT
  - Costs are certain and can be large
  - Revenue is not certain and can be small (2% are valuable)

# IP Strategy – The basics

- You need to:
  - Decide how you want to use IP
  - Identify where inventions may arise
  - Provide a system for deciding whether to patent
  - Review retention on a regular basis
  - Capture the whole package (including know-how)
  - Understand which people are important

# Procedures & Process

- Educate – IP and its value
- Encourage disclosure
- Procedure for evaluation
- Commercialisation route decision
- Retention review
- Division of the spoils

# Uses for IP

- Attract research contracts
- Build credibility for consultancy
- Licensing
- Start a company
- Sale
- Trade
- Consortium or Joint Venture

# Sharing the spoils ?

- The basics
  - Inventorship
  - Ownership
  - Revenue sharing
- Are all related, but are NOT the same thing and should not be confused

# My International Perspective

- The Market Realities
  - USA 50-70%
  - Europe 20-40%
  - Japan 10-30%
- Where are
  - China?
  - India?
  - Russia?
- But our business is based on IP (mainly Patents), not products

# Where to Patent ?

- OECD Top 15? = North America, Europe & Japan?
- Where will technology be incorporated into a product?
- Where will it be sold?
- Need to consider free movement of goods
- Do you have faith in the patent and legal systems?
- Can you afford to litigate?
- What about China, India, Korea, Taiwan, etc.?
- Anticipate political, legal and commercial landscape in 2020?

# Evaluation Process

- Patentability and strength of IP
- Market Potential
- Competitive Technologies
- Major Risk Nodes, in Development and en route to Market
- Cost to next valuation hike
- 3 Scenario, 20 year, ENPV analysis
- Compare with other projects
- Potential partners

# Evaluation (1)

- Look critically at what you have
  - Market pull?
    - What is the problem you solve?
    - What are the competitive alternatives?
  - Technology push?
    - Why is your solution better, and by how much?
  - Value
    - Cost to circumvent?
    - Benefits, less cost to change?
  - Facts, facts, facts; this is not an impulse purchase!

# Evaluation (2)

- Inventory your technology
  - Patents
  - Trademarks
  - Copyright
  - Know-how
  - Stage of development
  - Ease of transfer
  - Robustness

# Examples from BTG's History

- Hovercraft
- Cephalosporin
- Enhanced Chemiluminescence
- Cholesterol Assay
- Two Part Hip Cup
- Factor IX
- Campath
- Varisolve

# Contact Details

- Martin Sandford
  - 07818 014371
  - [martin.c.sandford@btinternet.com](mailto:martin.c.sandford@btinternet.com)
- Licensing Executives Society
  - <http://www.les-bi.org/>