

AN IP STRATEGY FOR CORPORATE SUCCESS PART II: ESSENTIAL STEPS TO SUCCESSFUL IMPLEMENTATION

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I. Introduction

1 In the first of this two-part series, the author examined the importance of building a winning intellectual property (“IP”) strategy for corporate success.¹ With the increasing focus on IP in the boardroom, IP is seen not only as a bulwark against competitors, but also as a tool for preserving and enhancing corporate value through securing investments, collaborations, and new revenue opportunities through licensing.

2 In the first article, the author examined the key to untapping the corporate potential of IP, namely developing and implementing an IP strategy that effectively maximises the value of the businesses’ IP assets. This included adopting surgical and holistic IP protection, using an IP portfolio strategically both in a “defensive” and an “offensive” manner, carefully controlling the distribution of innovative ideas both within and without the organisation, and protecting the organisation’s brand and reputation.

3 However, the best-laid plans of mice and men often go awry, and simply having a plan is often only the first step. IP practitioners who want to help their organisation achieve

1 Mark Cheng, “An IP Strategy for Corporate Success Part I: Building a Winning IP Strategy” [2021] SAL Prac 11.

corporate success with an IP strategy must also have a plan for how to successfully deliver and implement said strategy.

4 This article, being the second in this series, will discuss the challenges in implementing an IP strategy, and the best practices for ensuring efficacy in implementation.

II. Why IP strategies fail

5 Despite the clear and obvious importance of IP strategy in the boardroom, IP strategies can still – and often do – fail in their implementation.

6 For some, “strategy” today is almost a foul word – the result of too many expensive, high-level consultancy projects in which considerable time and effort conclude with a fancy presentation that is neither actionable nor practical. All too often, such projects fail to provide sufficient information for companies to make sound strategic decisions, squandering weeks or months of staff time and large sums of money without any tangible benefits to show for it.

7 The problem is not endemic to small companies, as even large multinationals may struggle with making their IP work for them. Larger corporations with expansive IP portfolios may find themselves ignorant as to which parts of their portfolio are relevant, what is obsolete, or why maintenance fees are still being paid. Worst of all, these questions often surface when the company is faced with a pressing business issue, such as before a product launch, or in the event of alleged infringement. While the company itself may be a well-oiled machine that regularly files and protects its IP, ultimately the fundamental “why” questions behind these actions are not well understood, which only leads to unnecessary cost and missed opportunities.

8 To avoid these problems, counsel must ensure that their IP strategy is firmly connected to the realities of running a business, instead of a mere academic exercise. Companies looking to develop and implement an IP strategy of their own

should therefore pay special attention to the following factors for success.

A. Conduct an IP audit

9 As a start, the development and implementation of a successful IP strategy must be underpinned by an IP audit. Counsel must work with management to establish what types of IP the organisation has, and what may need to be protected. The audit itself must look at more than just registered IP (such as patents, trade marks, designs) and must also identify potential unregistered IP (such as know-how, confidential information and trade secrets, copyright), as well as any broader intangible assets (such as data, branding, regulatory approvals) that are driving the company's competitive advantage.

10 The exercise should also seek to identify historical ownership issues which may not be immediately apparent, conditions of use for the IP assets identified, and the scope of existing protection. An IP audit will therefore provide management with an overview of:

- (a) what the key value drivers of the business are;
- (b) whether there are any existing gaps in protection;
- (c) risks related to the identified assets, particularly in terms of internal systems, ownership and conditions of use;
- (d) potential for future IP development and opportunities for further exploitation of the identified assets; and
- (e) whether the company is spending money to protect deadwood.

11 The above would then provide counsel with a broad understanding of the value drivers within the company and form the basis for developing the company's IP strategy.

B. *Be flexible with IP protection*

12 As discussed above, an effective IP strategy must be surgical, holistic and strategic. In so doing, the IP strategy should not be fixated on only formal registered IP but should also consider other unregistered IP and intangible assets.

13 Even more so, counsel must be flexible when making recommendations for IP protection. Products and industries that benefit greatly from a first-mover advantage may look to apply for IP protection that has a quicker time-to-grant (*eg*, utility models, trade marks) or opt for unregistered forms of IP protection (*eg*, trade secrets, copyright). In other circumstances, formal IP protection may be forsaken entirely if the rate of product obsolescence is extraordinarily high.

14 On the other hand, when dealing with products with a longer time to market, counsel may recommend protection measures which take into careful consideration the firm's budget and future expansion plans. This means, for example, introducing an organisation-wide process to identify protectable innovations, and to decide when and where to file for protection, with appropriate mapping to products in terms of commercial significance. In other words, the decision on whether to invest in formal IP protection must be linked to the value of the competitive edge it provides or maintains.

C. *Let the size of the company guide its decisions*

15 Unfortunately, when it comes to IP strategy, one size does not always fit all. Counsel must always bear in mind that organisations of varying sizes and maturity will have different objectives, needs and budgets when it comes to implementing their respective IP strategies.

16 For example, smaller early-stage start-ups with tighter budgets and fewer products will likely want to focus their energies on obtaining a few key IPs, with a view towards increasing their attractiveness as an investment target. An IP strategy implemented in an early-stage company must therefore

take into consideration that the organisation is still growing, and that business objectives and directions are likely to change quite rapidly. As the company matures and gains market traction, the attention may shift towards deterrence and cross-licensing opportunities. The IP strategy must therefore be flexible and encourage a culture of innovation, rather than hamper it. Counsel and management should regularly seek the views and input of staff to create regular updates to the IP strategy that continue to be aligned with the growth of the company.

17 Larger multinationals with a wider range of products across multiple markets will likely seek a more expansive protection strategy, looking to secure enforceable IPs across their key markets. With a larger budget, mature companies are also likely to have more resources at their disposal to conduct an analysis of competitors' IP through patent analytics and IP intelligence. However, the large and unwieldy structure of larger corporations often means that their IP strategies have firmer guidelines and are implemented in a more top-down fashion. This can result in ineffective implementation as employees merely go through the motions, without a proper understanding of the motivations behind the policy. To ameliorate this, counsel must cultivate strong relationships, not just with management, but also with the staff responsible for the actual implementation of the strategy on the ground.

D. Promote internal ownership of the process

18 Simply having an IP strategy is unlikely to achieve effective results if the organisation does not also take responsibility to own the process. Counsel must therefore work to build sufficient management support and internal buy-in for the IP strategy to be effective. To ensure optimal buy-in, implementation of the IP strategy must:

- (a) Be well understood by one's audience, both in terms of its objectives and its individual steps for implementation. Furthermore, actual processes prescribed under the IP strategy must be relatively easy to carry out. Employees are naturally resistant to

carrying out cumbersome processes which they barely understand, especially if such processes prove to be more of a hindrance than a help to business-as-usual operations. A smooth and easily understood strategy therefore increases the take-up rate and the likelihood of success in implementation.

(b) Incorporate feedback gathered through the course of implementing the strategy. Counsel must work not only to convince management of the importance of the strategy, but must also work to bring others into the effort. In so doing, staff will feel more like contributors rather than mere cogs in the machine. This helps build an effective coalition that reduces barriers to implementation and motivates more people to lobby for the importance of the IP strategy.

(c) Have an internal champion. Securing buy-in is much easier when there is a champion within the organisation helping to push the same agenda. However, it is important to ensure that the champion is well-positioned to help influence and move the organisation towards alignment with the IP policy.

(d) Secure a quick win. Counsel will find that most IP strategies are developed as a reaction to a particular problem that the organisation is facing. In developing a strategy, counsel must therefore pay particular attention to demonstrate how the proposed IP strategy can successfully deal with that problem. This immediately lends the IP strategy credibility and will go a long way towards convincing management and staff of its importance.

(e) Be flexible and adaptable to changing conditions. An IP strategy is not an immutable document or plan and must be capable of changing with time. Counsel must continuously receive reviews and updates as the needs of the company evolve.

III. Conclusion

19 As the global economy continues to shift towards digitalisation and a knowledge-based economy, IP and other intangible assets have gained an increasingly important role in achieving business success. However, despite its importance, corporations still generally do not understand how to develop a coherent IP strategy for organisational success. Even where the intention to develop an IP strategy is there, corporations may still fail at the execution and implementation of said strategy.

20 IP practitioners and counsel have therefore found themselves having a more prominent voice in the boardroom. Their role is no longer merely as custodians to protect the IP assets of the organisation, but also as strategists-in-chief, to plan and devise new means to leverage said assets.

21 To that end, IP practitioners today must not only understand the legal considerations behind IP protection, but must also be conversant in the business and technology factors that may affect an IP strategy. Counsel would be well advised to bear in mind that an IP strategy has no intrinsic value in and of itself, and can only generate value by enabling organisations to make smarter decisions. Yet, to realise a positive outcome, IP strategies must be concise and actionable. Without a solid plan of action, all the fancy hand-waving presentations in the world will never produce an effective result. As the level of IP sophistication continues to grow, it is the hope of this author that more winning IP strategies will be successfully developed, implemented and executed, both in Singapore and abroad.