

# Can Patents

Ever Be Ever-Greened?  
They're Never Greened!



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## Indian Patent

Search At The Patent Office  
Website Has A Long Way To Go

Why  
Digital IPR  
Is Crucial To India

Managing Intellectual  
Property In  
Startups

In conversation with

# Francis Gurry

Director General of the World Intellectual Property Organization (WIPO).

# Managing Intellectual Property In Startups





## 2. Brief Description of IP

Intellectual property refers to creations of the human mind pertaining to technical, scientific, literary, and artistic forms. Inventions, literary work and art, audio-visual works, identifiers, symbols and names used in commerce are all intellectual property. Generally, intellectual property is divided into two categories:

- **Industrial Property** which includes patents, trademarks, industrial designs and geographical indications, and
- **Copyrights** which cover works of literature and art, poetry, drawings, paintings, photographs, and sculptures.

Intellectual property rights provide exclusivity in one's own intellectual activity in the industrial, scientific, literary and artistic fields. Countries worldwide have laws to protect intellectual property recognizable in the forms generally outlined below:

**Patent** refers to a product, process or composition of matter that provides a new way of doing something, or that offers a new technical solution to a problem. Usually, period of exclusivity is 20 years from the date of application for registration.

**Trademark** refers to a distinctive sign that identifies certain goods or services produced or provided by an individual or a company. Usually, period of exclusivity is 10 years from the date of application for registration. Unlike Patents, Trademarks never expire, provided their registration is renewed from time to time.

**Industrial Design** refers to the ornamental or aesthetic aspects (such as the three-dimensional shape and texture) of an article. Usually, period of exclusivity is 10 years from the date of application for registration. Industrial designs

can be renewed for a single additional term of 5 years, but expire afterward and cannot be renewed thereafter.

**Copyrights** refer to a bundle of rights covering works of literature and art, poetry, drawings, paintings, photographs, and sculptures. In most countries, the duration of copyright provided by national law is the life of the author plus 60 years after the death of the author.

**Semi-Conductor Integrated Circuit Layouts** refer to the products or their layout-designs having transistors and other circuitry elements, which are inseparably formed on a semi-conductor material or an insulating material or inside the semi-conductor material and designed to perform an electronic circuitry function. Usually, registration is valid for a term of 10 years and cannot be renewed thereafter.

**Trade Secrets** refers to important confidential data, information or compilations used in research or business which are not publicly known, including know-how, technologies, test methods, impurity profiles and such other proprietary information which is not protected under any statutes for the time being.

The table below provides a comparison of four types of IP that are relevant to startups.

## 3. IP Management in Startups

IP management provides the structure in identification, protection and commercialization of IP assets generated by startups. IP management should encompass all IP rights including patents, designs, trademarks, copyrights, semiconductor integrated circuits layout designs, software programs, industrial designs, logos, confidential information, drawings, source codes, technical information, and any other knowledge/know-how created by the employees and affiliates of the startup. The goal of IP management in startups is to:

**A Generic Comparison of the Four Types of Intellectual Property Protection in the Global Context**

	Patent	Trademark	Trade Secret	Copyright
Information public	Yes	Yes	No	Sometimes
Duration	Up to 20 years from the filing date	Indefinite as long as the requirements for protection remain	Indefinite, for so long as kept secret and has independent value	For works created after Jan 1, 1978: life of author plus 70 years; for corporate works: 95 years from publication or 120 years from creation, whichever is shorter
Subject matter eligible	Composition of matter, method of use, and process of production that is new, useful and non-obvious	Words, names, numbers, symbols, devices, designs, sounds and colors	Business and technical material, including ideas	Tangible expression of an idea, not the underlying idea itself; limits on non-artistic aspects
Owner's rights	Right to exclude others from making, using, selling or offering for sale the invention	Right to exclude others from selling similar goods or services thereby trading off on the brand of the trademark holder	Right to exclude others from using or disclosing the trade secret	Exclusive rights to reproduce, prepare derivative works, distribute, public performance of, and display the work
Cost	Relatively expensive to obtain, police and enforce	Inexpensive to obtain but can be expensive to police and enforce	Relatively inexpensive	Inexpensive to obtain but can be expensive to police and enforce

Source: [http://www.nature.com/nbt/journal/v21/n2/fig\\_tab/nbt0203-201\\_T1.html](http://www.nature.com/nbt/journal/v21/n2/fig_tab/nbt0203-201_T1.html)

- Foster creativity and innovation leading to generation of IP with potential for value extraction
- Facilitate licensing and technology transfer of IP generated in the startups
- Enhance in-house competencies in understanding, identifying, generating, protecting, sharing and transferring IP
- Prevent any unethical acts to avoid IP infringement at all levels
- Develop guidelines and facilitate IP sharing in joint development and collaborative projects with third parties
- Leverage patent information as a valuable source of technical information

IP management begins with developing an IP policy for the organization, which provides guidelines to identify, capture and review all the intellectual assets generated in startups. Startups should develop systems & processes and build in-house competencies to manage IP with the help of a professional IP expert or law firm. If startups find it difficult to identify the right professional expert or agency, it is recommended that they find a mentor who can advise on all IP-related matters. In addition to the strong foundation in the form of policy, processes and competencies, startups need to manage IP creation, protection, monetization, and risk, third party engagement, and leverage the patent information for driving innovation and IP in the startups. These are four pillars of the IP management in the startups.

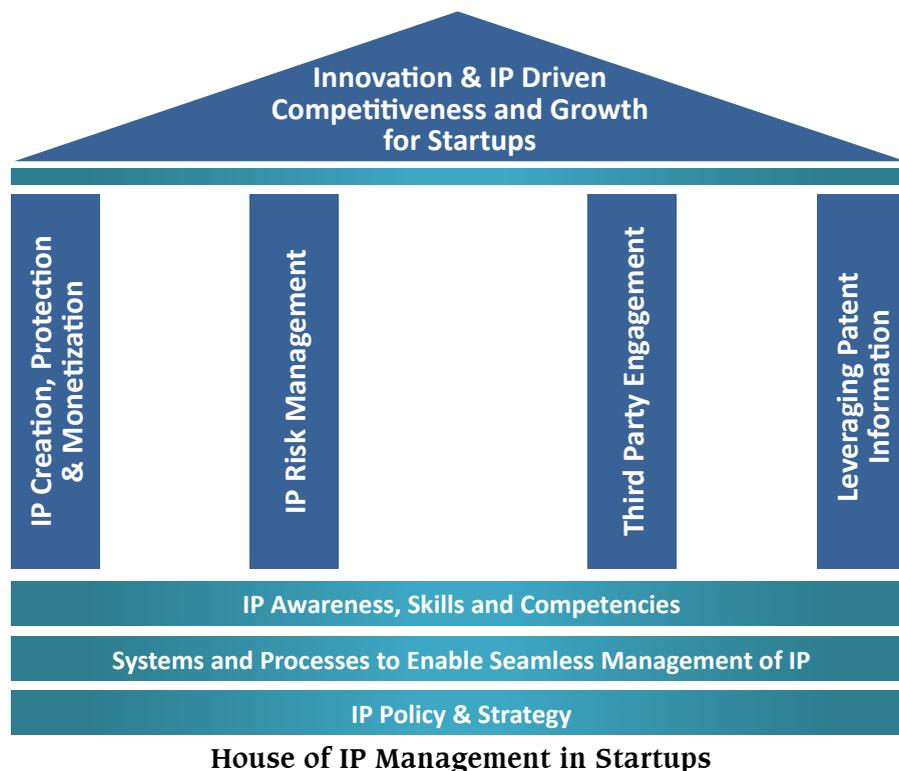
### I. IP Creation, Protection & Monetization

Startups are continuously generating new technical and non-technical knowledge and know-how while developing innovative products and services. One of the main objectives of IP management is to identify, protect and monetize IP generated in startups. The two key components of IP in technology startups include patents and trade secrets.

(a) To protect inventions in the form of patents, startups should:

- Capture inventions generated by the staff in the form of Invention Disclosure to ensure that sufficient information is included for assessment of its potential.
- Assess the invention with respect to its commercialization potential, market relevance, innovativeness, application areas, relevance to industry etc. to decide whether the invention should be protected as a patent or not.
- Evaluate whether the invention meets the basic criteria for patent registration, which includes novelty, non-obviousness, and utility.
- Protect the invention in India and other countries depending on the business interests in specific geographies considering that patents are territorial rights.

Protection of inventions leads to the creation of patent portfolio. This holds immense potential in value creation by direct or indirect monetization. Understanding the size, content and focus areas of one's own portfolio is key for





Startups need to ensure that the staff will not knowingly infringe other's intellectual property



its effective management and appropriate monetization through commercialization, enforcement, licensing, pooling, auctioning, sale etc.

The founders and staff of startups like to share their findings and results with the outside world in order to bring recognition and applause for their venture. Such public disclosures prevent startups in the protection of intellectual assets created in the organization.

(b) Trade secret is another important IP for startups. Trade secret is the information (technical or financial) that is not generally known to the public (kept confidential within startup). This confidential information provides a competitive edge to startups. Unlike patents, trademarks and copyrights, there is no specific legal protection provided to trade secrets in case of misappropriation if the startup has not made reasonable attempts to keep it confidential. In case of a misappropriation of a trade secret, it is important to demonstrate that sufficient efforts were made to protect and maintain the secrecy of the alleged trade secret. A failure to do so may render the allegation ineffective.

Startups can use several tools to protect trade secrets from being misappropriated, lost or stolen. Employee Confidentiality Agreement is one such tool to attribute legal admissibility to the startup's trade secrets. It is important to have an employee confidentiality agreement for the existing and new employees including part-time staff and interns to safeguard in-house developed trade secrets and know-how.

## Examples of Successful IP Driven Startups in India

### I. Ittiam (<http://www.ittiam.com>)

Ittiam is a Bengaluru-based technology company that was established in 2001. The company develops solutions in the areas of consumer & mobility, digital and broadcast media, industry and defense and automobile infotainment.

From the very beginning, Ittiam's focus was on IP creation. Ittiam received its first granted patent in 2004. Today, the company has over 128 granted and published patents for their 75 unique inventions. 95% of these patents have been filed in the US, and the rest in India. Ittiam earns substantial revenue through licensing and royalty of their IP.

The below graph shows the patent filing trend of the company from their inception till May 2016.



Patenting trend of Ittiam

Source: CoCreate Technology Consulting, Pune, India

### II. Forus Health (<http://forushealth.com/forus/>)

Forus Health is a Bengaluru-based technology company that develops innovative products in the field of Ophthalmology to eradicate preventable blindness. Forus Health's 3nethra allows screening common eye problems that lead to blindness. The company has protected their technology in India, USA and other countries with 14 patents. Forus Health's systematic IP creation and management has allowed them to remain competitive in the growing healthcare industry worldwide.

(Source: Dr. Shyam Vasudevrao, Founder, Forus Health)

## II. IP Risk Management

IP infringement lawsuits are extremely expensive and time consuming. By identifying potential infringement issues up-front, a startup can better prepare a risk mitigation plan to avoid infringement of third party patented technology. Startups should periodically conduct freedom to operate assessment for any new or modified product / process being developed before its use or commercialization to avoid any possibility of infringement damages. Startups need to ensure that their staff will not knowingly infringe other's intellectual property. Written permission or licensing the technology from the third party will avoid any possibility of infringement damages.

## III. Third Party Engagement

Maximizing the value of a startup's innovation performance for a given investment has always been of concern to the founders and senior leaders of the startup. Access to external know-how may improve the efficiency of internal activities in startups leading to enhanced revenues. It has also been found that startups with higher internal knowledge (measured by number of patents) are more actively involved in pursuing external linkages. There are numerous possibilities and ways of engaging with external individuals and organizations (referred to as "Third Party"). Careful management of the different kinds of engagement processes and determining the need of one type of engagement process over the other may provide sustainable competitive advantage to the startup.

## IV. Leveraging Patent Information for Technology and Business Decisions

It is estimated that approximately 80% of total technical information present in the world exists in the form of patent publications. There are close to 90 million patent documents available and accessible freely in the patent database. Currently, patents are the single most comprehensive collection of technological data that helps startups to:

- Identify opportunities in technology and business
- Keep an eye on competitors for potential competition / partnership
- Avoid / mitigate risk of infringement

- Broaden the scope and improve the quality of invention

Patent search and analysis provides an overall assessment of innovation in the areas of interest, active inventors, critical patents, potential risk scenario etc.

## 4. Summary

IP constitutes an important strategic, competitive and financial asset for a startup. For successful creation, protection and exploitation of IP, startups need to:

- Develop an IP policy and invest liberally in building skills and knowledge base of employees, through structured in-house and external professional training programs, on understanding, interpreting and analyzing the value of IP, and techno-legal and business information contained in IP documents.
- Encourage the publication of any new product development after careful consideration of the consequences for IP protection. A quick and effective system should be established to scrutinize the out-going information and media releases on achievements / developments.
- Lay heavy emphasis on analyzing technology and business-related information in IP documents while designing any new product development project. Input arising out of the continuous monitoring of new IP documents being filed and granted should be an integral part of the process of monitoring the projects in startups.
- Avail services of national and foreign experts and attorneys to advise on securing IP rights for the startup and managing third party engagements. The experienced IP lawyer can help in appropriately tailoring the application to meet the needs of the patent office and improving the protection of the invention. It is also important to have a mentor who can advise on all IP related matters.

IP is an important part of intangible property and assets of the startup. It is a valuable outcome of the creative and intellectual endeavors of individuals and organizations. Therefore, the care and seriousness to protect and leverage IP for competitiveness and growth must be more than ordinary.

IP

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