

Self-help Bailouts: Draw on Your IP Credit

Following the collapse of Lehman Brothers in September last year which sparked off chains of bad news, this may seem like a time when nothing is secure or risk-free. “What’s happening to the world economy?”

Unprecedented situations call for bold actions. While the leaders of the world are coordinating their efforts to address the economic and financial crisis, companies and individuals are also bracing themselves for a turbulent 2009.

Businesses in Singapore know about intellectual property (IP). The increase in the IP filings by local companies in recent years is evidence that more and more companies are utilising IP to their competitive advantage. However, it’s a myth that IP management is relevant only to big companies. Small (yet strategic) IP moves can create impact too.

The current economic climate calls for self-help bailouts for businesses. Reviewing all aspects of the business fundamentals (including markets, demand, supply, competitive landscape, marketing mix, liquidity and IP) is important to prepare you for the challenges that come your way.

Unlocking the value in your IP (trade marks, patents, designs, copyright, trade secrets, plant varieties) could be one of the things to help you brave the recession.

Here are some questions to consider as you embark on this journey:

Re-view your IP portfolio

- Are you systematically tracking and leveraging your IP assets (ie IP audit)? Can you group those that are making money for you and those that are not?
- Have you considered IP valuation for the purposes of acquisition, balance sheet, tax planning, sale, cross-licensing, and growth and expansion strategies?
- Should you consider acquiring high value patents to settle litigation or deter attacks by competitors?
- Is it a good time to pick up some tactical or valuable IP buys (IP assignment) to add to your portfolio? Are there IP acquisition opportunities out there?
- Are you conducting IP due diligence before buying and selling IP and negotiating licenses and franchise agreements?
- Are there pending or potential IP litigation issues which can be settled at minimal legal costs?
- Do you have an effective brand strategy that will help you stand out among your competitors? (Trade mark, company name & domain name)

Re-assess your IP related business models and strategies

- Do you have any IP which is currently unexploited that you can licence/sub-licence out (IP Licence) to raise capital and increase revenue streams?

- Do you own IP which is not making money for you? Can you explore selling some of your IP to your infringer or competitor?
- Can you consider a sale and license back?
- Have you considered monetising your IP assets eg patent pools, IP securitisation or financing as alternative sources of capital?
- Would a franchise model be a more cost effective means to expand your network? (Franchising)
- Can you collaborate whether by way of joint venture or with other companies to combine IP resources and optimise exploitation?
- Have you considered putting your IP on trading platforms as a signal of company value?
- Have you considered IP auctions as a means of marketing your IP?
- Do you need to strengthen the protection strategy of your key IP assets? Alternatively, do you need defensive protection strategy for currently unexploited assets?
- Do you need to renegotiate licensing terms in the event of falling revenue streams and high royalty payment obligations?
- Can you generate more revenue by enforcing your IP rights?
- Have you taken all necessary measures to protect your trade secrets effectively?

Re-look at cost management

In order to reduce your business cost, have you considered:

- Parallel imports?
- Open source software?
- Re-evaluated your IP filing strategy?

These are just some pointers to start you thinking about IP. In the months ahead, IPOS would be releasing a series of IP Management factsheets on topics underlined in this article. They aim to provide the fundamentals on how you can take stock of your IP portfolio, and suggest ways to draw on your IP credit for the benefit of your business.

No one has foresight of what is to come. What is for sure is history is already in the making and the major events of 2008 will be recorded and studied by future generations. Let's gear up for a challenging 2009 and capitalise on your IP!

Disclaimer: This article is for general information only and is not intended to be a substitute for professional advice. Please seek independent legal, business or other relevant specialist advice, where necessary, and not merely rely or act on any information provided here.