

LEVERAGING INTELLECTUAL PROPERTY IN A DOWN ECONOMY

In today's economy, it's smart to inventory your assets, including your intellectual property assets. Good investors will assess values and reallocate to make their assets work harder. This axiom applies to your intellectual property ("IP") as well. Just as you would rebalance your retirement portfolio, a savvy investor will review and rebalance their IP assets, or "intellectual capital", in a down economy. This can be done in three steps: identify, manage and exploit.

1. *Identify.* Everyone uses IP, and virtually every organization and many individuals own some. Long gone are the days when intellectual property was the province of the research and development department. If you own or are employed by a business entity in any form or by a nonprofit organization, the odds are great that your organization owns or controls IP in its daily operations.

Before you manage and leverage your intellectual property, you must know what and where your IP is. Of course, your intellectual property includes the typical patents, trademarks and copyrights. Beyond these tried and true categories, the scope of IP and the forms it can take are varied and many and include customer and client lists, price lists, business, finance or marketing strategies, methods of doing business, manufacturing techniques, unpatented know-how, reports, studies, databases, noncommercial software, manuals and other confidential, proprietary information.

An intellectual property audit is a useful tool to identify your IP and determine where and how it is being used. Organizations and individuals use these audit reviews to identify and update their current inventory of intellectual assets and record them in a central location. The list should be maintained and periodically reviewed and updated. Identification is a necessary prerequisite to good management of your intellectual capital.

2. *Manage.* Good management also requires a plan for procurement, maintenance and protection. The organization or individual should create a strategy to acquire IP through internal growth or external purchase or license. Will these assets be created organically from within or bolted on through acquisition of new businesses? A good plan may comprise a mix of procurement options tailored to the objectives being served.

Once acquired, a process must be in place to maintain and protect the IP assets. A cross-functional approach to IP protection is essential. Everyone from the human resources department to tax and accounting groups should understand what IP is and what their responsibilities are for creating, protecting and maintaining the organization's intellectual capital.

Regular reviews and pruning of the IP portfolio are essential to assess strategic significance in relation to the current or future operations of the organization and the financial climate. Particularly in an economic downturn, strategic reviews can save tens and even hundreds of thousands, depending upon the size of the portfolio.

3. *Exploit.* Because IP by nature is mysterious and untouchable, many people don't appreciate the value that these assets have or how they can be leveraged. Intellectual properties are assets just as your desk, your manufacturing plant and the real estate upon which it sits are

assets. These assets have a hard dollar value in terms of their inherent worth as well as income producing potential.

When the organization sells all or part of its operations, it will be critical to know and understand the value of the intellectual assets. Furthermore, licensing and enforcement schemes are critical to creating an income stream, which not only add to the bottom line but also give the IP more worth in negotiations.

Programs for achieving good IP management are as varied as the types of the assets comprising the portfolio and the organizations which use them. Implementing programs from these three steps, however, will help you profitably leverage your IP assets in the current economic recession and beyond.