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Innovation management

Part 4: Intellectual property management

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National foreword

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A list of organizations represented on this committee can be obtained on request to its secretary.

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Foreword

This document (CEN/TS 16555-4:2014) has been prepared by Technical Committee CEN/TC 389 “Innovation Management”, the secretariat of which is held by AENOR.

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. CEN [and/or CENELEC] shall not be held responsible for identifying any or all such patent rights.

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The CEN/TS 16555 series consists of the following parts with the general title *Innovation management*:

— *Part 1: Innovation Management System*;

— *Part 2: Strategic intelligence management*;

— *Part 3: Innovation thinking*;

— *Part 4: Intellectual property management*;

— *Part 5: Collaboration management*;

— *Part 6: Creativity management*;

— *Part 7: Innovation management assessment.*

Part 7 is in preparation.

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Introduction

This Technical Specification CEN/TS 16555-4 is linked to CEN/TS 16555-1:2013 (especially to CEN/TS 16555-1:2013, 11.4).

The effective management of intellectual property, developed as a lever and a tool to support the process of innovation, is a necessary prerequisite for organizations' development, growth and protection of their competitiveness. Intellectual property management thus supports, gives rise to and enhances outcomes of the innovation process.

Intellectual property management includes observation and analysis of third parties' intellectual property, for instance, for the purpose of achieving freedom to operate for an organization's products.

In order to adequately address intellectual property management, the organization should consider the following:

— intellectual property strategy, as an integral part of the organization's business strategy;

— intellectual property strategy, as an integral part of innovation management strategy;

— the safeguarding of the potential intellectual property throughout the entire organization;

— methods used to manage and use intellectual property as a support of business strategy, for example traceability, protection);

— applicable legislation in the territories or regions under consideration;

— costs of obtaining and maintaining intellectual property and possible enforcement costs which could ensue;

— differences in the contribution of various public authorities to acquiring IP rights and promoting practices throughout the world;

— methods of protecting ‘know-how’, where appropriate.

In this Technical Specification, the terms intellectual property and intellectual property rights are precisely defined, and are given a broad and general definition in Clause 3.

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1 Scope

This Technical Specification provides guidance to assist an organization to identify, capture, and safeguard intellectual property, in order to:

— provide organizations with an overview of the fundamental principles of intellectual property management, in the context of the innovation process;

— promote best practices in intellectual property matters that result in efficiently acquiring intellectual property, while increasing the organizations' ability to effectively address intellectual property owned by third parties.

This Technical Specification is applicable to all types of organization, including the public sector. Special consideration has been given to the needs of SMEs.

2 Normative references

Not applicable.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

3.1
background
pre-existing IP that a party brings to a collaborative joint venture

3.2
foreground
intellectual property and/or intellectual property rights that are collectively generated by the one or more of parties within a collaborative joint venture

3.3
freedom to operate
state wherein a product or service is not exposed to IP other than own IPR or licensed-in IPR

3.4
intellectual property (IP)
part of intellectual assets owned by a person or organization as a result of creations of the mind or the intellect

Note 1 to entry: Intellectual property can be either registered (i.e. statutory) or unregistered (i.e. non statutory or owned by default without any specific registration action).

3.5
intellectual property rights (IPR)
legally protected intellectual property which can be registered and unregistered

3.6
side ground
IP that may be generated by a party during the period of the collaborative joint venture, but specifically excluded from the scope of the joint venture

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4 Concept and purpose of intellectual property management

IP management involves identifying, tracing along time, deciding on publishing and potentially safeguarding IP on an individual IP level. IP to be managed includes technical inventions, trademarks, software, know-how, etc.

Core aspects of IP management are:

— identifying and managing IP created within the organization;

— identifying IP held by other organizations;

— managing the organization's IP rights portfolio through the discovery, acquisition, maintenance, trading and relinquishing of IP rights (see 6.4);

— identifying, mitigating and managing risks emerging from other organizations' IP rights and determining level of freedom to operate for innovation created by the innovation process. An innovation created by the innovation process may achieve a high level of freedom to operate or may, by hedging against risks from other organizations, create legal risks for them;

— supporting the innovation process and safeguarding results emerging from it.

The organization should begin the IP management process by identifying and tracing IP, then making management decisions as to how to deal with such identified IP. These decisions depend of the type of IP.

IP management should take appropriate measures to secure confidentiality with respect to otherwise unprotected IP such as know-how, invention disclosure, trade secret, or yet unfiled patent applications.

Intellectual property can be protected by a variety of legal rights. Some IP rights come into existence automatically (e.g. copyright), some need to be registered (e.g. patents), and for some registration is an option which can provide additional benefits (e.g. trademarks). In some cases there are strict criteria and dates which should be adhered to. This applies particularly to patents (for technical inventions), where premature public disclosure, or failing to meet deadline dates can invalidate the protection. Since IP rights can vary between jurisdictions, it is important to check the rules in the countries where protection is required.

In all cases, it is important to be able to provide evidence of creation, in case challenged. In practice this means that evidence, legally acceptable in a court of law, should be kept to prove date of creation, contributors and their relative contributions.

For technical inventions:

— keeping IP proprietary by means of confidentiality or by means of legal protection;

— making IP public to ensure the IP remains publicly available and cannot be protected by others;

— documentation and register maintenance of use of IP;

NOTE See Annex A.

— registering of or licensing-in of other organizations' IP rights to achieve freedom to operate;

— licensing-out the organization's IP;

— challenging other organizations' IP rights to achieve freedom to operate.

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For trademarks:

— acquisition of trademarks;

— observing use of organization's trademarks;

— observing other organizations' trademark activities;

— challenging other organizations' trademark IP rights if they conflict.

For copyrights including software:

— documentation of creation and use of copyright-protectable creations such as printed publications, software, etc.

For designs:

— application of design rights and patents;

— observing other organizations' design protection activities;

— acquisition of or licensing-in other organizations' design rights and patents to achieve freedom to operate;

— invalidating other organizations' design rights and patents to achieve freedom to operate.

The organization should refer to 6.2 and Figure 1 below for criteria to be applied in IP decision making.

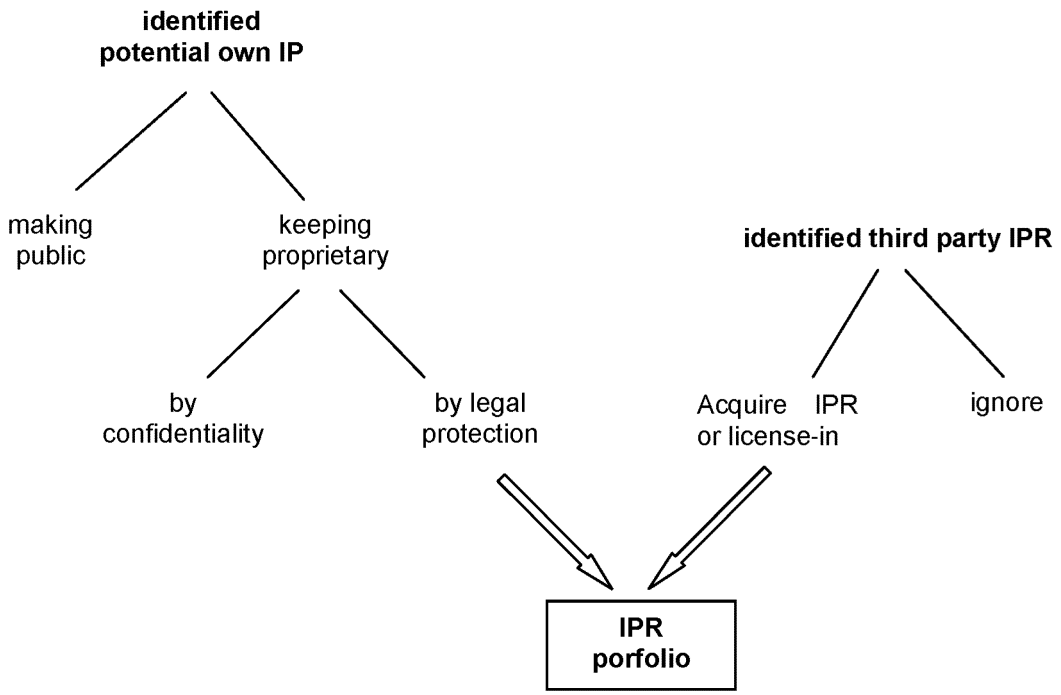

Figure 1 — IP decision tree

The IP rights portfolio management should be customized to suit the particular product field, the level of collaborative activity and the protection required in each territory (see 6.4).

The IP management process should continuously monitor and be administratively interlinked with the innovation process (see Figure 2).

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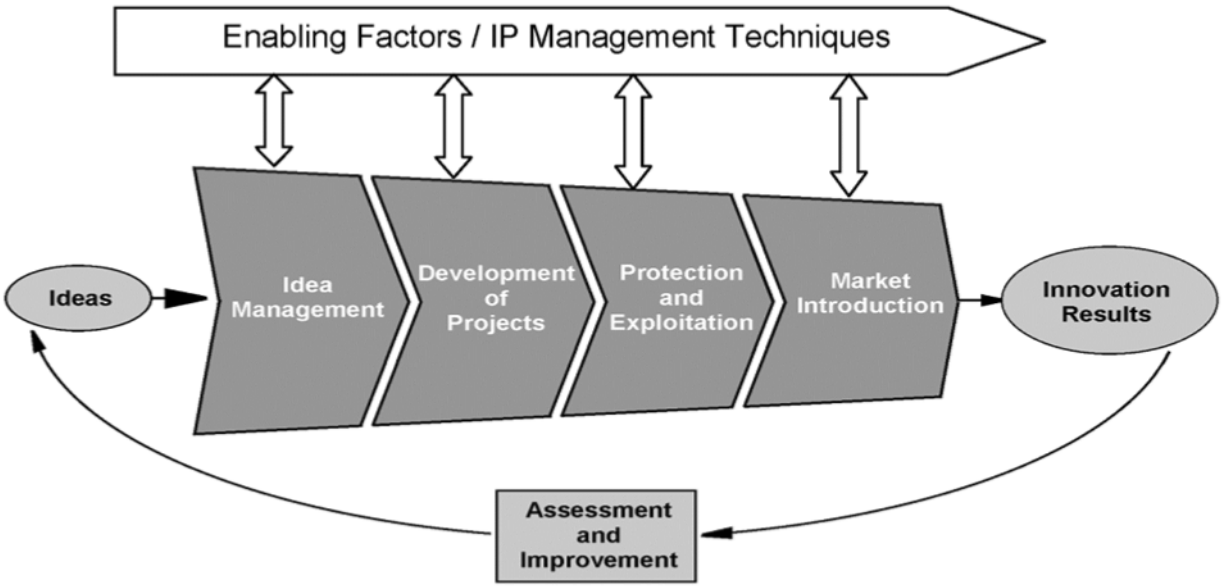

Figure 2 — Interaction of IP in the innovation process

The purpose of IP management is to support the innovation strategy (see CEN/TS 16555-1) and to safeguard results emerging from it.

IP management is the management of an organization's IP assets to support organization's innovation and growth. This also involves the management of any legal rights associated with the IP, which includes obtaining the legal protection and enforcing it as appropriate.

An innovation created by the innovation process may either provide a positive outcome with freedom to operate or a negative outcome where infringement is likely on IP which is the property of another organization. Even the IP relative to this innovation may protect against risks from such other organizations by creating legal risks for them in return.

5 The intellectual property strategy

5.1 The role of top management

The organization should have an intellectual property strategy. The organization should include IP as a consistent component of its innovation management strategy and likewise of the organization's business strategy.

In developing an IP strategy, the following should be considered:

— intellectual property as a guarantee of the organization's exclusive use of its own innovations (“freedom to operate”);

— intellectual property as a competitive advantage or as a response to exogenous constraints of a market, or market segment;

— intellectual property as an element of the organization's asset base for attracting investors;

— intellectual property as a decision support tool for structuring partnerships and research programmes for research bodies, whenever transfer of technology (and if appropriate of intellectual property assets) to industry is contemplated;

— intellectual property as a contributor to market value (through increase of the assets base).

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Top management should define and ensure that the overall organization strategy, including the innovation management strategy, is applied to:

— areas for strategic development: core business technologies, timelines and milestones in terms of strategy deployment, etc.;

— research and development business model and policy: internal development, joint development, acquisition, outsourcing, sale, licensing (in, i.e. subscription to licenses from third parties, or out, i.e. granting licenses from own IP to third parties), etc.;

— participation in standardization and regulation bodies;

NOTE 1 See Annex D and Annex E for more details.

— management of operating risks relating to the IP of third parties (risks of infringement of known third party IP, of opposition by previously unknown third party IP, restrictions on freedom to operate, etc.);

— appoint an IP management structure responsible for implementation of the intellectual property strategy, for management of the portfolio of associated IP rights, and for development of the organization's IP assets (detection, creation, protection, monetization, etc.);

— definition of missions and tasks for the IP management structure, in accordance with the organization's policy, consistent with related resources and budgets, and consistent with the recognized strategic value of intellectual property within the innovation management strategy;

— identification of the framework of responsibilities and empowerment, the definition of functional and hierarchical lines of reporting, for the IP management structure;

— structure and manage collaborative innovation projects with regards to their IP creations and IPR assignment components, thus IP management contribute to the success of the collaborative management (see CEN/TS 16555-5 for information).

NOTE 2 It is the IP management structure's responsibility to propose an efficient intellectual property strategy in line with the organization's strategy and with its explicit objectives for value creation.

Top management should establish and approve:

— a strategy for the IP management that supports the innovation management strategy;

— an organizational structure and process that secures the integration of the IP management structure into the deployment of the organization's strategy;

— a set of competences and resources (e.g. human, infrastructure, tools and methods) securing the availability of all the skills required to execute the process and implement the IP strategy.

IP management responsibilities should be clearly identified, documented and shared with the rest of the organization, in particular in the framework of their interactions with other functions in the organization.

These responsibilities can be assumed by a single person or a team; the IP management may report to the top management, be part of the top management team, or even assumed by the top management itself. As an IP strategy cannot be outsourced, its deployment can be partially delegated to an outside consultant (patent attorney or IP counsel, for example).

5.2 Interactions with various functions

The IP management should interact with relevant functions within the organization, as a contributor to the success of their own missions depending on the size of the organization. For example:

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— executive committee;

— operational management;

— risk and quality management (in particular legal and technology related risks impacting on the freedom to operate);

— licensing (if this function is separate from the others): proposal and preparation of licensing programmes, interactions with IP counsels, development of the portfolios of licensable IP assets, negotiations, etc.;

— R&D: innovations, technical analyses, competitive analyses, counterfeit detection, technology scouting (monitoring of third-party technologies of interest for the business's development), technical and legal analyses including freedom-to-operate analyses;

— legal: contractual aspects (confidentiality, purchase, sale, partnership and licensing contracts, etc.), processing of anti-counterfeiting litigation, assignment of intellectual property ownership in collaborative R&D programmes, in employment of interns or temporary collaborators for innovative projects, etc.;

— marketing: business plan (margins, market shares, etc.), information on markets, growth factors and macro trends, counterfeiting detection, choice of brands, development of products and services offerings, etc.;

— finance-accounting-tax management: budget, license fees paid or received, accounting for and reporting of intellectual property assets, (example: compliance with US IFRS rules concerning valuation of intangible assets);

— purchasing: subcontracting of all or part of developments, validation of freedom to operate on purchased components, technologies or tools;

— strategy: role of IP assets in mergers and acquisitions, diversification or divestitures (withdrawals from strategic segments, assets portfolios rationalization, etc.).

5.3 Competences and skills requirements

The IP management should have access to the following competencies:

— specialized skills, internal and/or external, for management of intellectual property in all of its aspects (detection, creation, protection, monetization);

— resources for raising awareness and for training, which addresses all personnel whose duties and responsibilities likely expose them to the issues of intellectual property: freedom of operation, protection of knowledge and IP, value creation, monetization of intangible assets.

Top management should explicitly exert “make vs buy” choices in terms of mastering internally the resources and skills necessary for efficient deployment of the IP strategy, or outsourcing these resources. Top management should periodically revisit these choices as well as the positioning of the IP management within the organization, since resources and management structure required for efficient implementation of the IP strategy can evolve.

The corresponding framework could be a yearly IP specific hiring and training plan, jointly designed by top management and the human resources function, explicitly meant to meet the requirements and key success factors of the selected intellectual property strategy.

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