

Technology, IPR and business models

IPR Workshop

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Technology, IPR and business models

Overview

1. Hidden value, unknown risks
2. What to do?
3. Who needs it & when?
4. How to do it – tools.
5. CIPO v CLO – who does what?

Hidden value

- Example - patents
 - P&G estimate in 2002: about 10% of patents held are actually used
 - Siemens estimate: 90% of all patents in Germany are not in use
- Microsoft traded patents in 2007 for over \$2bn

Hidden value

- Example - Xerox PARC – technology spin-offs:
 - 35 projects left Xerox after funding ended - dead
 - However, to 30 of those, Xerox gave a license
 - 24 were unsuccessful
 - 11 other generated, together, double the total market value of Xerox

Source: Henry Chesbrough: “Graceful Exits and Foregone Opportunities: Xerox ‘s Management of Its Technology Spinoff Organizations.”, *Business History Review* 76, n° 4 (2002): 803-838

Unknown risks

- Acacia Research Corporation (NASDAQ: ACTG)
 - Market capitalisation: \$180m (21 April 08)
 - Activity: « Acacia Technologies develops, acquires, licenses, and enforces patented technologies. »
 - ?



What to do?

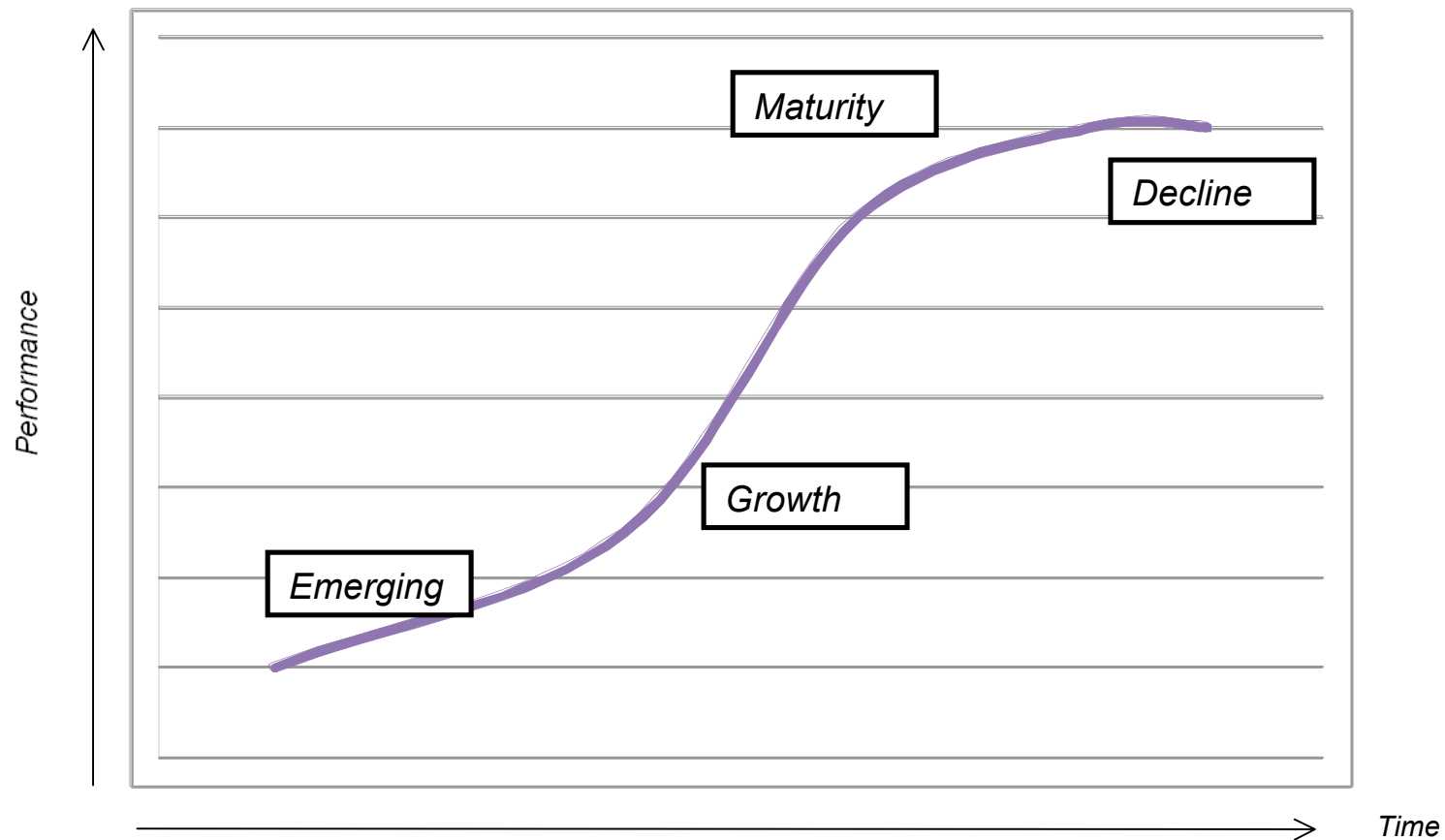
- IPR's & business model – look for the right fit
- Understand how:
 - IPR's affect the business model
 - the business model affects IPR's

Who needs it?

- Technology companies?
- Who is a technology company?
 - Google?
 - IBM?
 - CPA (www.cpaglobal.com) ?

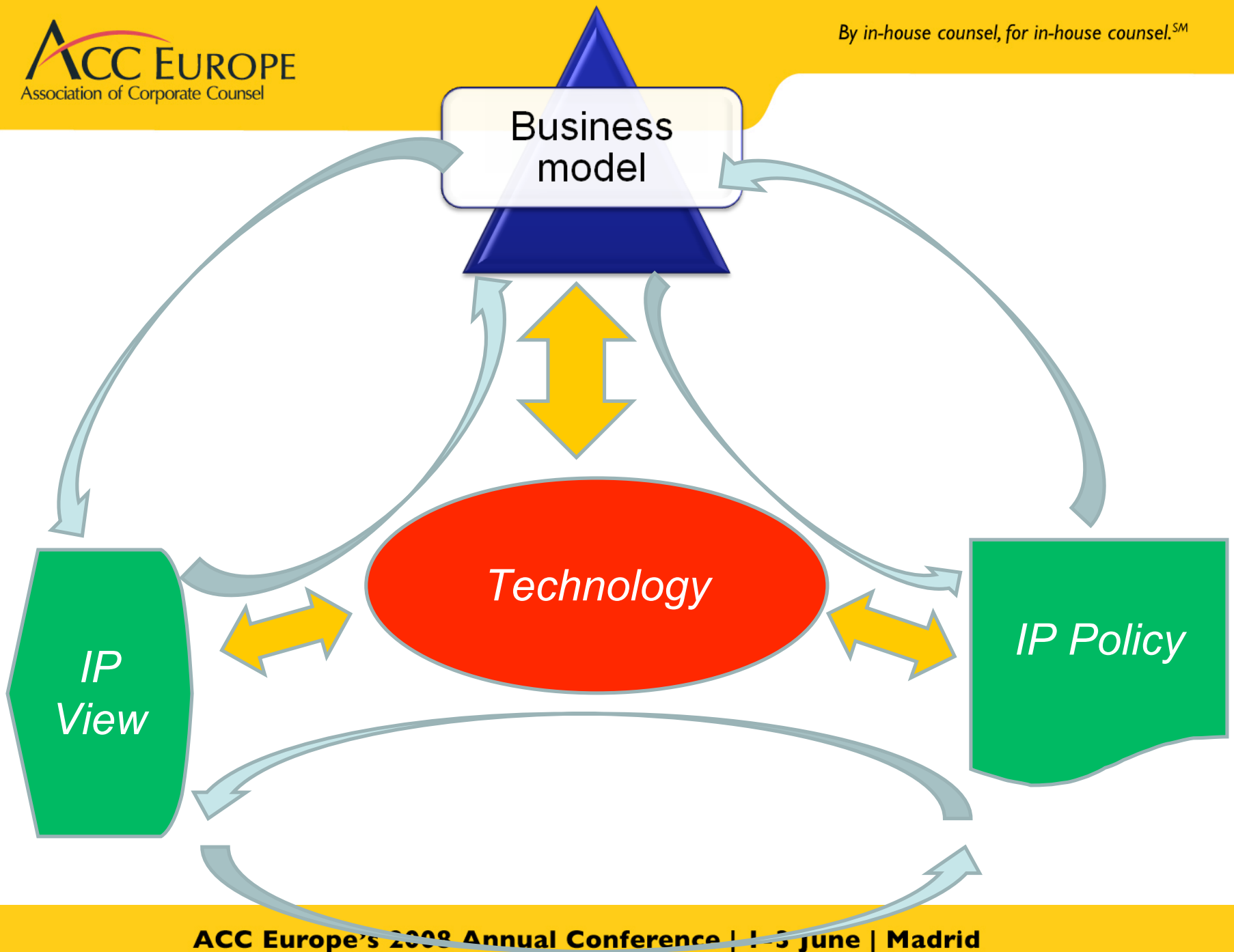
- Everybody!

When do we need it?



How to do it - Tools

- IP Analysis
- IP Policy



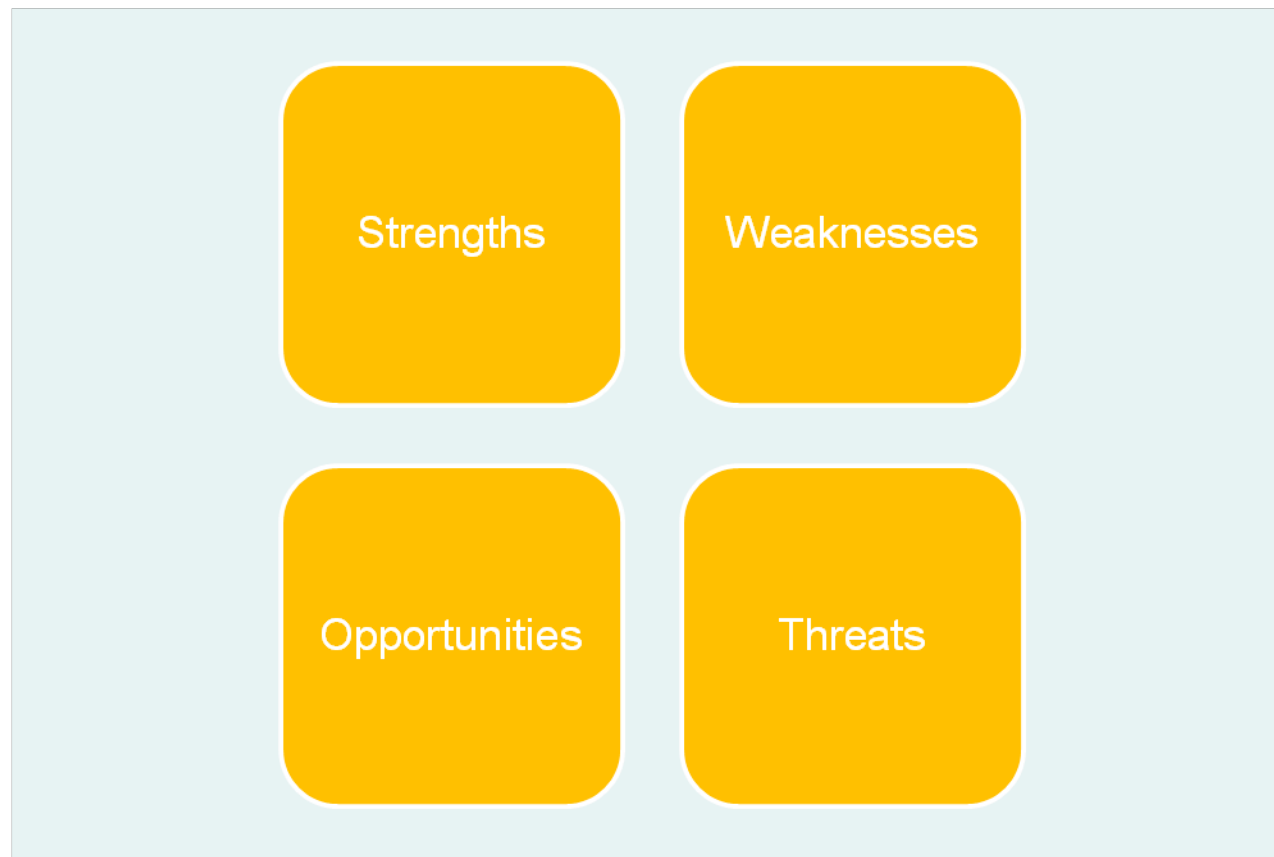
Relevance for in-house counsel?

- CLO v CIPO?

SWOT CLO (Chief Legal Officer)



SWOT CIPO (Chief IP Officer)



Thank you

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Open Source Software

Michael Sinclair

Simmons & Simmons

Key Themes

- open vs. proprietary licensing
- impact on investment valuation
- risk profile and mitigating risk

What is Open Source Software?

It is not:

- public domain software
- freeware
- shareware
- closed (proprietary) software

What is Open Source Software?

Open Source Initiative (www.opensource.org)

Open Source Definition:

- no restrictions on onlicensing (including with other software)
- must include source code/access
- entitled to modify/create derived work and distribute on same terms
- cannot discriminate licensees/field of endeavour
- technology neutral

What is Open Source Software?

Key differences from proprietary (closed) software:

- “free” as in “liberty”, not as in “price”
- access to source code
- right to modify
- right to onlicence (but, if you do, must make modifications/derived works available)

Viral Effect

Version 2 GPL clause 2(b):

“you must cause any work that you distribute or publish, that in whole or in part contains or is derived from the Program or any part thereof, to be licensed as a whole at no charge to all third parties under the terms of this license”

- viral effect does not affect end users
- does not mean publishing to the world
- keeping programs separated
- problematic where business sells proprietary software using OSS development tools
- viral effect ameliorated in version 3 GPL.

Risks and Mitigation

When licensing in:

- risk of claims
- no warranties/IP indemnity
- buy warranty support
- sometimes IP indemnity given if contract for support
- Insurance:
 - Kiln
 - Miller Insurance Services
- corporate review policy
- ongoing audit

Risks and Mitigation

When developing:

- risk of including OSS programming tools
- problematic when software house required to assign all IPR in bespoke solution or exclusively license
- clean base programming
- separation
- insurance

Risks and Mitigation

When acquiring a business:

- asset valuation
- due diligence
- vendor warranties

Global IP Strategies in the Technology Sector

Willem Leppink
 Simmons & Simmons

A few selected topics

- Intellectual property / patents as key assets of a company
- What make patents so different from other IP rights?
- Why file for patent protection and why not simply be the best innovator and stay ahead of the competition at all times?
- What role do standards play?
- China: from the World's workshop to the World's Powerhouse?
- IP enforcement: Role of border detentions in hi-tech competition
- Sisvel case

Patents and other IP rights

- Intellectual property / patents as key assets of a company
 - Exclusivity
 - Licensing out
- What make patents so different from other IP rights?

IP filing strategies

- Why file for patent protection and why not simply be the best innovator and stay ahead of the competition at all times?
- What role do standards play?

China

- From the World's workshop to the World's Powerhouse?
- *"if we can't beat them in manufacture, let them pay for western developed R&D"*
 - China accounts for 90% of all DVDs manufactured worldwide
 - Yet western companies that control key DVD patents receive up to 1/3 of retail price through royalty payments
- The Chinese answer

Patent enforcement: Sisvel case

- Three patents owned by three assignees (Philips cs) enforced patents via licence to Sisvel SpA (Italy)
- Aggressive “stick” licensing (BDO, criminal seizures, seizures on trade fair Berlin)



Thank you!

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