

# WIPO-WASME Program on Practical Intellectual Property Rights Issues for Entrepreneurs, Economists, Bankers, Lawyers and Accountants

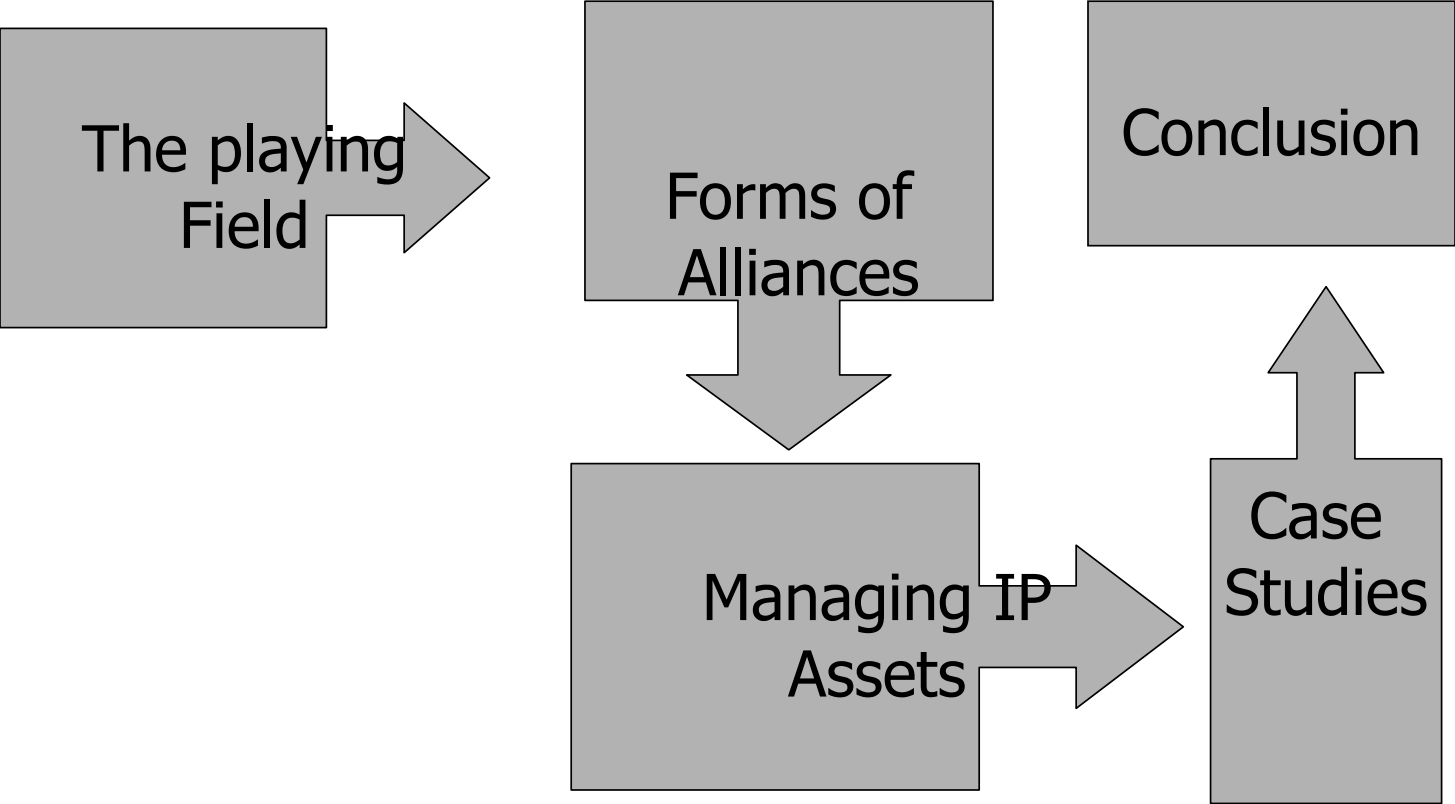
## Topic 12

Managing IP in Public-Private Partnerships, Strategic  
Alliances, Joint Ventures and Mergers & acquisitions

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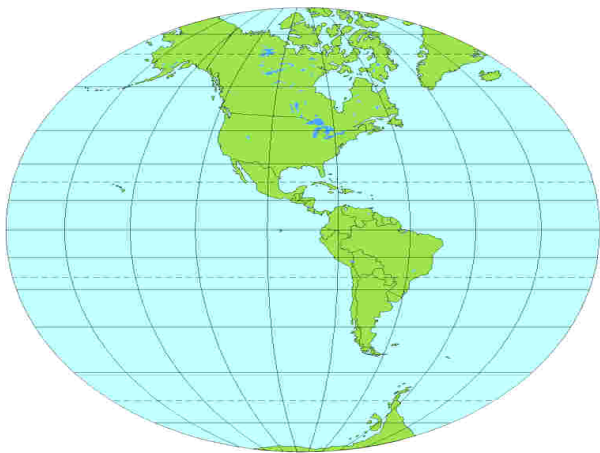
# Overview



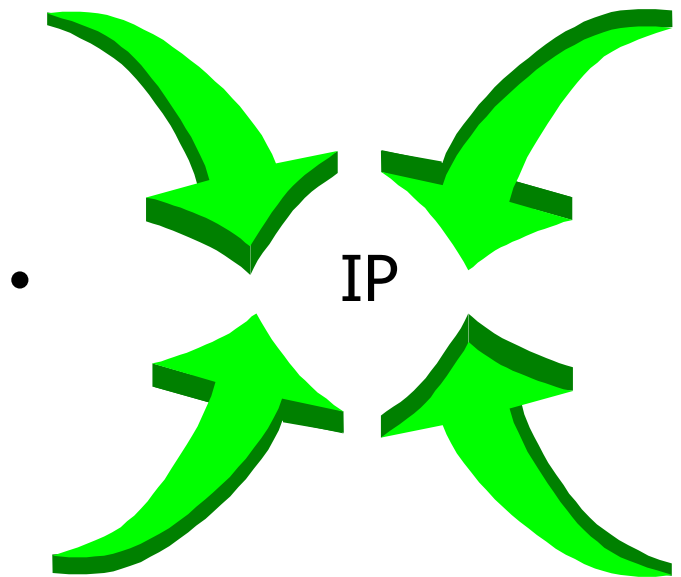
# The Playing Field

- Globalization and liberalization as the new playing field for business
- The emerging importance of intangible assets in determining business success
- Disputes arising from IP ownership
- These trends in the economy foster a highly competitive business atmosphere

# The Playing Field contd.

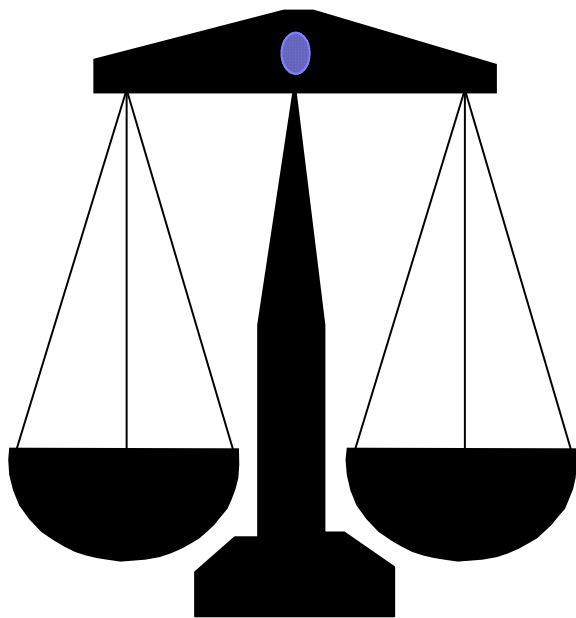


- Source:  
<http://www.globalaffairs.ca/>
- Globalization and liberalization



- Central role of IP

# The Playing Field contd.



- IP ownership issues (disputes)



- Highly competitive business atmosphere<sub>5</sub>

## The Playing Field contd.

- To stay in business and remain competitive companies, both big and small, are establishing different types of alliances
- Alliance-building is increasingly becoming a priority strategy for organizations across public and private sectors.

# The Playing Field contd.

- Rapid growth of domestic and cross-border alliances
  - 1998-2000 more than 20,000 corporate alliances have been formed worldwide
  - the number of alliances in the United States has grown by 25 percent each year since 1987
    - Source:  
[http://www.onlineorganizing.com/Organizer\\_Article\\_Small\\_Business\\_Alliances.htm](http://www.onlineorganizing.com/Organizer_Article_Small_Business_Alliances.htm).

# The Playing Field contd.

- Public-Private partnership
- Change in perspective at policy level
  - Government realizing the need to protect IP of government funded institutions e.g. universities, research institutions e.t.c.
  - Realization of the potential of public sectors to contribute to economic development and generating new revenue hence augmenting taxes



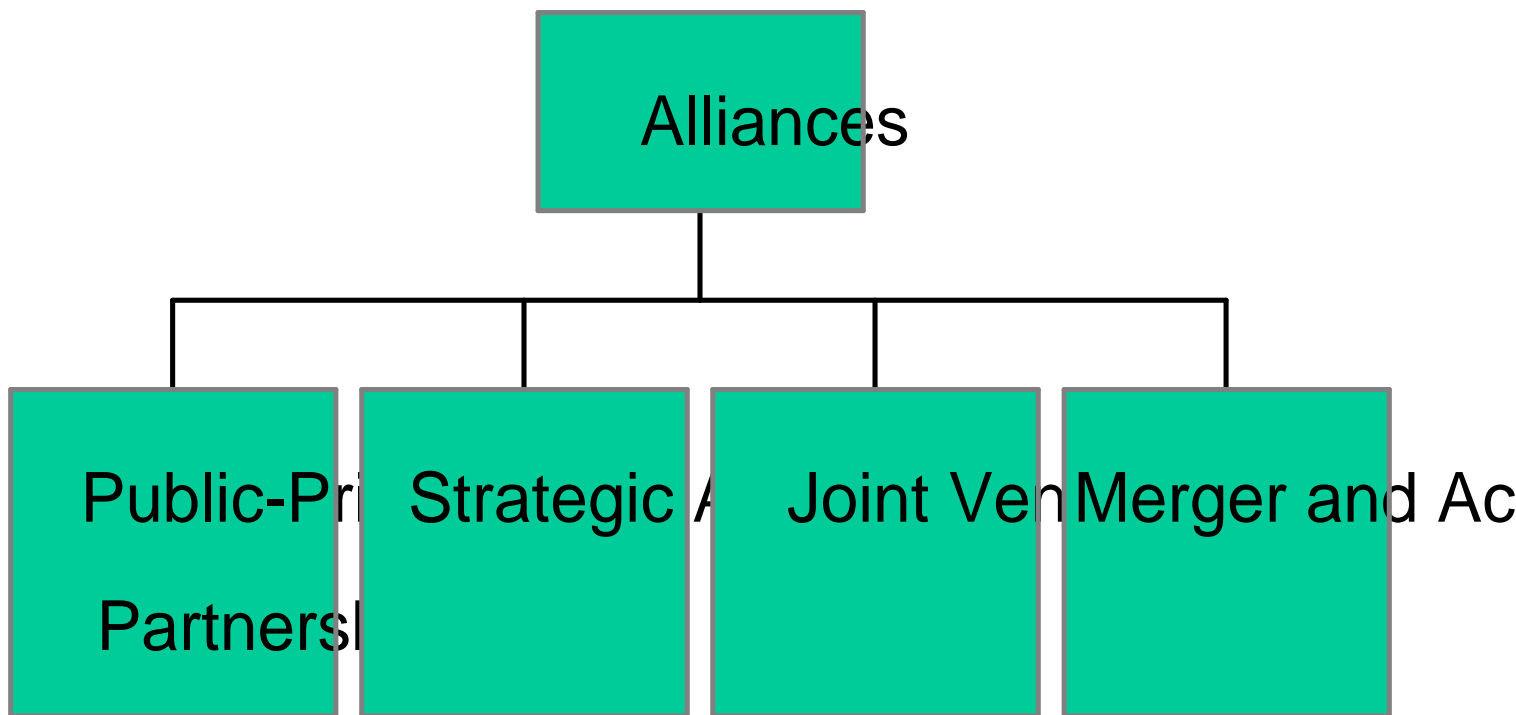
# The Playing Field contd.

- The potential of public and private institutions to cooperate in commercializing IP assets

# The Playing Field contd.

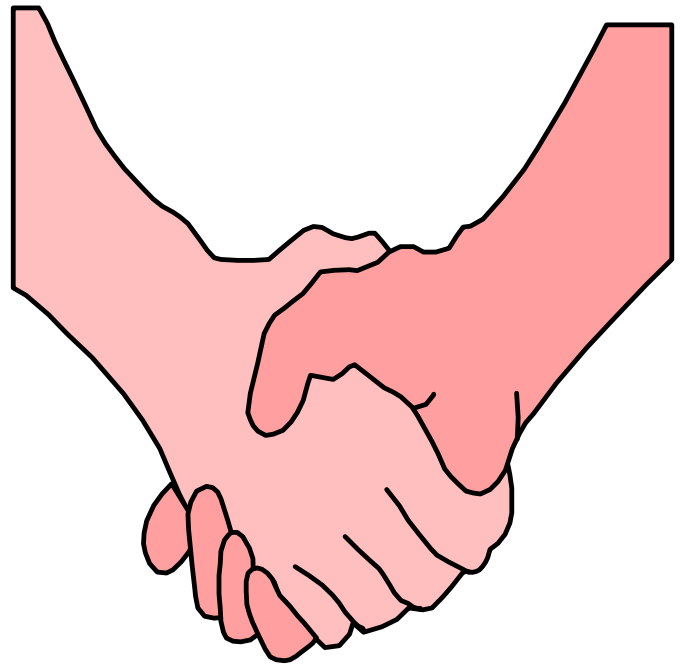
- SME's not spared from international competition
- Increasingly smart businesses concentrate in their core competencies and strategically manage their intangible assets

# Establishing Alliances



# Establishing Alliances contd.

- Alliances can be
  - long-term with strategic goals
  - shorter-term relationships formed for tactical purposes



# Establishing Alliances contd.

- Main motives behind alliances:
  - Gain access to new international markets
  - Broaden product-line or fill product-line gaps
  - Gain foothold in emerging industries
  - Join entrepreneurial smaller firms with reputations and resources of established organizations

## Establishing Alliances contd.

- Accelerate market entry by using host partner's sales force, distribution infrastructure and knowledge of local markets
- Lower manufacturing costs by sharing production facilities and manufacturing process experience
- Exchange technology

# Establishing Alliances contd.

- Enable resource extension for small firms that lack the means for investment in research and product development
- Enhance skills through learning from alliance partners
- Respond to shifts in customer buying patterns from the purchase of individual products to integrated system
- Source: Lobo M and Nazemetz J. W ([http://www.okstate.edu/ind-engr/step/WEBFILES/Papers/Marks\\_phase5.htm#\\_Toc436979593](http://www.okstate.edu/ind-engr/step/WEBFILES/Papers/Marks_phase5.htm#_Toc436979593))

# Managing IP Assets in Alliances

- Alliances lead to sharing IP or creation of new IP
- IP management is crucial element in alliances
- Neglect of IP issues can spell doom to alliances
- IP ownership should be well defined in pre and post alliances



# Managing IP Assets in Alliances contd.

- SMEs engaged in alliances should focus on the most beneficial arrangement basing on their IP assets

# Managing IP Assets in Alliances contd.



- IP Audit
- Recognize competence and capability
- Know IP value
- Decide on the form of alliance
- Identify potential partner

# Managing IP Assets in Alliances contd.



- Due diligence
  - market research
  - legal steps to fully protect IP
  - analysis of the potential partner e.g financial strength, research and manufacturing capabilities and reputation

# Managing IP Assets in Alliances contd.

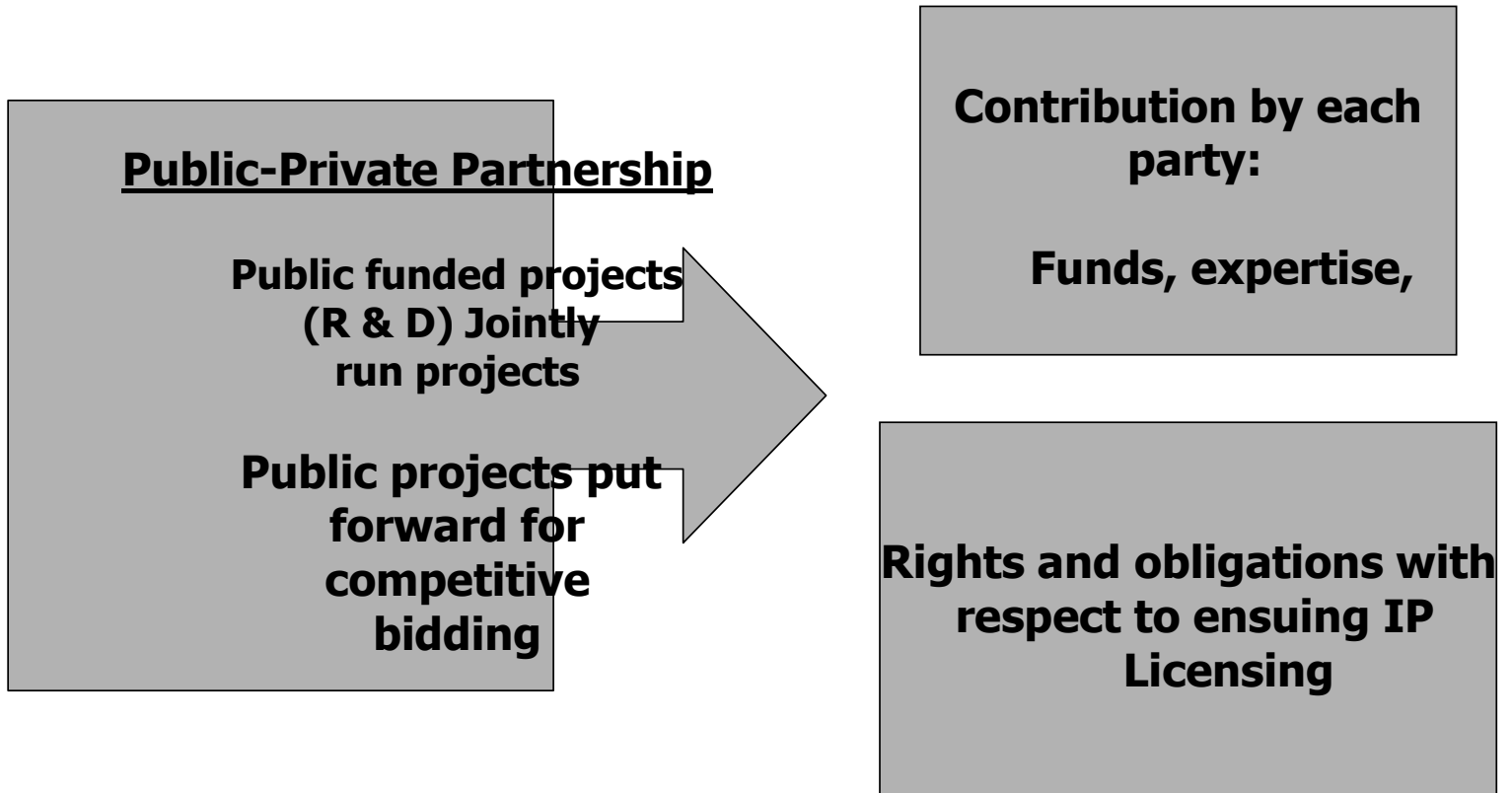


- internal financial analysis of the technology with respect to pricing, profit margin, cost of production and distribution
- Seek professional assistance
- Know the end game/exit strategy

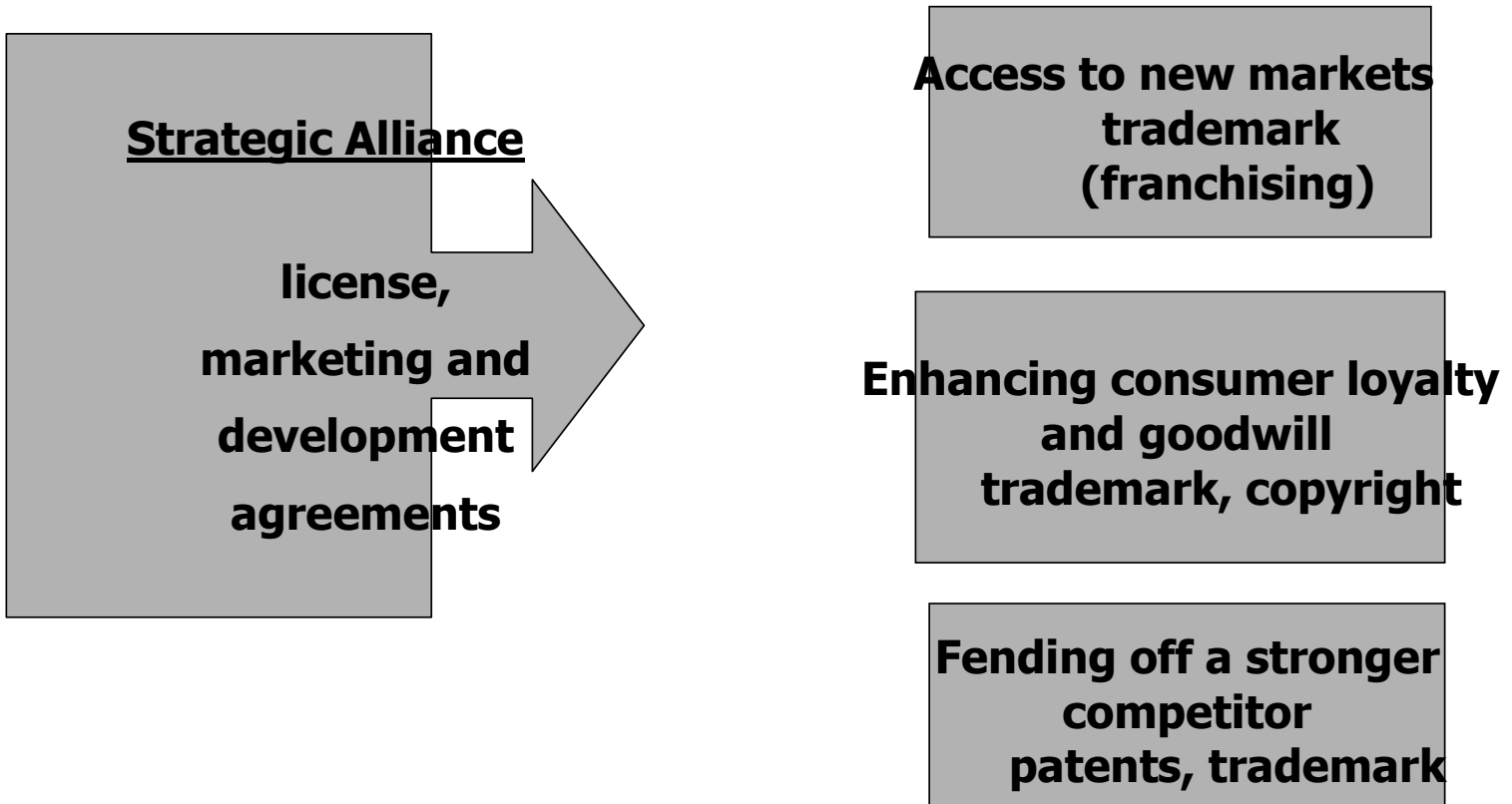
# Managing IP Assets in Alliances contd.

- How IP assets can facilitate opportunities for partnering
- IP strategy should focus on competitive impact of the established alliance
  - e.g. how would the market respond to introduced changes

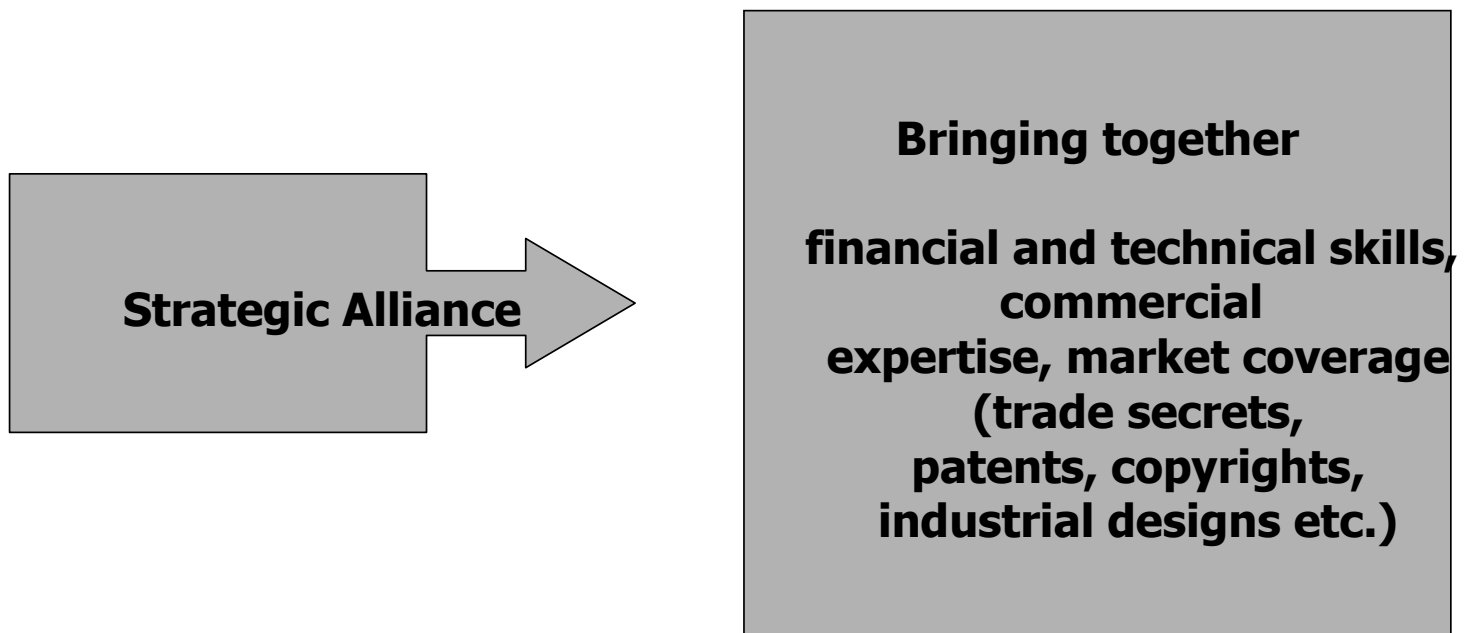
# Managing IP Assets in Alliances contd.



# Managing IP Assets in Alliances contd.



# Managing IP Assets in Alliances contd.





# Managing IP Assets in Alliances contd.

**Joint Venture  
separate legal entity  
(generally a corporation,  
limited liability company,  
or partnership)  
through which the  
business of the  
alliance is conducted.**

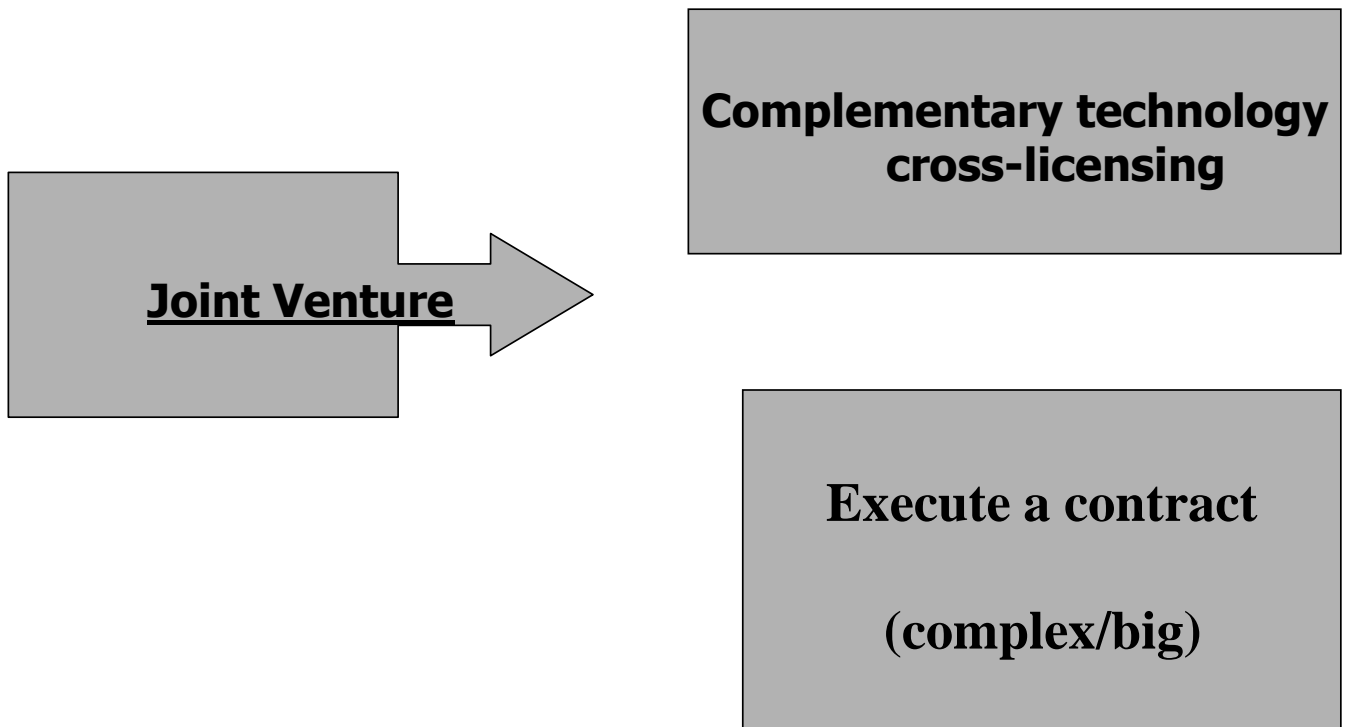


**Market expansion**

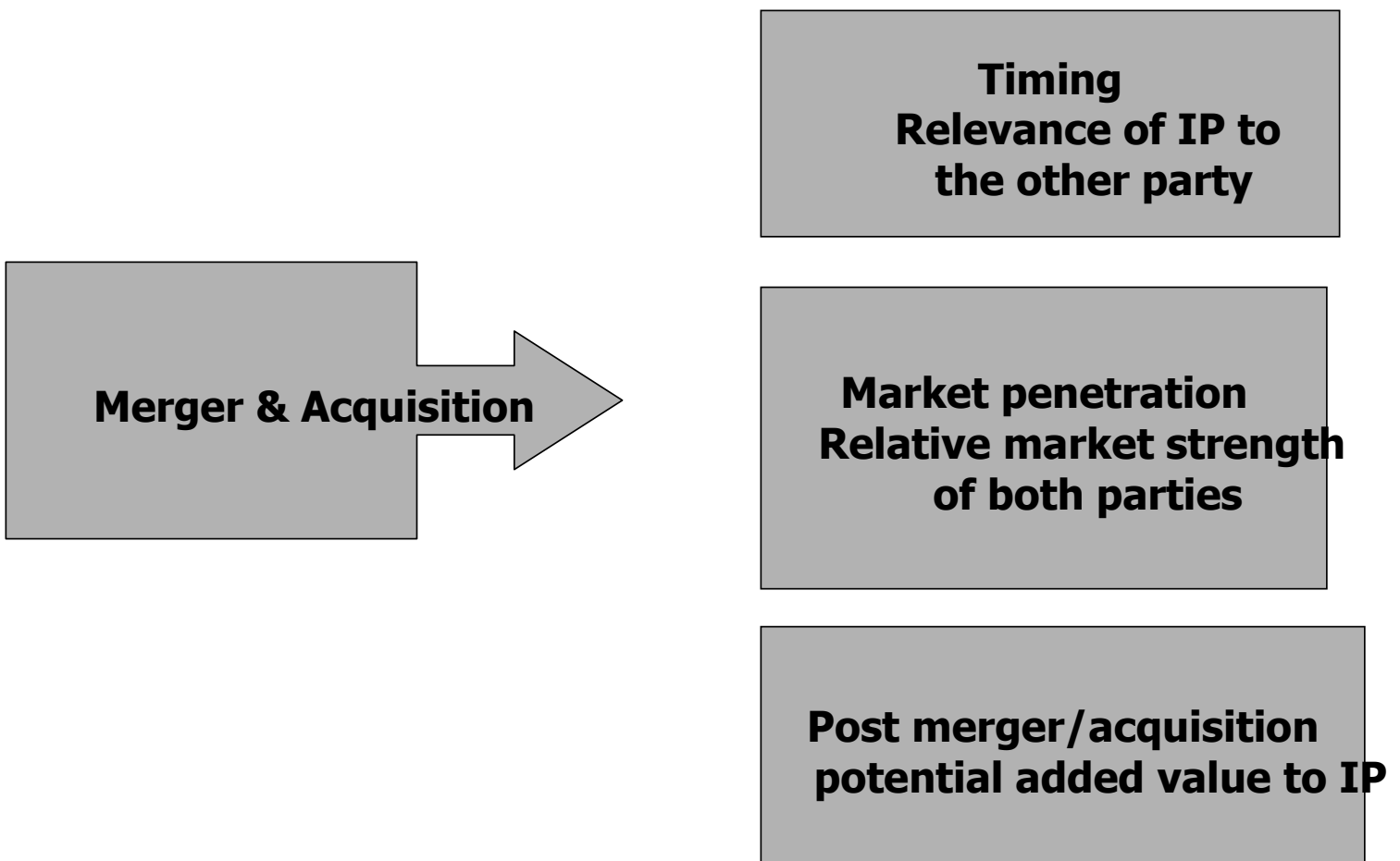
**co- branding  
new brand**

**Technology development  
pooling resources  
contributing unused patent  
to a start-up**

# Managing IP Assets in Alliances contd.



# Managing IP Assets in Alliances contd.



# Case Studies

- Story of Pliva (Croatian pharmaceutical company)
  - Started as a relatively a small player
  - Innovation (developed original antibiotic named azythromicin in 1970)
  - Patent protection (worldwide in 1981)
  - Pfizer Inc. learned about Pliva while searching USPTO database (Use of patent information)

## Case Studies contd.

- Pliva and Pfizer entered into licensing agreement
- Pliva maintains right to sell the product in Central and Eastern Europe under the its own brand name Sumamed.

## Case Studies contd.

- Sun Microsystems-Fujitsu is a small (at the time the alliance was formed) U.S. company-large Japanese semiconductor company linkage that centers on a supplier-manufacturer relationship comprising licensing, consigned product development, and manufacturing foundry aspects

## Case Studies contd.

- Peace Frog T-shirts exporters to Japan and licenses in Spain see <http://www.fashionwire.com/publications/infpu0001756.html>

# Conclusion

- Need to strategically manage IP assets in order to balance IP strategy and overall business objective
- Ensuring IP issues do not lead to disputes during or after end of alliance
- Deciding who will take the lead in commercial exploitation of IP
- Decide on sharing of resulting revenue
- Decide on access rights to background IP
- Find a suitable partner



# Conclusion

- Thank you for your kind attention