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საქართველოსთვის  
Project funded by the European Union



# Identifying IA, Risks and Opportunities: Informing an IPPD

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EU Georgia project, funded by the European Union and implemented by the European Union Intellectual Property Office (EUIPO)

## WHATS WE'LL COVER

### Focus on commercialising IP

1. Navigating the client journey
2. Why is this stuff valuable?
3. How can you exploit IP internationally?
4. Where will you find this value?
5. How can this value be leveraged?



## THE CHALLENGE

**Companies are full of non-physical assets, but lack the language to find and communicate them**

- Many of the assets that really drive business value will not be found on any inventory: they have to be 'discovered'.

**The true value of intangibles cannot be discovered from company accounts**

- There are strict rules on the balance sheet recognition of IP
- Accounting regs only permit certain intangibles to be recognised – and only at **cost**
- Much of a company's long-term investment in intangibles ends up being expensed annually along with operating costs

**Many companies are not well placed to make the most of their IP**

- They don't know what they've got, what it's worth, or what to do with it
- They often don't take it seriously

**Identification and valuation are key steps to unlocking IP value**

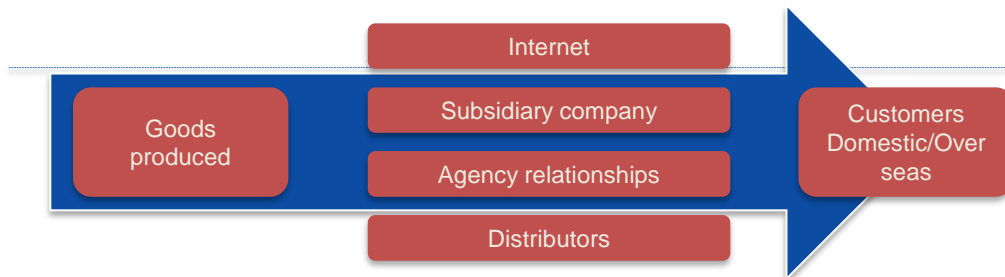




## IP STRATEGY

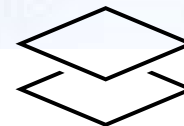
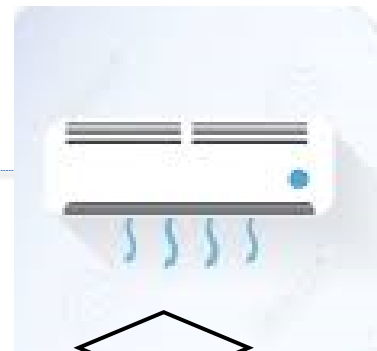
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## Where IP sits in an commercialisation strategy



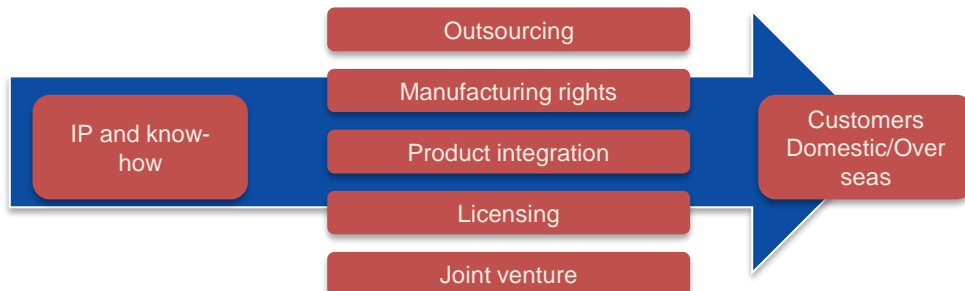
*Traditional tangible asset-led strategy*

Example –



**New Filter**

*Knowledge-led strategy*



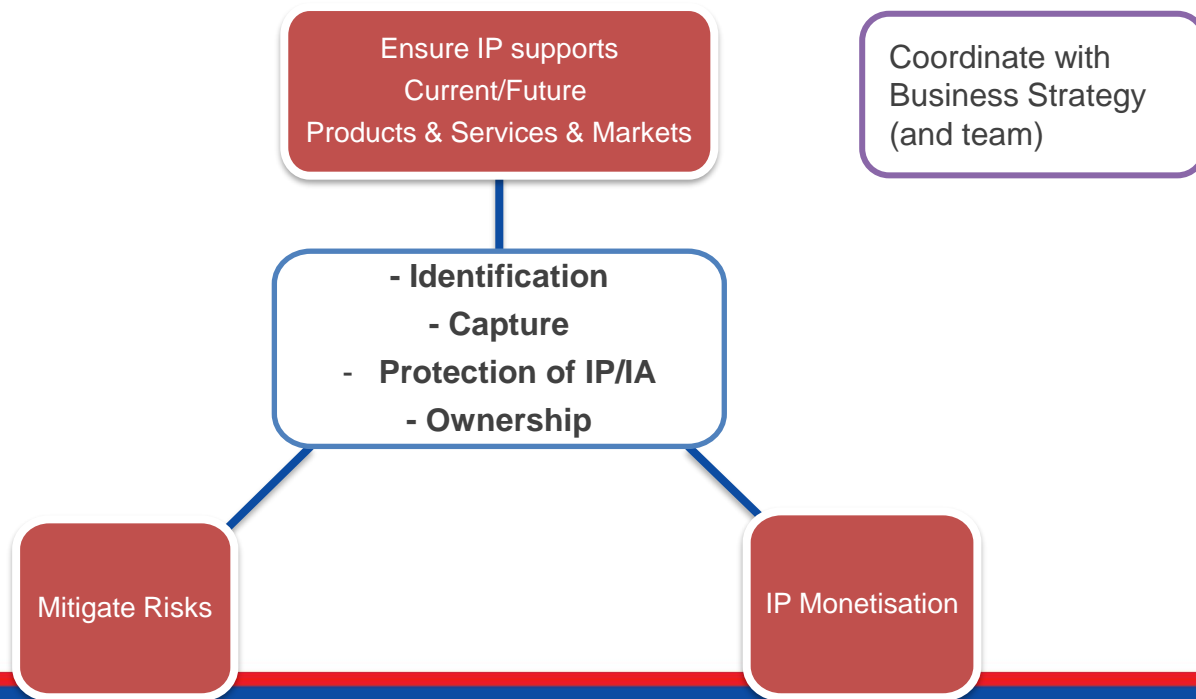
### **Traditional routes**

- Use filter in own devices
- Sell filters only

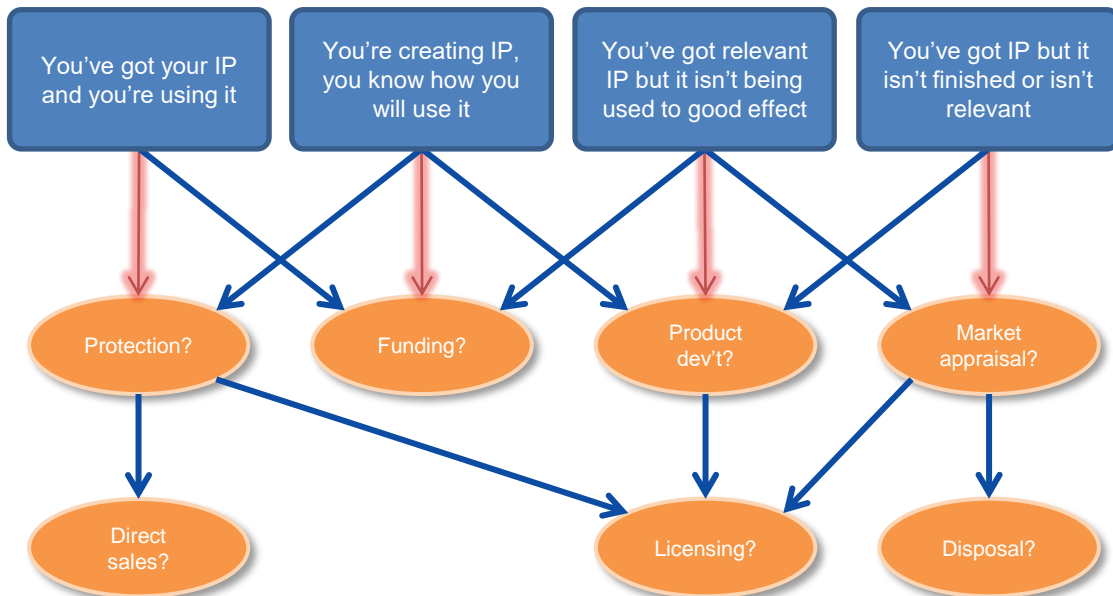
### **Other**

- License rights to manufacture of filters for non-core tech use
- License use of filters to non-competing tech
- Geography/sector-limited licences

## NAVIGATING A CLIENT'S IP JOURNEY – KEY POINTS TO CONSIDER



## WHAT STAGE IS THE CLIENT AT? – PRIORITY CONSIDERATIONS



Red arrows indicate likely highest priority considerations  
Dark arrows indicate the next highest priorities



THE VALUE IN YOUR ASSETS

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## WHY IS IP CONSIDERED SO VALUABLE?

### Some types of IP are directly cash-generative

- Software & creative works that are commissioned or sold
- IP that is licensed to someone else (global licensing now accounts for 5% of all world trade)

### Other types are part of how a company operates

- Embedded within its products and services
- Provide freedom to trade, discourage imitators, make an offer distinctive, attract loyalty, improve profitability



## Some ways value can be realised

### Buying or selling companies

Turn IP value insights into actual cash

### Licensing & export

- IP-intensive industries account for 90% of the EU's world trade\*
- European firms that own IPRs have on average 20% higher revenue per employee and pay 19% higher wages to employees than firms that do not\*;
- Companies that manage IP are 10% more likely to have overseas turnover \*\*

### Raising funds for growth

### Paying less tax and/or getting tax refunded

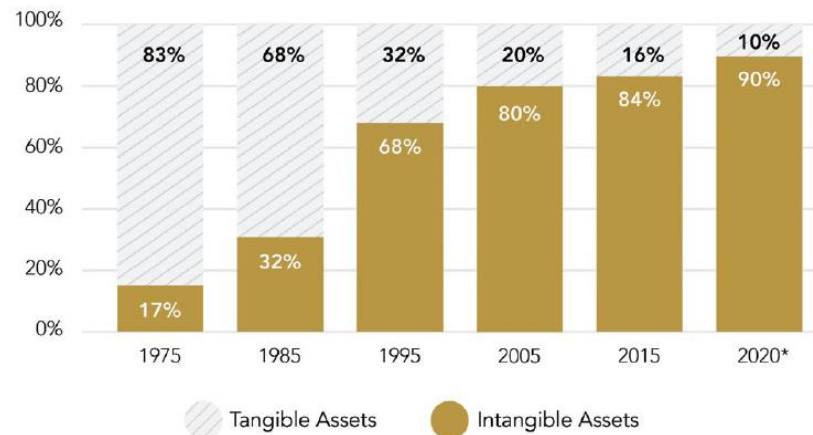
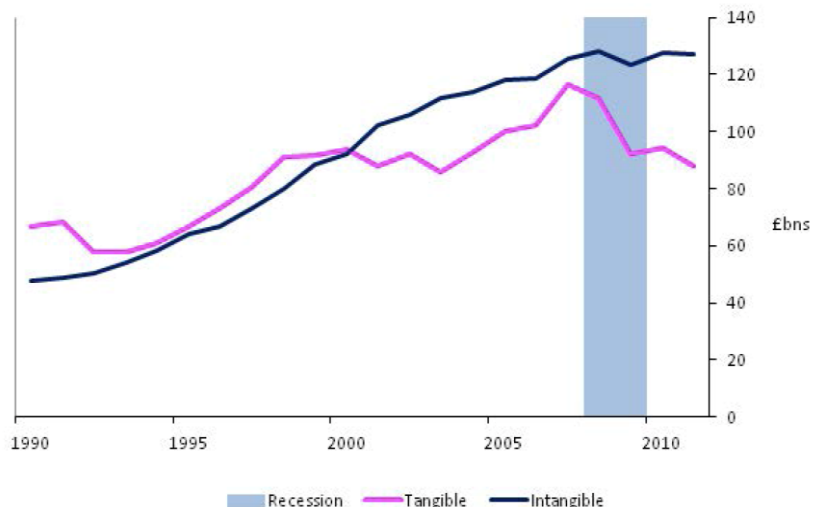
- Tax Relief (e.g. Patent Box (UK); Innovation Box (NL); Knowledge Dev. Box (IE))
- R&D Tax Credits
- Other "IP" Country-specific Tax Reliefs (e.g. Creative Industries)
- BUT be aware of OECD Base Erosion and Profit Shifting ("BEPS")

\* EPO/EUIPO *IPR Intensive Industries* 2019/2021

\*\* UKTI *New markets, new ideas: How exporting fosters innovation and growth* 2011



## FURTHER EVIDENCE– IP ‘The currency of the knowledge economy’



SOURCE: OCEAN TOMO, LLC INTANGIBLE ASSET MARKET VALUE STUDY, 2020  
\*INTERIM STUDY UPDATE AS OF 7/1/2020

Left chart shows growth in US and European intangible asset investment as a share of GDP  
Right chart shows tangible assets on balance sheet as a % of quoted company value in the US (S&P 500)  
Sources: INTAN, from *Capitalism without Capital*, 2017; Ocean Tomo, 2020

## WHAT HAPPENS WHEN A BUSINESS GETS BOUGHT?

20%

Typical % of purchase price underpinned by tangible fixed assets

35-50%

Purchase price underpinned by **specific, identifiable** intangible assets, such as:

- *Registered intellectual property*
- *Copyright and brand-related assets*
- *Contracts and databases*
- *Software*

Collectively,  
'intangibles'

30-45%

Purchase price attributed to "goodwill"

(interestingly, this shows that identifiable intangibles have roughly *twice* the potential security value of tangible fixed assets)

## SOME REAL-LIFE M&A EXAMPLES

‘Purchase price allocation’ reveals the missing IP value...

Deloitte sector ( <i>KPMG sector</i> )	Price % allocated to identifiable IA (Deloitte)	Price % allocated to identifiable IA (KPMG)
(Automotive)	-	34%
Chemicals & industrials ( <i>Chemicals: Industrial products</i> )	38%	48%: 36%
(Computer & semiconductors)	-	45%
Financial institutions ( <i>Financial services</i> )	42% (banks 32%)	34%
Food & beverages: Household goods (( <i>Consumer products &amp; services</i> )	39%: 29%	55%
(Internet & e-commerce) ( <i>Software</i> )	-	33%: 28%
(Life science & healthcare)	-	45%
Media ( <i>Entertainment &amp; media</i> )	34% (range 20%-50%)	43%
Retailers	25% (general), 5% (food/drug)	-
Support & construction	27%	-
Telecommunications ( <i>Telecommunications</i> )	33%	34%
(Transportation & logistics)	-	34%

Synthesised from post-acquisition accounting research  
Sources: *Grasping the Intangible*, Deloitte and Touche LLP, 2007; *Intangible Assets and Goodwill in the context of Business Combinations*, KPMG AG, 2010

(re-benchmarked by Inngot)

## IP-DRIVEN ACQUISITION EXAMPLES

### Nestlé acquisition of Rowntrees

£2.5bn paid for Rowntrees: £0.5bn of value in the physical assets, £2bn in the intangibles

### Instagram acquisition by Facebook

\$1bn paid for a small web start-up just under two years old, with 13 full-time staff working on one smartphone app with no revenue to speak of (but 30 million users on iPhone alone)

**Copyright** – private investors particularly interested in music and image catalogues/libraries



## EXAMPLES OF IP VALUE SEEN IN M&A IN SMALLER COMPANIES



Text prediction: 4 granted  
& 54 pending patents  
*Acquired by Microsoft in  
2016 for \$250m*



Patent protected virtual  
assistant technology  
*Acquired by Apple in  
2015 for \$50m - \$100m*



Machine learning for visual  
processing: 20+ patents  
pending  
*Acquired by Twitter in 2016 for  
\$102m*



Fabless semiconductor-  
based air quality sensors  
*Acquired by AMS in 2016  
for undisclosed \$ms*



AI and neural  
networks: multiple  
patents  
*Acquired by Google in  
2014 for \$650m*



Wireless chips for  
envelope tracking : 200+  
patents  
*Acquired by Qualcomm in  
2015 for \$50m*



Natural search for mobile  
applications: 4+ patents  
*Acquired by Amazon in  
2012 for \$26m*



Machine-to-machine  
networks: 24+ patents  
*Acquired by Huawei in  
2014 for \$25m*

Sources: TechCrunch, media reports

## QUICK QUIZ

What US companies/corporations do you think are in the top 10\* Global Licensors list in terms of licensing income?

(\*based on recent Global licensors study)

State product/brand names if owner not known

(Type answers in chat facility)





## LICENSED PRODUCT INCOMES: THE US TOP 10

Source: License! Global

No	Name	2015 \$	Lines	No	Name	2015 \$	Lines
1	Disney	\$54.7bn	Star Wars, Avengers, Frozen, Disney Princesses	6	Hasbro	\$7.1bn	My Little Pony, Transformers, Monopoly
2	Meredith	\$25.1bn	Better Homes & Gardens	7	Universal Brand Development	\$7.1bn	Minions, ET, Fast & Furious
3	PVH Corporation	\$18bn	Calvin Klein, Tommy Hilfiger	8	Iconix Brand Group	\$7.1bn	Peanuts, Umbro, Lee Cooper
4	Warner Media	\$11bn	DC Comics, Harry Potter	9	Viacom Nickelodeon Consumer Products	\$5.5bn	Teenage Mutant Ninja Turtles, Paw Patrol
5	Authentic Brands Group	\$9bn	Over 50 brands eg Airwalk, Greg Norman, Juicy Couture, Marilyn Monroe, Elvis Presley	10	Major League Baseball	\$5.5bn	-

The top 150 licensors reported **global sales of licensed products** totalling \$262.9bn in 2019



# DETERMINING YOUR IP VALUE

## Reasons, methods, standards, and challenges

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## HOW DO WE ACCOUNT FOR IP VALUE?

**In a word:** badly!

### **Internally generated IP value is mostly off-balance sheet**

- There is seldom a transaction to demonstrate what it's worth
- The best you can do is capitalize development costs
- Increasingly common to do this; often few 'tangibles' in use

### **Yet external costs of acquiring intangibles can be written down**

- Assets a multi-national buys or transfers in will be capitalized (making value appear from nowhere, as if by magic)
- Rules vary between countries (e.g. UK – extends rules to SMEs; tax incentives for expenditure incurred on the acquisition of intangible assets (e.g. Ireland))



## WHEN DO YOU HAVE TO VALUE IP?

### **Post-purchase accounting**

Following merger & acquisition activity

### **Insolvency & company liquidations**

If IP is known to be material (seldom the case)

### **IP litigation proceedings**

Including calculation of damages

### **Transfer pricing**

e.g. for tax planning, including offshoring

New OECD BEPS guidelines now apply

### **Pension asset transfer**

### **Compliance with regulatory requirements**

e.g. when floating on a listed market

### **Divorce/probate**

And other ownership disputes



Source: Hidden Value, UK IPO, 2017  
<https://www.oecd.org/ctp/BEPsActionPlan.pdf>

## WHEN ELSE NIGHT YOU WANT TO VALUE IP?

### **Raising funding**

Particularly equity – though this is changing

### **Merger & acquisition activity**

### **Negotiating licensing agreements**

And establishing franchising arrangements

### **Structuring collaborations, partnerships & joint ventures**

### **Buying & selling IP assets**

Or setting a reserve for IP auction

### **Portfolio assessment**

Including return on investment calculation

### **Supplementary financial reporting measures**

### **Strategic business insights**



Source: Hidden Value, UK IPO, 2017

## WHEN IS IT MOST HELPFUL TO KNOW YOUR IP VALUE?

### Strategic

- Determining where to hold IP (tax planning/ transfer pricing)
- Understanding your IP's contribution to a collaborative project
- Quantifying the return on investment (RoI) on your IP spend
- Assessing the risks and returns in litigation
- Preparing for a future exit

### Tactical/transactional

- Negotiating a licence or a franchising agreement
- Raising equity investment
- Applying for a loan from a TMT lender
- Disposing of surplus IP (or buying it from someone else)
- Substantiating a business's value
- Accounting for an acquisition
- Calculating damages in infringement

IP valuation normally focuses on the assets you already have: sometimes (in early stage investment) it has to consider the potential value of the assets that you intend to create

## THREE MAIN IP VALUATION APPROACHES

### Cost

**Principle:** what would it cost to reproduce or replace these assets?

**Pros:** *simplest* – reflects investment made. Can often be modelled from historical data on labour, direct costs and overheads, appropriately adjusted – why would a buyer pay more?

**Cons:** *worst* – cost is seldom reflective of value created, often includes irrelevant elements, ignores blocking effect of the IP itself, and is not forward-looking

### Market

**Principle:** identify sales/purchases of similar assets: compare them and extract implied multiples

**Pros:** *most like tangible assets* – based on prior factual transactions – don't have to put the assets on sale to work out what people will pay

**Cons:** *hardest* – not much data (because assets normally change hands as part of M&A), comparability between brands is low (assets may be distressed, or market overheated) – sometimes there are no obvious multiples

### Income

**Principle:** what is the present value of the future cash flows attributable to the assets?

**Pros:** *most relevant* – motivation for any transaction is normally to benefit from future IP value

**Cons:** *most risky* – value from IP can be hard to isolate, future projections always uncertain

**Source:**  
**Hidden Value** (UK IPO) *Brassell & Maguire, 2017*

## TWO UNREPRESENTATIVE BUT INSTRUCTIVE EXAMPLES

### Instagram, 2012

- \$1bn for a company with 13 employees and no revenues...
- Instagram's value now estimated at \$100bn - one-fifth of what Facebook is worth
- *"We believe Instagram has been able to use Facebook's infrastructure to grow more than twice as quickly as it would have on its own"* (MZ, 2018)

### WhatsApp, 2014

- In 2013 WhatsApp turned over \$10m and lost \$138m
- Facebook paid \$19bn for it
- WhatsApp now has 1.5bn users (vs. 2.6bn for Facebook)

Wikipedia now lists 87 acquisitions by Facebook - often supposedly 'talent' hires (others bought to kill off competition?): but the intangibles demonstrate that the talent exists!



## CASE STUDY – RAISING EQUITY FINANCE

### *Seed funding for a patent pending innovative security technology*

**The company:** A UK start-up company had developed a computer security product consisting of a modified USB device which contained integrated GPS (so its whereabouts could be identified if lost), built-in encryption and a facility to ‘wipe’ the data on the device remotely, should it be lost or stolen. Patents had been applied for to protect core functionality.

**The context:** The company required a series of funding rounds to develop the product, market it and scale up production. It was experiencing difficulties in agreeing a valuation, so an investor suggested that it should use the **Sollomon**® tool to reach an agreement.

**The outcome:** The company’s first round was successfully concluded with a £450,000 fundraise from business angels. Its founder noted: *“The **Sollomon**® valuation was pivotal to our negotiations. When it was presented to the potential shareholders, it immediately took away a lot of the haggling.”*

## CASE STUDY – COMPANY AND ASSET SALES & PURCHASES

### *Valuation of a musical instrument brand for acquisition purposes*

**The company:** A UK specialist manufacturer and distributor serving the music industry.

**The context:** The company had an opportunity to acquire a well-known third-party musical instrument brand but needed to complete the transaction quickly. It was referred to Inngot via a regionally-based provider of debt and equity finance, which had previously supported the company with a business loan and equity backed investment.

**The outcome:** The company CEO says: “We had the need to value the target’s IP quickly and accurately, without spending several thousand pounds and a three-week wait - which is what we were quoted by a London firm of valuers. After an initial very helpful conversation, we performed an IP valuation on the **Sollomon**® tool. It gives an instant valuation range, which in our case, was accepted by the target as realistic and we completed our negotiations on this basis.”



## IP IN FUND RAISING

### Equity, debt, grants and exits

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## IP AND FINANCE

### Equity investors 'get' IP (up to a point)

- They care about growth, and therefore IP opportunity and risk
- They have an opportunity to benefit from value appreciation

### High street banks have generally found IP difficult

- Much more used to taking commodities as collateral
- No experience with IP – don't know what it would be worth in default, or how to realise value from it

**Further reading:** Banking on IP? (UK IPO) Brassell & King, 2013]

**However, with so few tangibles around, things are changing...**



## SOME IP-LED APPROACHES IN EQUITY FINANCE

### Start-up/spin-out

Pre-existing IP and intangibles form the basis for an **investable new company** based on anticipated returns

*e.g. a new technology from a university or research institute*

**Angel investors, specialist commercialization funds**

### R&D/growth finance

IP is the 'growth engine' that provides **freedom to operate** and creates **barriers to entry** (but may not be generating much cash yet)

*e.g. a rapidly expanding product or service business*

**Angel investors, specialist VC firms**

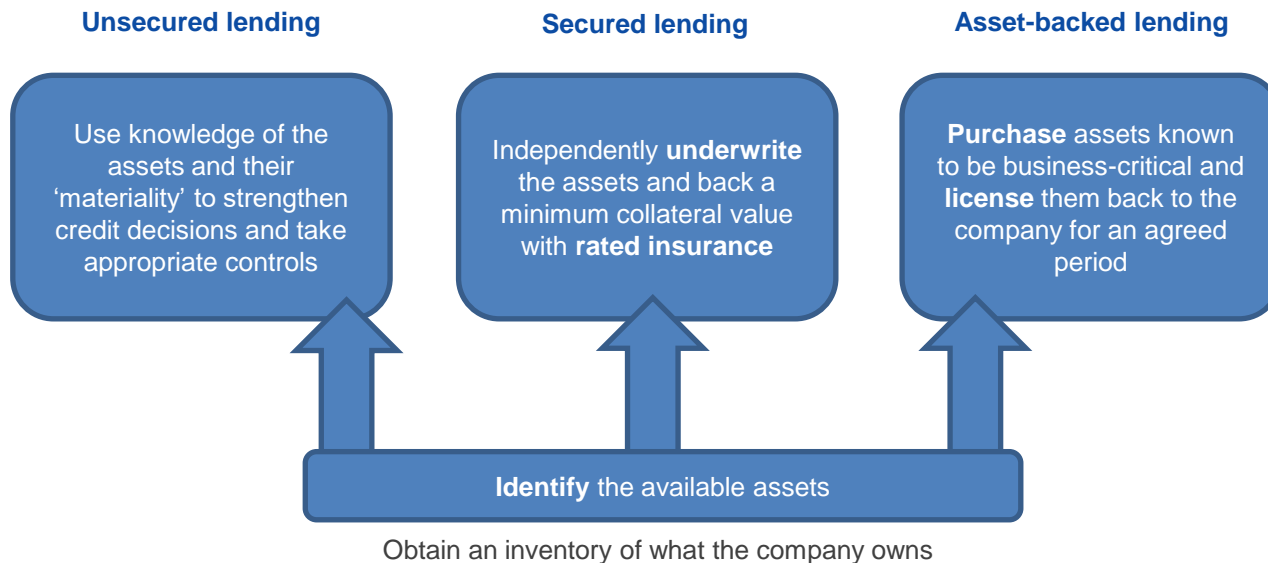
### Merger/acquisition

IP provides a **proven competitive advantage** that can best be leveraged by joining forces with another business

*e.g. technology, software, brands with clear demand*

**Mainstream VC firms, private equity houses**

## IP & DEBT FUNDING – THREE PROMISING DIRECTIONS



## REAL LIFE CASE STUDY – UNSECURED LOAN

Business activity	Asset management software company dealing with large international rail, transportation and airport operators
Main intangible assets	Software
Loan type	Unsecured term loan
Security mechanism	Fixed and floating charge
Loan amount	£700,000
Loan purpose	Company acquisition

**Footnote:** Within 6 months of the loan, **Arcadis** bought a majority stake in EAMS Group



## CASE STUDY – ASSET-BACKED LENDING

Business activity	International transportation and logistics company
Main intangible assets	~ £5m invested in business-critical software
Loan type	Sale and license-back
Security mechanism	Copyright purchase agreement
Loan amount	£1m
Loan purpose	Expansion capital

**Footnote:** Europa subsequently settled the balance of the loan and took out a new, larger one - shows potential to be used for revolving credit





## IP AND EXIT

If clients manage to achieve an exceptional sale price – it will be due to IP and intangibles

Important of having house in order! - Expect extensive due diligence

### Rockstar consortium acquisition of Nortel patent portfolio

- Auctioned for \$4.5bn in 2011 – worth far more than the company which owned them (which was bankrupt)
- Now being used to sue Google for infringement, who had originally bid for the patents...
- ... and went on to pay \$12.5bn for Motorola's Mobility patents



**NORTEL**



## FUNDER CHECKLIST

### Any funding

- Clear ownership - undisputed and 'unencumbered'
- A competitive advantage that translates into cash
- A bundle, not a single item

### Equity

- Barriers to entry (make life hard for competitors)
- Freedom to operate (can someone stop you doing what you're doing?)

### Debt

- Core to what the company does and sells
- Preferably, directly linked to customer contracts
- Likely still to work, and to be worth something, independently of the business





## COLLABORATIVE WORKING

### Including Licensing In, Licensing Out

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## WHY COLLABORATE?

Innovate

Internationalise

Improve  
revenues and  
profitability

## RISKS IN COLLABORATION

- Different mindsets around the table
- In a research collaboration, a partner may wish to publish early
- Differences in law in international collaborations
- **IP ownership**
- No collaboration agreement in place (or in place too late!)
- You don't ringfence background IP
- Potential loss of control over use of IP
- No usage/exploitation rights defined for background/foreground/sideground IP
- You undervalue your IP



## KEY POINTS TO WATCH: IP IN COLLABORATION AGREEMENTS

Choose your  
collaboration  
partners  
carefully

Use legal  
agreements  
appropriately

Avoid shared  
ownership

Be clear on  
who will exploit  
the outputs  
(and how)

Do your due  
diligence

Agree IP  
ownership  
early on

Consider IP  
ownership by  
university  
under-  
graduates

## LICENSING: THE BASICS

**Licensing-in** is buying in additional IP

- You may have to pay a licence fee to avoid infringement
- Licensing can involve single patents but often entails a “bundle” of rights, sometimes supplied by different parties

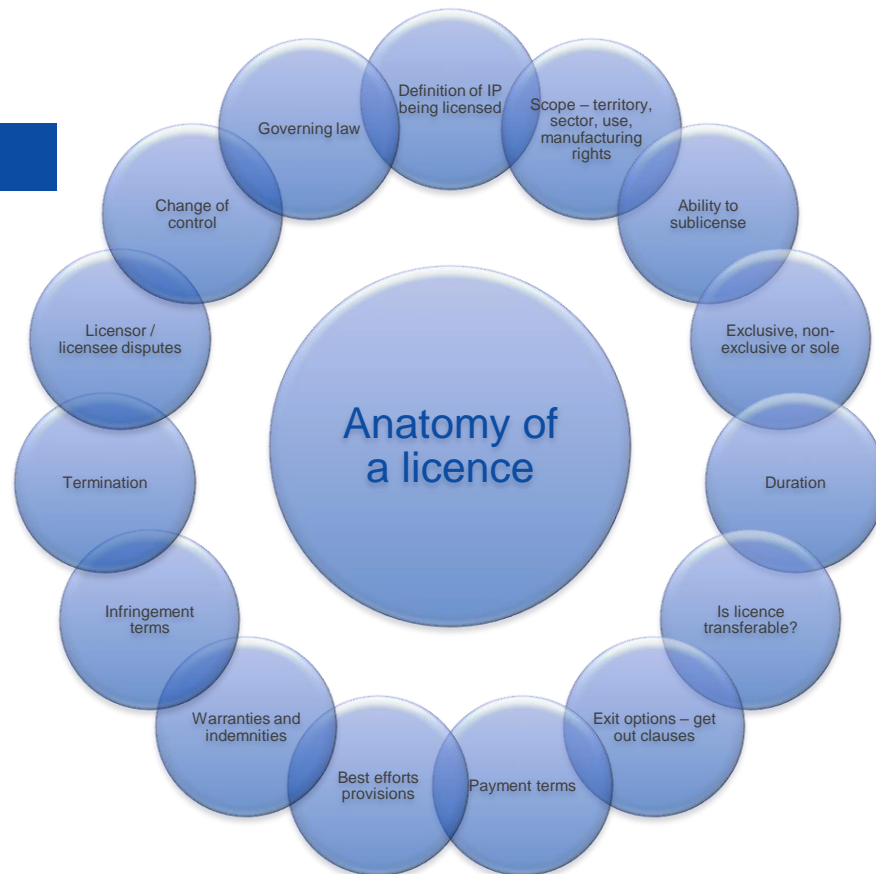
**Licensing-out** is providing your IP to other people for them to use and sell

- A cost-effective way to reach countries and markets that are potentially lucrative but not core to your business
- You can enter into separate licensing agreements for different applications, markets and territories, over varying time periods, exclusively or non-exclusively
- Licensing-out - need an agreed means of tracking sales/inventory and royalties that are payable, and a right to audit these
- Other clauses?



## THE ANATOMY OF A LICENCE

- <https://www.gov.uk/guidance/lambert-toolkit/>
- <https://www.gov.uk/government/publications/intellectual-property-for-business/ip-for-business-tools>
- <https://www.gov.uk/guidance/model-agreements-for-collaborative-research>
- National IPO/WIPO guidance etc
- EU IP Helpdesk – fact sheets/documents eg EU-IPR-Guide-IP-and-Contracts.pdf / Fact-Sheet-Commercialising-IP-Licence-Agreements / IP\_joint\_ownership\_updated.pdf





## LICENSING FEES

### Up front fee

- Usually relatively modest

### Royalty

- Based on turnover or per unit sold
- Profit is too easy to manipulate
- What if sales are not as expected ? / licensee is sitting on the technology?
- Minimum royalty payments / get-out clauses

### Royalty Rates

- A matter of negotiation
- Industry standards
- Where to find standard rates



## ASSESSING AND AUDITING IP

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## SOME CHALLENGES OF IP ASSESSMENT

**The assets are not physical**

- **Their value is not shown in company accounts**

**Company is likely to be creating new assets regularly**

- **Assets can 'leak' if they are not aware of them**

**They need to know what they're looking for.....**

**.....Inngot Goldseam IP Profiling Tool**



## REWARDS OF IP ASSESSMENT

### A summary of 67 IP audits (UKIPO) found:

- 55 additional patentable inventions (on top of 21 already owned and 23 in progress)
- 115 potential new trade marks (in addition to the existing 62)
- 81 registrable designs (only 9 were previously registered) – and 70% of companies had design registration potential

**Over 75% of audits found previously unrecognised non-registrable assets, including copyright material, database rights, trade secrets and software code**



### IP Audits Evaluation

#### Report

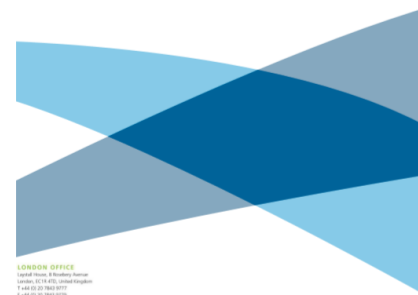
Version: Final V3.0

Prepared for: Intellectual Property Office

Ref: JN1596/DD/JM

Date: March 2014

This is an independent report commissioned by the Intellectual Property Office (IPO). Findings and opinions are those of the researchers, not necessarily the views of the IPO or the Government



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Intellectual Property Office is an operating name of the Patent Office

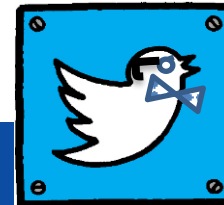
## IP AUDIT – TYPICAL QUESTIONS TO BE ADDRESSED

1	Do you own or control the IP and intangible assets needed to support your business model?
2	What IP opportunities or threats are you facing now?
3	Which of these opportunities or threats require your most urgent attention?
4	As your business develops, how might your IP needs evolve?
5	How can you improve protection for your broader set of intangible assets?



**INTERACTIVE EXERCISE**  
**METAGEEK.COM**

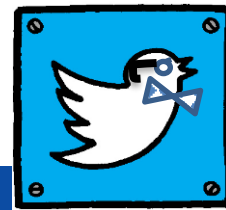
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Serial Entrepreneur: Jim

- Jim
- Born in Glasgow
- 40 years old
- Education - 'University of Life' – left school at 16, had various jobs from music promoter, to selling sports shoes to property developer
- Made some big returns and now interested in “dabbling” in tech
- Seeking big profit – but long term interest in philanthropic activities

Jim Stevens has, until recently, never attended university. Having left school with few qualifications but with an “entrepreneurial spirit”, Jim has had various jobs “selling” and made money due to a lucky break selling sports shoes at the time sports brands became very fashionable. Initially selling out of the back of a van bought via a loan from his parents, Jim has now built up “his empire” in the form of a chain of sports shops and various property investments.



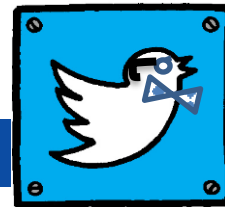
**meetageek.com** 

Jim Stevens has created a new internet dating website aimed specifically at geeks, scientists, programmers and technical people. He came up with the name Meet a Geek himself and noticed domain name meetageek.com was free. He decided to buy this domain and to build his website and brand on this name. He also registered the company name meetageek Ltd at Companies House

He specified the website design and customer journey himself and asked a local designer to develop a logo, colour scheme and web-design for him. He employed a programmer to code the site but found that some of the work was specialist and so also used subcontractors for some of the more technical stuff. He developed his own matching algorithm that he believes finds compatible singles more accurately than his competitors.

During development, Jim was approached by an inventor, Mr Whatsappen who introduced a software platform and infrastructure to protect individuals and children from unwanted online attention such as cyberbullying, wherein if a data communication analysis engine finds anything untoward in a communication, an “alarm” (e.g. a text or email) is automatically sent to a named, responsible adult. The adult/guardian can then remotely order the computer to terminate the electronic communication or shut it down completely. Jim decided to employ Mr Whatsappen and integrate his software into meetageek.com as well as a new social media tool, specifically for children, which he intends to call “Club Puffin”.

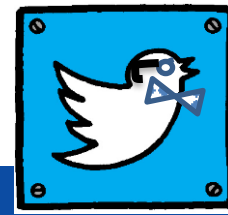




Jim is also developing an interactive meeteageek app for Android and iPhone platforms. He has been advertising his service on the web using Google Adwords and affiliates sites, including his app on Google Play, Apple Store etc and has built up quite a good database of users, some brand recognition and managed to sell some premium licences. He has also visited an advertising agency whom he commissioned to produce promotional literature and flyers that (for meeteageek) he is sending to singles bars and University social clubs around the country.

To make his website look more professional he has put an ® next to his meeteageek.com name even though he is yet to apply for a trade mark.

An associate is also recommending Jim places his IP in an offshore holding company to a jurisdiction with relatively low tax rates.



**Identifying intangible assets:**

- What IP/IA does meeteageek.com have?

**Risks:**

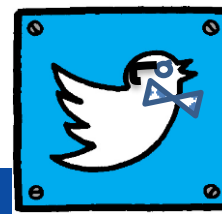
- What risks does meeteageek.com face in terms of its IP?
  - (a) ownership of IP?
  - (b) relationships with subcontractors?
  - (c) current use of his brand?
  - (d) other?

**Opportunities:**

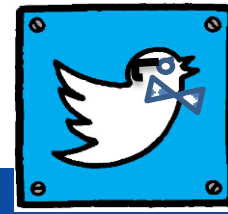
- What assets could be better protected?

**Management:**

- How could the IP assets be exploited?
- What tools/services could Jim have used to conduct searches/find IP help (trade marks, designs...)?
- Next steps/signposting?



## **GUIDED DISCUSSION**

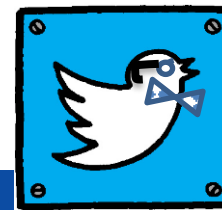


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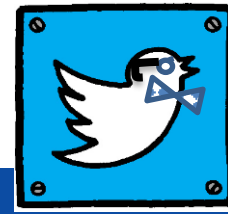
## 1. What IP/IA does meetageek.com have?

- Use of Inngot Goldseam IP profiling tool to help identify and capture IP/IA ([www.inngot.com](http://www.inngot.com) )
- Unregistered rights – trade marks (meetageek name; logo; Club Puffin); copyright – marketing materials, logos, schematics, photos (on website etc), flowcharts, software code....; customer lists; contracts...
- Other IP? Possibly Database rights (specific form of IP)



What risks does meetageek.com face in terms of:

a) ownership of IP?	a) relationships with subcontractors?
a) current use of his brand?	a) Other?

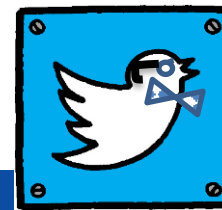


What risks does meetageek.com face in terms of:

a) ownership of IP?

Mr Whatsappen – where/when was Mr W employed when he created innovation? Is it actually owned by a previous employer (employer owns employee inventions if created 'during normal course of duties)

Or someone else? (Due diligence required!)

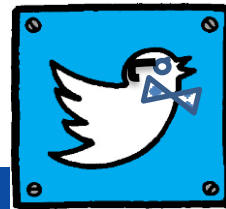


What risks does meetageek.com face in terms of:

b) relationships with subcontractors?

There may be no contracts in place to assign any third party rights to Meetageek –the company may have no rights to these unless assigned (In some jurisdictions copyright and design law –creator owns IP, not commissioner)

What about the student – does he have a contract with University? Is undergraduate included?



## What risks does meetageek.com face in terms of:

c) current use of his brand

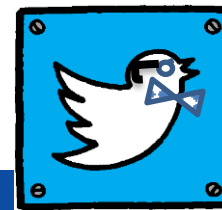
meetageek.com

**TM not registered** – but using <sup>®</sup> - can be criminal offence in many jurisdictions to use this symbol for an unregistered Trade mark –you should use TM instead;

**Logo?** – copied logo of Twitter? – he is probably infringing Twitter's IP

**Proposed use of Club Puffin<sup>TM</sup>** –this is very similar to 'Club Penguin', which is a registered TM owned by Disney Canada – before spending money on a new trade mark, important to search TM databases and internet for any prior rights – may be infringing other marks.





## Risks

[meeteageek.com](https://meeteageek.com)

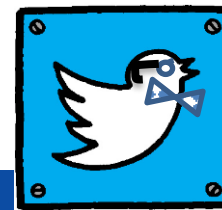
### d) Other

The Company has no registered IP rights except its domain name? Whilst it may have registered the company name at Companies house – this doesn't guarantee that it is free to use this name, as a third party MAY have a registered trade mark for Meeteageek – it is VERY important to check registered trade mark database and conduct a common law search to check for prior rights before registering a company name at Companies House and spending money on marketing etc!

Does the company have appropriate confidentiality and/or IP terms in its employee contracts? It is important for employees to be aware of the importance of IP to the company (and their jobs). Perhaps the company should consider limiting access to key IP to only senior employees (to avoid leakage of confidential information etc).

Does the company have funds to protect and exploit its IP – how can it use its IP to raise finance?

Does the company have tax advisers in place? Has to comply with OECD BEPS re: placing IP in offshore holding company (low tax rates jurisdiction).



## What assets could be better protected?

[meetageek.com](http://meetageek.com)

Registered trade marks - **What?** Meetageek word mark/New Logo (not Twitter rip off!)/ Word and Logo.

**Where?** - consider where Meetageek's key markets are or are planned to enter – TM applications should be linked to business plan?  
Use International protection schemes– eg International trade mark (Madrid Protocol) or EUIPO for EU –wide registration?  
(Remember UK TM if appropriate)

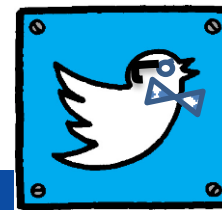
Unregistered design rights present only – Where/duration depends on disclosure? Consider registered design (Hague application/National/Regional rights...?)

App's graphical user interface (GUI) – registered design?

Software patent for data communication analysis engine – in view of the 'alarm' this could be deemed a technical effect and could be patented –check with a software patent expert

Trade secrets – algorithm (Matching mechanism); business methodologies.... – has he taken relevant steps to warrant TS protection?

IP ownership – lots of contracts to review/implement, including assignments of IP from sub contractors; review of terms in subcontractors/employee contracts (confidentiality, usage rights etc); NDAs



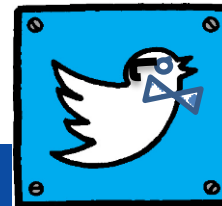
## meetageek.com® - How could assets be better exploited?

meetageek.com

International opportunities? Direct or via partners?

Licensing model? – could licence platform – use of SaaS model. Remember use of IP valuation and standard royalty rates for sector.

Develop and release an app for Meetageek. Be aware of market differences eg China – translations/trade mark protection (Google Play is blocked/ Tencent and Netease have biggest market share – different route to market required/ optimisation for different platforms / need to involve a Chinese partner to deliver content services to Chinese users.



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#### Tools / Services:

See EUIPO Standard Annexes for links to further help/IP databases etc

Further help – National Professional Bodies (patent/trade mark/design attorneys etc)

#### Copyright

Orphan Works - <https://euipo.europa.eu/orphanworks/>

#### Other

Lambert Toolkit <https://www.gov.uk/guidance/university-and-business-collaboration-agreements-lambert-toolkit>

IP Finance Toolkit <https://www.gov.uk/government/publications/banking-on-intellectual-property-ip-finance-toolkit>

IP for business tools <https://www.gov.uk/government/publications/intellectual-property-for-business/ip-for-business-tools>

Model agreements for collaborative research <https://www.gov.uk/guidance/model-agreements-for-collaborative-research>

EU IP Helpdesk (and other eg China IP Helpdesk) for further fact sheets/documents eg EU-IPR-Guide-IP-and-Contracts.pdf / Fact-Sheet-Commercialising-IP-Licence-Agreements /IP\_joint\_ownership\_updated.pdf [https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/european-ip-helpdesk\\_en](https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/european-ip-helpdesk_en)

National IPO/WIPO guidance etc

IP Valuation – good overview of sector and use – Hidden Value, UKIPO 2017 <https://www.inngot.com/research.html> / IP Finance <https://www.inngot.com/ipfinance.html>

IP Insurance <https://www.gov.uk/guidance/intellectual-property-insurance>

# Thank you!

## Any questions?

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