

Intellectual property moves up corporate agenda

It seems you can't open a newspaper in the US these days without reading a story about how one company or another is going to place greater emphasis on its intellectual property portfolio. Even the very biggest feel the need to do it. Earlier this year, for example, Hewlett Packard – famously born in a garden shed in what is now Silicon Valley – announced that it had consolidated its IP function in one unit under the supervision of Shane Robison, the company's chief technology officer. The stated aim: to bring additional revenue and profit to the company.

As the flood of stories suggest, HP is just one of hundreds of companies now trying to capitalise on its intellectual property assets. Pioneered by companies such as Texas Instruments in the late 1980s, IP

commercialisation started to grow as a concept during the mid-90s as a consequence of several factors including growth in the value placed on intellectual assets by the marketplace. But it was the dotcom implosion and the recent economic downturn that accelerated the trend. Companies that focus on IP to strengthen their positions in the marketplace find they can tap into new revenue streams for a relatively low start-up cost because they already own the assets in the first place.

Damon C. Matteo, vice president of intellectual capital management and commercialisation for the Palo Alto Research Center (PARC) has been in the IP business for the past 15 years. He says there has been a definite shift in attitudes. "In the past, much of the effort in generating IP was focused at

creating large numbers of patents, often thought of as a 'war-chest' for defensive purposes," he says. Targeting of the IP, Matteo explains, was often tightly coupled with direct product interests of a company. But times have changed. "Intellectual assets are now seen as vehicles for realising corporate strategy which means companies are beginning to target and nurture intellectual assets in a proactive and strategic fashion – comprehending their value both within, and outside of, the company's product interests," Matteo says.

PARC is at the forefront of this movement. For more than 30 years, it was one of the Xerox Corporation's research centres, where among other things, the Ethernet, graphical user interface and laser printing was invented. In early 2002, PARC was set up

on its own to develop and commercialise its research. According to Matteo, over the years PARC invented a great quantity of world-class IP, and only a fraction of that value has yet been realised. Matteo sees his role as helping "to realise all of the value resident in PARC's cadre of world-class inventors and world-renowned IP portfolio and to find commercial expression for it in the marketplace."

Now that companies are more focused on how to place their IP strategically in the marketplace, they are faced with several options: they can license or sell their rights, or use them as the base from which to launch a start-up or spinout; alternatively, a joint venture may be preferred. Then there is the possibility of donation which in some territories, such as the US, can carry significant tax benefits.