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Q&A

Q: Corporate boards are becoming more involved in the management of a company's intellectual property. Why, and what is the recommended approach?

ASK A LAWYER

A: For many companies, intellectual property (IP) is their key asset. Because IP is so fundamental to a company's overall business success, it should be a board level responsibility. The day-to-day management of it is best addressed through an IP policy. The first step will be determining how the IP supports and advances the vision and the mission of the company. It may be a product name (trade-mark), a pricing strategy (confidential information), a drug formula (patent), or a computer software (copyright) that drives the company's objectives. Each would be treated differently within the policy.

An effective IP policy will maximize protection, manage costs and increase profitability. It should include auditing, protecting, and maximizing the IP.

An IP audit will determine what you already have to enable your business. After assessing what is in place, you will review how your IP is used. The audit will include reviewing established agreements such as IP licences, as well as employment and independent contractor agreements. Observe what your competitors are doing to avoid infringement and spending time and resources developing IP that you cannot own.

Once you have an understanding of the company's IP, you must protect it. This may involve applying for trade-marks or patents to keep others from exploiting your IP. It may involve putting non-disclosure agreements in place to protect your confidential information. The protection process can be costly, especially if you do business in multiple jurisdictions, so be sure to prioritize.

Profiting from your IP will vary with your business model. Will you only conduct research and development, and license out the results? Will you license out the manufacturing of your secret recipe? Will you produce, distribute and market the IP yourself? Whatever your approach, ensure your strategy maintains the integrity of your IP.

IP should be managed from the perspective of the whole company and not seen as a narrow technical function. A multidisciplinary committee that may be comprised of representatives from the research & development, sales & marketing, and accounting departments, each representing various stakeholders, should manage the IP policy and report its activities to the board of directors. The board will provide valuable oversight and ensure that the IP policy remains aligned with the company's overall goals. Consult an IP lawyer, trade-mark or patent agent to discuss your ideal strategy.

David Wotherspoon, partner, and member of the firm's commercial litigation and national technology & IP groups, is a frequent guest lecturer on subjects of intellectual property at local universities.