

# **INTELLECTUAL PROPERTY PORTFOLIO MANAGEMENT**

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**Lecture - 15**

Welcome friends, in the last few videos we discussed about process of budgeting for our IP portfolio we discussed that organizations have limited resources they need to use that limited resources in a very wise manner and as we discussed in one of our videos that how some of the global companies are having patents not just in hundreds not just in thousands but in millions and at that level, it is very important to look at the cost-related measures in making your IP portfolio. So, in this particular video, we are going to discuss that what are the possible steps, techniques, and strategies you can use to minimize your spending on IP. You may be slightly confused because in one of the session.

we were talking about how we need to increase the R&D expenditure for our overall budget. When R&D expenditure increases, the process of IP portfolio will also improve, but now we are saying that we need to be cost-effective; we need to be efficient with respect to our IP portfolio. So, both these things are actually making the same argument. We need to have bigger IP portfolio and for having that bigger IP portfolio whatever resources we are having particularly in terms of monetary resources we need to take maximum benefit of those resources.

So, cost-saving measures what are those simple principles which will help us for getting more patents, more types of IP from the same amount of budget available to us. So, that is what we will discuss in this particular session. We will discuss about what cost saving is, the purpose of cost saving, and the various costs associated with patent applications. We will also talk about how this is particularly more relevant in India's context.

Various ministries of government, various state governments, and various departments have different types of incentives and schemes for the promotion of IP culture. So that is also to be used to save on your IP costs. Then, we need a balanced portfolio. That is also

important for making the maximum use of available resources. and some of the important ways to manage our patent costs.

So, that is all we are going to cover in this particular session. Now, when we talk of cost saving it is something related to being efficient. How you are going to become more and more efficient? So, on one side we are saying that we should have more budget, but it does not mean that that you waste that budget, you should take benefit of that budget for improving and strengthening your IP portfolio.

So, in the case of IP portfolio the meaning of cost saving is by companies or individuals to efficiently manage their IP portfolio with minimizing their expenses and not only minimizing the expenses. It involves various practices that are related to optimizing the patent portfolio size, scope, and maintenance cost without compromising its effectiveness in protecting your IP. So, all the objectives with respect to IP portfolio which you are going to get with respect to business goals, with respect to Competitiveness with respect to advantage. All that you have to achieve, but you need to see those three important elements.

size, scope, and maintenance cost you are able to achieve these three things without giving excessive, you can say, wastage of your minimum resources available to you. Now, it is simple to understand what is cost saving because it is a practice of finding ways to reduce expenses or expenditures within the organization without compromising your scope of work or without compromising your objectives. Organizations traditionally have followed a very common approach to cost saving, which is waste minimization. There are different types of waste we identify in the organization and then we look

that how to identify some kind of innovative approaches for minimizing this waste. And now the question will come, what is a waste? What is a waste? How do you define a waste? That is the important question comes.

And the answer of the waste is, which is not adding value to your objective. Please remember this simple definition: Waste is anything that does not add value to your objectives. And then with respect to your IP portfolio also you need to see that what are those types of IPs, what are those processes which are not adding value to my organizations objective we have to eliminate all those IP activities, and that is one simple way of saving costs because a lot of our resources are wasted on this kind of waste, which are there in my system or specifically in my IP portfolio. So, waste minimization is one very important way of cost saving.

So, it involves identifying areas where spending can be minimized or eliminated. So, you will have these areas through waste minimization approach in organization follow the waste minimization approach. In another way we also call it a continuous improvement activity (CI) through continuously improving your process of monitoring your IP assets.

In one of our videos, we discussed about monitoring the IP portfolio and that monitoring the IP portfolio will help us in doing the cost saving effectively. As you already understand, the purpose of cost saving is because organizations have large IP portfolios. As we discussed about Apple, Apple has somewhere around 95,500 IPs. We discussed about Qualcomm, it has around 2,68,000 IPs. And we also discussed about companies like Huawei, which has 1 lakh plus IPs.

So, when you have such a large portfolio of IPs, there are large numbers of organizations that have created IPs, and continuously, they are paying their maintenance cost without realizing whether these IPs are to be used or not. So, though the purpose of cost saving is that you are not wasting your resources on unnecessary IP, but I think the bigger purpose of cost saving is to actually regularly monitor your IP portfolio. So, that you know what type of IP assets are available with you and when you know what type of IP assets are available with you, you will be in a better position to utilize them for your business objectives. Otherwise, when you have such a large portfolio

you may not be aware of what types of IPs are available to me. So, my bigger take here is the purpose of cost saving is it helps you in effective monitoring and when you are doing effective monitoring it will help you In seeing your portfolio more closely, you are aware of what is under your exclusive rights and accordingly, you will be in a better position to protect your products or protect the interest of your business. So, all that thing. So, when we see that cost saving in R&D can help companies reduce operational costs, improve profitability and drive innovations.

Because you continuously for the sake of R&D, spending money is not a wise idea, but you also need to see that when I am doing R&D activities, how I can have more profitability, and how I can use this money for driving innovations that can give me higher returns. Successful cost reduction initiatives. in R&D can help companies optimize their R&D expenses. They may do more projects, for example, if there is an institute like IIT where you have, let us say, rupees 100 cr for R&D activities. Now, if you do proper utilization of these 100 cr maybe you can do 100 different projects

each having a financial outlay of 1 cr. But if you do not know about cost saving and do not follow the principles of effective cost management, maybe you can only do 50-60 projects with these 100 cr. So, doing 100 innovations or doing 50 innovations becomes a big difference because of cost saving. some of us may argue that the impact of 50, 60 innovations versus 100 innovations cannot be compared. Why it cannot be compared?

Because when you have less innovations It is quite possible that some of these innovations may achieve higher skills and higher impact and many innovations that you are doing may not be able to achieve that impact. But those exceptions cannot be the rules. So, sometimes, it is possible that you have fewer innovations, and one of those innovations may become so impactful that the value generated from that innovation is much much higher. But generally speaking that is an exception.

But generally speaking, if you have opportunities for doing more projects, more innovations that will always give you more scope for getting new products, and any of those new products may become a scalable activity, impactful activity from your organization. Now let us see what are the various costs associated with the patent application, and that will give you a good idea. that these all are the sources of cost in our IP portfolio. Field of technology, how the field of technology is a source of cost because different types of technologies may have different types of R&D expenditures. There may be some technologies where R&D expenditure is very high and in some technologies where the R&D expenditure may be low.

So, depending upon what type of tools, raw materials, and equipment do you require for developing those technologies? This is one direct cost associated with the patenting process. Nature of invention, whether you are doing provisional patenting or you are doing full patenting, that is the nature of invention, whether it is at the early stage or you have complete data available with you. What is the length of the application, and how many claims are you having? So sometimes your cost of patenting changes because of a number of claims also.

Length of the application. Many patent offices including India's patent office they may charge extra money if the length of the application is more. So, you have to be careful that can I use only minimum number of pages for putting my application if number of pages are increasing it may have extra cost to your organization. Then you need to take the help of a patent agent. They will also help you in preparing your patent application, and sometimes they also help you in doing the novelty search, etc. how much time the

agent is involved is also a cost there are different types of agent some of them may be expecting on the basis of per day and some even take on the basis of per hour so different types of rates are applicable so that is also a cost associated to that

Who is making drawings, drafting your patent application? That is also a cost. Sometime you do on your own. In that case, all these types of costs that we are discussing may not be necessary in all types of applications. In some applications, few of these costs are applicable.

In some other applications, some other types of cost are applicable. Then, in how many different countries are you going for foreign filing? So that is a very important cost. Then, whether you are going through PCT or through the Paris Convention, which route you are going to follow is also a source of cost. When you are going for foreign filing, you have to translate your application into the language which is possible in that country's patent office.

So, that is the national phase. This cost is also there, and you have to translate your application, which may be in Japanese, maybe in Korean, maybe in Chinese, depending upon which office you are going to. So, all these are the costs that come when you are filing for the first time. After that the second set of cost is starts. This is first set of cost then the second set of cost maintenance cost. you have to maintain your portfolio and you have to pay the maintenance cost also we have already discussed in detail about the maintenance cost when we were discussing about renewing your patent when you need to maintain the patent for entire 20 years period you need to renew every year and that is also a big cost for your patent and then another cost is also there

In business organizations, many times, it is expected that you are going to use these IPs on your own. But sometimes you may not use these IPs on your own; you may like to license these IPs to somebody else. And when you are trying to license the cost associated with marketing of your portfolio that will also come. Particularly this cost is very very important In terms of R&D organizations, in one of our videos, we discussed about CSIR's IP portfolio in India, CSIR has the biggest IP portfolio.

Now, CSIR, being an R&D organization, may not be using this portfolio on their own. So, they are licensing they are giving technology transfer to various business organizations and for that purpose a lot of marketing efforts are also needed. So, that is also a cost and another very important cost we need to add here that is litigation cost

because ultimately you want to exercise your exclusive right. and to exercise that exclusive right you need to go through litigation routes.

So, organizations should be ready to have this cost also. Now, where whether you want to go into litigation, whether you want to go into marketing, whether you want to go for the maintenance of the patent or what other cost you can eliminate, which we discussed, are all very important managerial decisions. you can find ways and means. For example, I am talking about marketing costs. You can take help of, there are various private as well as public organizations available to help you in marketing your patents, your IP portfolio.

For example, in India, government of India has established various TTOs (technology transfer offices) or institutions like NRDC. These are the institutions that are established by the government of India exclusively for marketing your technologies. On the other hand, there can be a lot of private organizations also. They may also do marketing of your patent.

Now, in place of all of that, can you use social media for marketing your portfolio yes you can and that is one strategy for cost saving i want to advertise i want to tell people about my technology so how can i go to many people that is possible through social media there are so many platforms but I am not taking name of any platform I am simply saying that social media can be a good way of marketing your IP portfolio which will save you money also. So, through this we just discussed that with all cost-saving approaches organizations can save money and gain competitive advantage and this will help when you are saving money it will help in improved innovation it will help in improving operational efficiency why operational efficiency will improve because of waste minimization because you become a lean organization there are no weight associated with you and that is how your operational efficiency will also improve and when you become a lean organization

it will lead to better customer experience because you are able to give new products at a faster rate to your target customers. So, customer experience and customer satisfaction will also improve. As we discussed that different governments, state governments, central government, and various departments of government of India, they are providing different types of incentives, schemes, subsidies for the promotion of IP culture among them. So, there are schemes like the Scheme for Startups Intellectual Property Protection (SIPP) scheme for facilitating startup intellectual property protection which was started

after this national IPR policy in India was declared and under this you see that startups etc they are getting a rebate of 80 %

from the price this is the normal price for filing different types of IP. But startups as well as educational institutions can get a rebate of 80 %, which is a kind of huge incentive for promoting the IP culture. Then Department of Scientific and Industrial Research (DSIR) which is another very important department in government of India they also have a scheme known as PACE. patent acquisition and collaborative research and technology development scheme. Under this, they are also supporting small and medium enterprises to acquire patented technology, and in this way, it is not required to spend your own money on technology development.

Using these schemes you can actually procure technology from outside and in this PACE scheme our focus area is industries, academic institutions, universities etc. The funding agency is DSIR, the Department of Government of India, and financial assistance as of now is available up to 5 cr, which is a significantly high number. So, you can go for the updated information on the link at the bottom of this particular slide. When we are trying to have a

patent portfolio and we are also looking for cost saving measures. It is required to have a balanced patent portfolio. When you are distributing your risk, you are not keeping only one type of egg in your basket. That is what is required for a cost-saving approach. We also need to have scale, size, and diversity.

these are two very important elements for making a balanced IP portfolio. Scaled portfolio can shape the industry direction because when you are having many many like three examples we discussed Qualcomm, Apple, Huawei. Now, these organizations have achieved a particular level of scale and therefore, entire mobile communication electronic industry is shaped because of their innovations. So, well scaled portfolio of IP creates a category leadership and profitability to the subject company and the diversity is another important factor because diversity reduces your risk.

When you are putting some type of IP of one category some other types of other category it can be not only the patents but different types of IP. Some patents are there in your portfolio, some designs are there in your portfolio, and some trademarks are there in your portfolio. So, that is also a level of diversity. So, diversity can be discussed at two levels on the basis of different types of IP in your portfolio and on the basis of different types of patents in your portfolio. Now, when we are finally coming

to discuss that what are some of the common strategies you can use at this time for reducing the cost of your IP portfolio. One thing which is not only from the cost point of view but also from an environmental point of view is that go for as much as e-filing in the Indian patent office as well as WIPO also everywhere e-filing is possible. So, most of the offices in India and other countries also, they give discounts if you are going for e-filing. The rates of filing the application are lower for e as well as there are lower charges for maintenance.

If you are maintaining a patent application which is given in the hard copy the maintenance charges are also high. So, it is not only benefit from the cost point of view, but it is also beneficial from the environmental point of view. you are saving lot of papers. Then another cost-saving strategy can be the use of PCT, and when you are using PCT, and you are deferring the national filing cost. If you are using the Paris convention, the Paris route, the national filing cost comes immediately as you go to the national phase.

Now, some 30 months time is taken in the PCT route So, you can delay your national filing cost may be you start getting some profit some revenue from the same patent by using that in the domestic condition. So, that is another strategy you should use. Then, select the search and examination authorities wisely whether you are going to use those. optional facilities of PCT, or do you want to use that for the national filing stages?

So, that is also a critical stage. If you are going only for a few limited foreign countries, you may defer that optional strategy of the PCT and may use that in the national stage. But if you are going into the many countries, it is advisable to use that optional facility of PCT and then go for the national phase. Then another very important thing is sharing and transferring of the cost particularly when we are going for foreign filing and in the national phase we should identify some partners.

So that the cost associated with the national phase of your foreign filing can be shared with that partner. In some cases, if the partner is going to take full responsibility for doing business in that country, you can completely transfer your cost to that partner. So, that is also a way of managing the cost in the foreign filing cases by identifying the partners etc. In some cases, when you feel that your IP patents etc., may not be of much commercial interest, but it is better if you can give them on a pro bono basis.

You can give them for NGOs, you can give them for non-profit institutions so that your R&D and your technology can be used for the benefit of the society. And in some

countries, When you are donating your IP to NGOs etc you may also get some tax relief in your overall balance sheets. So, that is also important way of reducing the cost then we have already discussed that continuous monitoring is a very important IP strategy because you can reduce you can abandon some of those IP which are not of value at this moment.

So, those IPs can be abandoned when you are in a process of continuous monitoring. So, with this we come to the end of this particular video where we discuss that effective cost saving will not only make your IP portfolio smarter, you will be able to check the suitability of your IP on a regular basis and it will give you scope with limited resources to do more IP and you will be able to use your IP portfolio in a more effective manner use partnerships, use various schemes of the government of India and other governments also go for e-filing all these things will help you in minimizing the expenditure on maintaining your IP portfolio. With this we come to end of this video.

Thank you very much.