

The Management of Intellectual Property

Overview

In today's business environment an increasing amount of value is becoming associated with the firm's 'intellectual' assets—those components of the firm that cannot be readily attributed to 'physical' assets but which represent human intelligence applied creatively to the recombination of existing assets and the discovery of assets. A key dimension of this is the *intellectual property (IP) owned by the firm*—that component of the intellectual assets of that are subject to legal protection. As more and more organisational value resides within intellectual property firms risk being left behind unless they are able to manage these assets to the fullest.

This course allows students to: (1) understand the process by which knowledge is turned into assets; (2) understand how to manage that process; (3) understand the legal and extralegal mechanisms that allow those knowledge assets to be protected and exploited as intellectual property; and (4) manage the process of intellectual asset protection and exploitation for superior performance.

Learning Objectives

- To develop an awareness of the range, scope, and complexity of the issues and problems related to the strategic management of knowledge, technology and intellectual property
- To develop an understanding of the “state of the art” of the strategic and legal management of knowledge, technology and intellectual property.
- To develop a conceptual framework for assessing and auditing the intellectual property-based capabilities of an organization.
- To develop insight concerning the skills necessary to be effective as a general manager in the knowledge process of the firms.
- To offers some practice in defining and working out strategic management problems related to knowledge management, technological innovation, corporate entrepreneurship and intellectual property.

Assessment

The course is graded on a pass-fail basis.

Assessment methods: (1) class participation (50%) (2) case examination/written (50%).

Case Preparation: Students are required to write one case analysis. This analysis should be done as a PowerPoint slide packet of 10 pages (excluding title) and a 1 page executive summary. Individuals whose surname begins with A-Ne should prepare the Cadence case and all others should prepare the X-IT case. **NOTE: Your assignment is NOT (I repeat NOT) to answer the questions as if preparing an examination but use the questions as a guide to the issues that may or may not be reflected completely in those questions.**

Instructors

Timothy Devinney is a Professor at the Australian Graduate School of Management (AGSM), and Director of the Centre for Corporate Change. He has published six books (the most recent being *Managing the Global Corporation* (with J. de la Torr  and Y. Doz, 2000) and the forthcoming *Knowledge Creation and Innovation Management* (with D. Midgley and C. Soo)) and more than fifty articles in leading journals including *Management Science*, the *Journal of Business*, *The Academy of Management Review*, *Organization Science*, *California Management Review*, *Management International Review*, *Journal of Marketing* and the *Strategic Management Journal*. Timothy has taught in numerous executive programs in Australia, USA, Germany, Finland, Korea, India, China and the Netherlands, as well as having worked and consulted with corporations world wide, including United Press International, IMS International (London), Apple Computer, Martin-Marietta (Department of Energy), The Tennessee Valley Authority, LG (Seoul), Boral, AT Kearney, GEC-Alsthom, AMP, TMP, GM/Holden, CSR, Mobil, Koppers Industries, SAP, Rolls Royce (UK), SAS Institute, Hanimex/Rabbit Photo, Thomson Publishing, and Westfield Holdings—as well as many small Internet startups—e.g., Agribuys (US), Haburi (Denmark), Maconomy (Denmark), and ChateauOnline (France)—and governments and non-profits—e.g., the State Council of the PRC (China), the government of PNG, Amnesty International, The Property Council of Australia, Invest Australia, Australian Manufacturing Council and the City of Sydney, to name only a selection.

Adam Liberman is a partner in the Australian law firm Freehills and has been practising as a lawyer for more than 27 years. His practice focuses on the protection, commercial exploitation and management of intellectual property rights. In the course of his 27 years experience, he has advised the full spectrum of parties involved in the innovation process, including research institutes, universities, start-up companies, venture capitalists, investment banks, SMEs, participants in CRCs, large Australian corporates and multinational corporations. He has also had to consider a vast array of technologies, including those relating to biotechnology, micropropagation, gene technology, information technology, mining, agriculture, pharmaceuticals, medical devices, the internet, packaging, refrigeration, proteomics, robotics and nanotechnology.

He is the Vice President of the Licensing Executives Society (LES) International. LES is the world's largest professional organisation relating to business and intellectual property. Adam is also a member of the New South Wales Innovation Council. He is the general editor and an author for the two-volume loose-leaf service *Australian Industrial and Intellectual Property* published by CCH. He has also written and spoken widely on intellectual property, the commercialisation of intellectual property and intellectual property management, at the request of organisations such as the Australian Graduate School of Management, the Department of Foreign Affairs and Trade, the World Intellectual Property Organisation, the University of New South Wales as part of its 'Entrepreneurs in Science Program', and the Australian Technology Park as part of its Fastrac Program for incubator companies.

He has BCom and LLB degrees from the University of New South Wales.

Visiting Speakers

Greta Thomas is a Director of her own consulting business, Innovaid, which specialises in helping companies sharpen their customer, brand and business development strategies to deliver a stronger bottom line. In the past year she has worked very closely with an Australian start-up assisting them with the planning and launch of a new and innovative kids product. As well as defining the target market and market positioning, Greta oversaw the launch in to the Australian market where the product has already captured more than 30% market share in its category. Recently, she has been in the UK on behalf of the same company helping to fight a major IP infringement case against a multi-national corporate.

Greta's career has included senior management roles with Sydney Opera House, eBay Australia and two years with management consultancy McKinsey & Company where she was a Communications and Marketing specialist consultant. While there she and her team won the Firm's global award for knowledge development in the area of customer service and retention.

She is currently and belatedly finishing her MBA (Executive) with the AGSM and is a winner of the Alumni Scholarship.

Overview of Course Content and Readings

Session I: Knowledge Assets: IP in the Corporate Context (12 April AM) (TMD)

- Knowledge, Intellectual Capital and Competitive Advantage
 - Teece, David J. (1998), Capturing Value from Knowledge Assets, *California Management Review*, 40 (3): 55–79.
 - Quinn, J. Brian, *et al* (1996), Leveraging Intellect, *Academy of Management Executive*, 10 (3), 7–27.
 - Soo, Christine W., Devinney, Timothy M., Midgley, David F. and Anne Deering (2002), Knowledge Management: Philosophy, Process, and Pitfalls, *California Management Review*, 44 (4): 129–150.
 - Devinney, Timothy M. and Adam Liberman (2003), *The Management of Intellectual Property in Australian Organisations*, Sydney: CCC, from http://www.ccc.agsm.edu.au/papers/symposia/IP_in_Aust_Organisations.pdf

Session II: A Legal Framework of Intellectual Property Rights Protection (12 April PM) (AL)

- What are Intellectual Property Rights
- Sources of IP Rights Protection—Copyright, Trademarks, Trade Secrets, Patents
 - Davis, Julie L. and Suzanne S. Harrison (2001), The Edison Prophecy, in *Edison in the Boardroom*. New York: John Wiley.
 - Sellers, Melissa and Tracy Durkin (2004), Eternal Sunshine of the Spotless IP Portfolio: Creating and Implementing an Effective Corporate Intellectual Property Program, *ACC Docket 22 No. 10*, November/December: 78–101.

- Liberman, Adam (2004), Management of Intellectual Property in Australia, *les Nouvelles*, 29 (4): 176–182.

Session II (continued): A Legal Framework of Intellectual Property Rights Protection (13 April AM) (AL)

Case: Cadence versus Avant! Stanford Case, E-61A (TD & AL)

Guiding Questions:

1. How has the structure of the industry and its evolution affected the legal issues?
2. In hindsight what might have been done better by Mr. Costello? What can be done given the situation as it stands?
3. In hindsight what might have been done better by Mr. Hsu? What can be done given the current situation?
4. If you were an Avant! Board member how might you view your responsibility for IP development and protection? What can you do at this point?

Session III: Legal Strategies for Protecting and Exploiting Intellectual Property (13 April AM) (AL & TD)

Case: X-IT and Kidde, HBS Case, 9-803-041 (TD & AL)

Guiding Questions:

1. How strong is the legal position of X-IT against Kidde?
2. Would you have independently recommended X-IT making a suit against Kidde? Why or why not?
3. What should DiBelardino do now?
4. As an investor in X-IT would you support the case? Would you be willing to put in more money to support the case?

Session IV: Corporate Strategies for Protecting and Managing Intellectual Property (13 April PM) (TD)

- Internal and External Strategies
- Knowledge Processes, Branding,
 - Anand, Bharat and Alexander Galetovic (2004), How Market Smarts Can Protect Property Rights, *Harvard Business Review*, 82 (12): 72–79.
 - Reitzig, Markus (2004), Strategic Management of Intellectual Property, *MIT Sloan Management Review*, 45 (3): 35–40.
 - Hansen, Morten T. and Bolko van Oetinger (2001), Introducing T-Shaped Managers, *Harvard Business Review*, 79 (3): 106–116.
 - Gimein, Mark (1999), Jay Walker's Patent Mania, *Salon Magazine* (www.salon.com), 27 August 1999.

➤ Managing the Portfolio

- Davis, Julie L. and Suzanne S. Harrison (2001), *The Dow Chemical Company, in Edison in the Boardroom*. New York: John Wiley.
- Rivette, Kevin G. and David Kline (2000), *The New CEO Challenge, Supercharging R&D through Patent Planning and Gaining Financial Leverage through Patent Mining, in Rembrandts in the Attic*. Cambridge MA: HBS Press.

➤ Concluding Discussion

- Guest Speaker

Session VI: Financial Valuation of Intellectual Property (Readings not discussed)

- Clarkson, Gavin (2000) *Intellectual Asset Valuation*, HBS Case 9–801–192

Some Additional Resources

There are many useful sites that discuss IP. Some obvious starting points are:

<http://www.ipaccess.gov.au/> — for Australian information
<http://www.uspto.gov/> — for US information
<http://www.european-patent-office.org/> — for EU information
<http://www.wipo.int/> — for international information

Most of the above sites provide some free searching.

<http://corporate.findlaw.com/industry/intellectual/index.html> — has legal information
<http://www.derwent.com/> — has a comprehensive database on patents (this is a fee based service)