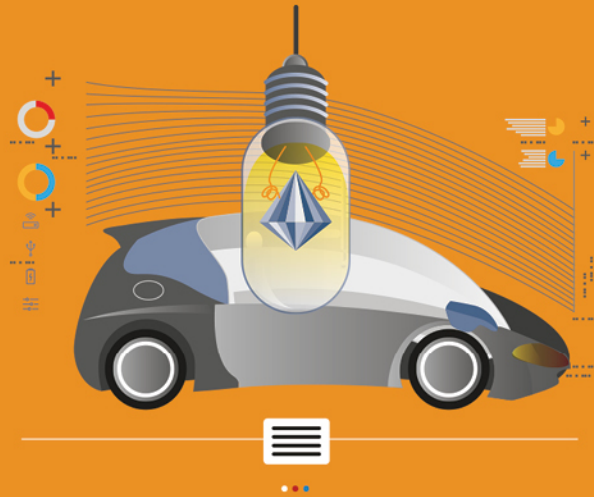


Managing Your Most Valuable Assets

How to look after your intellectual property





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Introduction

Effective management of your intellectual property and other intangible assets requires procedures, processes and documentation. It is important to have the tools available to manage common situations efficiently. These will help you ensure that rights are not lost, your company does not run into avoidable disputes, and your day-to-day operations are not adversely affected.

Your employees create most of the new intellectual property (IP) that your company will own. Depending on their roles, they are also likely to acquire knowledge of company-owned trade secrets and other confidential details. It is therefore important that your employees are clear on who owns this IP and similar information, and what their rights and responsibilities are to their employer. This is achieved through a strong agreement between the employee and the company, usually taking the form of including IP provisions within an employment contract.

You may use casual or contract workers and other self-employed people in the normal course of business. If so, you may not own the IP that they create, and will have less control over any knowledge they take away from the company. The same applies to suppliers, including external agencies that create copyright-protected promotional assets such as literature, photographs and websites. Under these circumstances, you may not own the copyright by default (unless you have commissioned photographs, paintings or engravings in Singapore). To be sure you own the rights, they need to be assigned to your company.

It is often necessary and beneficial to work with others, and sometimes this extends to sharing or jointly creating new IP. In such situations, it is important to have the right agreements in place to protect both parties and ensure any IP involved can be optimally protected and defended. To manage risk in these situations, you will need to use non-disclosure agreements, confidentiality undertakings and IP assignment forms.

This guide discusses IP management processes in general. There is another guide — **Making Best Use of All Your Valuable Assets** in this series that covers the management processes required to identify and capture new intellectual property.

Produced by IP ValueLab, these intellectual property management (IPM) business guides aim to deliver a suite of IP solutions for enterprises based on industry best practices. As the enterprise engagement arm of the Intellectual Property Office of Singapore (IPOS), IP ValueLab helps businesses establish a strong IP position for sustainable margins and higher returns. Some of these engagements may be eligible for Enterprise Singapore (ESG) funding, such as the intangible asset audit and strategy development aligned with business goals. IP ValueLab's business portal www.ipvaluelab.com.sg also contains case studies and videos of enterprises leveraging on IP to gain a competitive edge in their innovations. Should you have questions on IPM matters or wish to speak with our Intellectual Property Strategists, do email us at enquiries@ipvaluelab.com.sg or call +65 63308610.

CASHBOOK



Legal documents

01

*Which legal documents
are most commonly used
in IP management?*

3:30 AM - Marketing Syst

2:45 PM - Review PPT user

* call John again to ask

Book flight to Sydney

Sat, 10:00 AM

9:00 AM - office meeting

→ organize

1. Legal documents

Which legal documents are most commonly used in IP management?

The most common legal tools that can be deployed regularly to assist with IP management are non-disclosure/confidentiality undertakings, copyright assignment forms, commercial agreements and employment contracts.

“There are certain agreements that you are likely to use on a frequent basis for which it's worthwhile getting a good template in place”

If these basic legal tools are used properly and consistently, it will make the management of your IP more straightforward and efficient under most circumstances. The main applications include:



- **Employment contracts** — to ensure your employees treat your IP as you would like



- **Customer/supplier agreements** — to put them on notice that your rights need to be respected



- **Assignments** — to ensure you gain legal title over all the IP that you need to use and are entitled to have



- **Non-disclosure agreements or confidentiality undertakings (two phrases that basically mean the same thing)** — to ensure external stakeholders do not disclose your secrets or plans, or use your IP without your consent



- **Collaboration/R&D agreements** — so that it is clear who owns what, and who can use what when engaging in joint development with others



- **Licensing agreements** — to gain access to rights you do not own, but need to be allowed to use

The first four of these are dealt with in this guide: the last two are discussed in a separate guide on collaborations — Partnering for Commercial Advantage.

The best source for legal documents like these will be your legal advisor. Asking your own IP law firm to draw up agreements you will use repeatedly will enable these documents to be tailored to your specific circumstances.

If you are a member of a professional body or business organisation, legal templates may be available as one of the benefits of membership. Also, a number of government and intergovernmental organisations have produced draft templates that are free to use or provide further help. There are also commercial organisations that, for a fee, will allow you to download a number of legal templates for your use.

Given the possible consequences of inadvertently ending up with an ineffective or unenforceable agreement, professional advice is recommended, where possible, to ensure your business is as well covered as it can be.

Why are employment contracts important?

“Your employees will generate much of your IP. Make sure they are aware of their IP-related rights and responsibilities”

Your employees will create most of the new intellectual property that your company will own, and in many cases, they will be dealing with it on a daily basis. It is therefore important that your employees are clear on who owns this IP and other sensitive or confidential information, and what their rights and responsibilities are to their employer. This is achieved by having an ‘IP aware’ culture — but it needs to be backed by strong and effective IP provisions, typically in an employment contract.

Your employees are often characterised as being a company’s most valuable asset. This is not only because of what they do, but because of the assets they can create.

Depending on your sector and business operations, it’s likely your employees will be inventing new things; writing copyright-protected software code; maintaining and adding to a customer database or other information repository; designing a new product or service; writing documentation for your product or service or striking deals. With this in mind, it is important that the efforts of your employees are owned by your company, and that all staff are clear on what they can and cannot do with such information.

Your employees, however, are entitled to a private life! Accordingly, any IP they create outside work and in a field unrelated to your line of business will generally be owned by your employee and you will have no rights over it.

The situation gets a little more complicated when an employee’s IP generation activities are not part of their normal duties, as may be stipulated in the employment contract. This is because any such IP might still relate to, or be of benefit to your business. It may also have been created using your company’s resources or during work time. For example, if you employ someone to work on a production line packing boxes containing your product, and they invent a machine that would make the packing process faster, this would not be considered part of the employee’s normal duties (as you did not employ him to invent).

Because of this complexity, it is important to include in employment contracts clear provisions regarding IP, as an employee may at any time come up with inventions or ideas for business improvement from which the company would wish to benefit.

1. Legal documents




What should employment contracts contain?

In the interests of all parties, it is important that contracts and service agreements contain clear non-disclosure, non-solicitation and non-compete provisions. It is generally helpful to define the concept of 'inventions' as well as confidential information and

intellectual property, to ensure it is clear how broad the scope of the agreement is.

“There are a number of specific areas your employment contracts should incorporate”

	Other clauses that should be present in an employment contract include:
➤	Clauses that cover what IP will be owned by the company or by the employee. As mentioned earlier, the default situation is that IP generated during an employee's normal duties is owned by the company, but you may want to make this broader and include clauses about the use of company resources, for example.
➤	Clauses that make clear what the employee is obliged to keep confidential. Depending on their role you may also specify what (if anything) about their work can be disclosed.
➤	Clauses that require the employee to assist the company in obtaining good title to all inventions and IP.
➤	Clauses to cover non-compete and non-solicitation (i.e. working for rival organisations and approaching staff and/or customers after an employee has left the business).
➤	Clauses that dictate what information employees are allowed and prohibited from using once they have left the company's employment.





You should also be aware that in some countries (most notably Germany, but also Austria and Japan for example), inventors of technologies have strong rights over their inventions and can be entitled to compensation should your company, as the owner, not exploit them fully. There are also separate provisions that may impose duties on you to compensate inventors if your company makes an exceptionally large profit from using their inventions. This is covered in more detail in an accompanying guide — Creating Business Assets from your Ideas.

How should IP feature in my supplier, customer and distributor agreements?

It is often necessary or beneficial to work with other companies, even if it is just a matter of sourcing a component from a supplier or selling a product/service to a customer. Whenever a commercial contract is signed, it is important to consider the IP angle — what rights does the other party own, and what access rights do they have?

No company operates in a vacuum and it is almost certain that you have or will require agreements with suppliers, distributors, customers, collaborators and other third parties to ensure that your product or service is fit for purpose and reaches the marketplace as efficiently as possible. In each of these cases, it is likely that you will need an agreement or contract. It is in your interests for this agreement to be clear about IP ownership and what you and the other party can and cannot do with any IP that is involved.

“In your own business, it is necessary to deal with other businesses (suppliers, distributors, partners) and with customers. It is important to think about IP when doing so”

	Considerations when dealing with suppliers/ subcontractors, customers and/or distributors
	<p>You should consider putting in place comprehensive terms and conditions of use relating to IP, and making reference to these terms and conditions in all quotations, and in your contracts with suppliers and sub-contractors. Contract terms with suppliers should be enhanced to incorporate specific clauses relating to ownership, legitimate use and licensing of IP rights.</p>
	<p>When dealing with customers, it is common to issue standard terms of sale, which can also include clauses on IP. In the absence of such terms being accepted by a customer, common law will apply, which may be less favourable to your company. Whilst terms cannot legally override the statutory rights of purchasers, they can set out important information regarding relevant IP-related aspects, for example, placing an obligation on the buyer not to disassemble or reverse engineer.</p>
	<p>When formulating agreements with distributors, it is important to be clear on their rights and obligations in respect of the IP relating to the product (which could include notification of suspected infringement, rights to use the IP for promotional purposes under licence, and obligations in respect of contributing to the continued development and protection of the IP).</p>

1. Legal documents



Since distributors represent your products or services, there is a potentially significant risk that they could ‘step over the line’ and use your trade marks in a way that undermines your preferred brand or marketing identity. They may also purport to have a closer association with your company than is, in fact, the case. One way to regularise this situation, once trade marks are registered, is to license their use to the distributor when appropriate. In these situations, you can stipulate where and how the marks will be used.

If you are considering collaborating with another company or partner that may create some new IP, you may first wish to read the accompanying guide — Partnering for Commercial Advantage on this subject.

When would I need to use an IP assignment?

Organisations often use external agencies to create promotional assets such as literature, drawings, photographs and websites. Under these circumstances, you will not own the copyright by default — the

agency will (except for specially commissioned photographs, paintings or engravings). To own the rights, they need to be assigned to your company using an assignment document.

When you commission a piece of work to be done by non-employees, there will be times when you do not own the copyright or other IP in the work. Your agreement with the commissioned agency may be silent on ownership of the work created, or it may state that copyright in the work will be assigned to your company on completion of the work and satisfactory payment.

In either case, it is advisable to make sure that the commissioned agency signs an assignment document, otherwise you may experience difficulties contracting with other agencies in future, or adapting the assets yourself. Such documents should typically contain the following clauses:



IP assignment document clauses



Agency assigns all economic rights in the work to your company — this means that your company will own the work and you are entitled to copy and use it as you see fit.



Agency waives any moral rights in the work — in copyright law, moral rights (where they exist) belong to the original copyright holder and cannot be transferred/assigned. This clause prevents the rights (such as the right to be attributed as the creator of the work or having the work being used in a way that the creator disapproves of) from being enforced.

“Work performed by agencies should be formally assigned to your company”



Agency indemnifies your company against any infringement action relating to the work. You will want to make sure that even though you own the work, any liability for infringement will still rest with the creator. This clause essentially protects you should your contractor have copied the work of another.

What are the benefits of using non-disclosure agreements?

“Use of an NDA leaves little room for doubt that you intend your information to be treated as confidential”

Non-disclosure, or confidentiality agreements (commonly called NDAs) are frequently used legal documents that restrict what a recipient can and cannot do with sensitive information you provide. If you are thinking of applying for a patent or registered design, where prior public disclosure affects novelty, or you need to share a trade secret with entities outside your organisation, then an NDA is very important.

As well as placing an obligation of confidentiality on the recipient, use of an NDA has the additional benefit of allowing you to demonstrate that you did not intend the information to enter the public domain. The reason they are frequently used is that it is often necessary to share sensitive information with a third party.

For example, a contract manufacturing firm or supplier may need to quote to build a prototype for you; a potential partner or collaborator may require some sensitive information to have a meaningful discussion about an opportunity; or a potential investor/funder will need access to sensitive business plans, as may a governmental or regulatory organisation. In these situations, it is common to request that a non-disclosure agreement is signed.

An NDA can be one-way, if only one party has sensitive information it wishes to disclose, or two-way if both parties will be disclosing and receiving confidential material. The key clause in the NDA is that which prevents the party receiving the information except under certain specific conditions. Common conditions when disclosure would be permitted are:

- Time from signing — most NDAs have a time limit after which the information can be disclosed and/or used
- If requested by a court of law
- If the information enters the public domain

1. Legal documents

As a minimum, a good NDA should define the list of items shown in Figure 1:

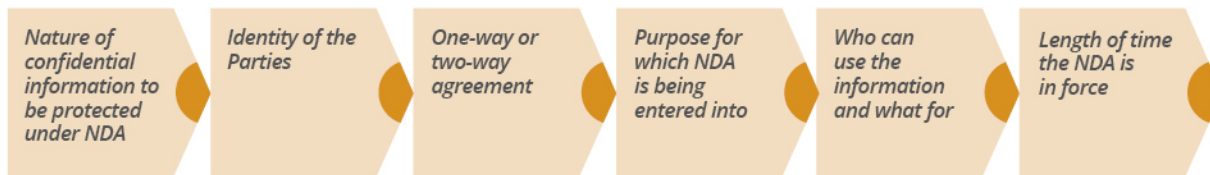


Figure 1. A non-exhaustive list of items usually defined in a typical NDA

It is good practice to identify as specifically as possible the information that will be included within the scope of the NDA — this makes the agreement stronger, as there is then no ambiguity about what is covered. A good NDA will also limit the purposes to which the information can be used; without such a clause, the receiving party can use the information for anything they like, as long as they do not disclose it. Again, the purpose should be as narrow and specific as possible.

When should I use a non-disclosure agreement?

Even without an NDA, it is against the law in Singapore to disclose confidential information that you receive in confidence. If someone does, you can potentially take them to court and use the law of breach of confidence (as set out in another guide in this series — Creating Business Assets from

“It is particularly important to insist on the signing of an NDA if the material disclosed may form the basis of a future patent or registered design application.”

your Ideas), to obtain an injunction preventing further disclosure and preventing the unauthorised recipient from using your information. However, an NDA makes life simpler.

To prove breach of confidence, you have to show **three** things.

1. Information was of a confidential nature.
2. Information was imparted by you under conditions of an obligation of confidence on the original recipient.
3. Unauthorised disclosure of the information to your detriment.

Companies have proven breach of confidence without an NDA being signed, but it is much easier with an NDA as the first two aspects of this test become much more straightforward to demonstrate. With an NDA signed, it may also be possible to use contract law (breach of contract) against the discloser.

It is particularly important to use an NDA if you have to disclose information that may form part of a patent or registered design

application in the future. IP law prevents the granting of a patent for inventions or a design from being registered that are in the public domain, and without an NDA, you run the risk that any disclosure will be interpreted as being a public one, preventing the patent or design from being validly granted or registered, or causing it to be invalidated after grant or registration.

There are some recipients of confidential information who, because of their position, are under an automatic implied obligation of confidence. These recipients do not need to sign an NDA, and disclosure to them is also not considered public disclosure. The most relevant example for these purposes is your legal counsel (including your patent or trade mark agent).

There may be times when you request an NDA to be signed prior to a disclosure and the intended recipient refuses to comply. This is particularly common with large organisations that fear that they are likely already to own and be working on similar confidential information themselves. They may, if they continue to develop the idea, make themselves liable to legal action from yourselves, even though they are only using information they already possess.

It is also common for funding intermediaries to refuse to sign an NDA, as it would be an impossible task to pitch your idea to potential investors if they are not allowed to talk about your idea with them. However, under most other circumstances, an NDA is seen as a reasonable precaution that protects both parties' interests.



SUMMARY

The following template agreements are likely to repay your investment of time in creating them, as they will prove particularly useful for IP management.

Employment contracts

Customer and supplier agreements

IP assignment templates

Non-disclosure agreements



Managing your portfolio



02

*How do I make sure rights aren't
lost owing to missed deadlines?*

How do I make sure rights aren't lost owing to missed deadlines?

Intellectual property lifecycle management is a time-consuming business. The stakes are very high, since just one missed deadline or payment can lead to a loss of rights and thereby a significant loss of revenue. Your IP rights are your 'crown jewels'; you need to keep these precious assets protected.

This chapter will help you consider your options for putting in place an in-house system for monitoring upcoming renewals, office actions and other deadlines. You also need to ensure contracts that you sign, such as NDAs, are suitably managed. This tracking is a continuous process as illustrated in Figure 1.

“It pays to have a good system in place for monitoring deadlines, especially with registered IP rights”

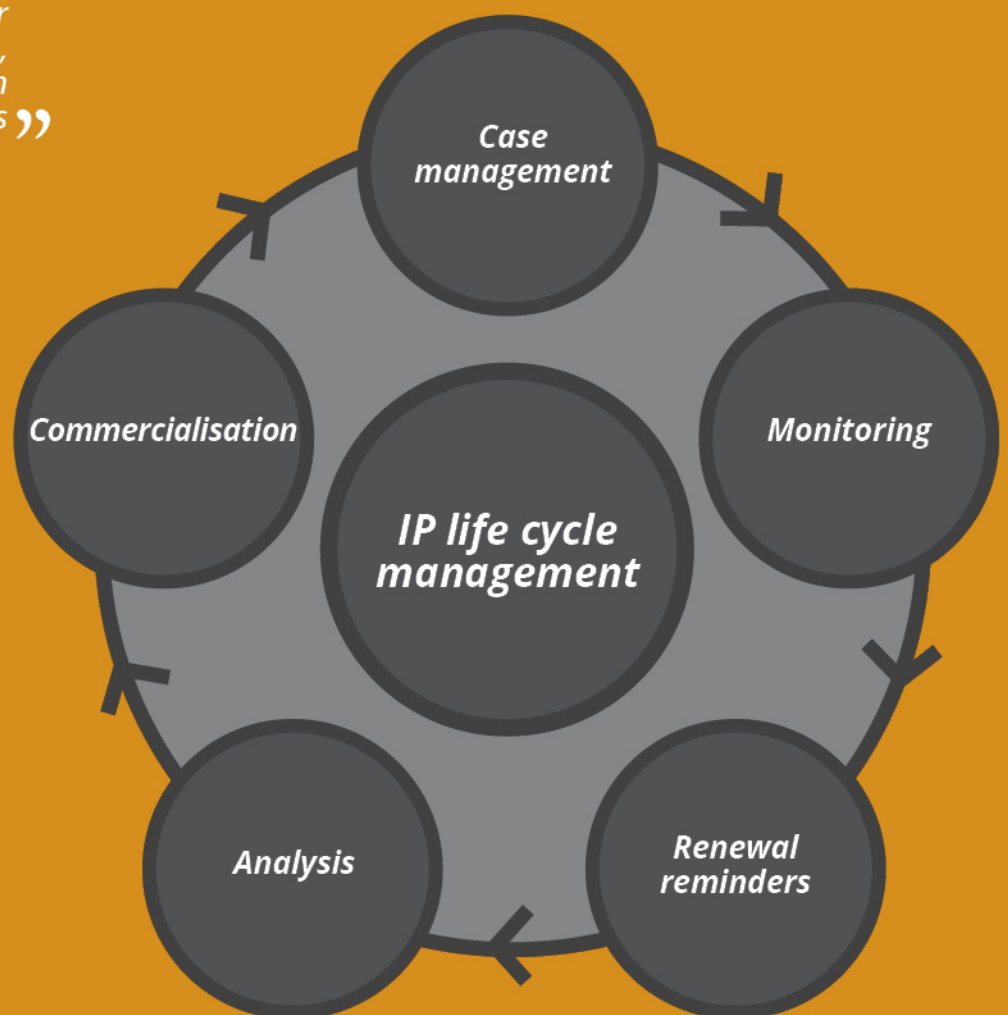


Figure 1. IP Life Cycle Management

2. Managing your portfolio

How do I start to get my IP under control?

You can only manage assets when you know what they are. It is important to put procedures in place both to identify new IP that your organisation creates and to document existing IP that is important to your business.

“Use an intangible asset register, IP audit or IP diagnostic to identify intangibles that need active management”

In order to protect your company's IP, you first need to identify it as intellectual property. An accompanying guide in this series — Making Best Use of All your Valuable Assets covers IP diagnostics, IP audits and the creation of intangible asset registers. These can be very useful in identifying your existing IP assets and determining which ones need the most active management.

It is also important to have systems in place to identify when any new process or innovation produces potential IP for your company. Another guide in this series — Creating Business Assets from your Ideas details how this can best be achieved including using an IP disclosure form.

If you are a small company, you may be able to manage your record of IP assets on either a database or a spreadsheet that you create in-house. Often, the most practical solution is a spreadsheet that contains the name and nature of the IP asset and holds the dates that are relevant for initial protection and subsequent renewal of the assets.



This is a good way to keep track of the associated costs involved, both in obtaining the IP in the first place and your subsequent costs in renewal and other administrative actions that are required in order to keep your IP protected.

You have to remember to look at the spreadsheet though, and/or make sure that the important dates are entered into a calendar or to-do list, which provides adequate timely reminders. For this reason, many companies choose to get help from external parties to make these risks manageable.

Are there commercial services that can assist me?

If you have registered rights and use the services of a legal counsel, part of their service should normally include issuing you with timely reminders of key events. There are also other, specialist commercial providers that can be used to deliver this service.

“There are many firms who will help to manage your IP, for a suitable fee”

Given the importance of maintaining IP rights, a number of firms outsource some routine aspects of their IP management. Along with prosecution of IP rights, agents see the issuing of reminders and arranging the payment of fees to maintain IP rights as some of their core services, and most will offer you this service.

Patent agents often use bespoke, complex, expensive software (see the following section) to manage the IP under their control, and to ensure that deadlines are not missed. It can therefore be cost-effective to use the services of an IP professional, to take advantage of their skills in managing your IP rights.

There are other specialist IP service providers that offer IP (patent, trade mark and design) renewal and/or reminder services and who are not patent or trade mark agents. These firms are often competitively priced, and if a reputable firm is used, can be equally reliable (though they will not offer the same range of supporting advisory services).

Some of these other firms also provide IP management software, where IP renewal services are available as an extension of the software package itself. Others offer a 'standalone' renewal service while allowing you to manage your IP using your own internal systems.

Do I have to answer all requests for payment?

Although it is important to pay all official IP registry fees, you may receive official-looking demands for payment or renewal of IP fees, which you do not have to pay. Caution should be exercised before paying an unsolicited invoice, unless it comes from an official government source or is expected.

During the rights registration process, or once your rights are confirmed, you are quite likely to receive communications from firms offering to list your rights in their private databases or requesting payment to renew your rights for a very large service fee.

Quite often these letters are made (fraudulently) to look like they come from an official or government source, even though they actually derive from private companies. Whilst the registers that they refer to may actually exist, they have no legal force and paying their fees seldom represents good value for money.

Others may suggest they can obtain patent rights for you — where in fact they may take money for the production of some professional drawings of your innovation, which are then lodged with the US Copyright Registry — never resulting in a US patent.

Unless the invoice comes from an official registry, your legal advisors or another firm with which you have contracted, care should be taken before the invoice is paid. If in doubt, contact the relevant IP body such as IPOS.

“You may be sent invoices for ‘unofficial’ registries that have no legal force. Be on the lookout for these ”






2. Managing your portfolio

What commercial tools can help me with portfolio management?

There is no 'one size fits all' for companies when it comes to managing your IP assets, since every company or organisation has its own needs and unique portfolio. As a small enterprise, it may be most cost-effective to develop systems in-house; if you don't have many IP rights to manage, setting up a basic spreadsheet to list your IP

assets may be sufficient, showing any notable dates for official renewal deadlines.

When you are in the process of obtaining IP rights, especially patents, you are likely to compile a lot of information. IP case handling typically comprises the following elements:

	IP case handling
	IP family details — bibliographic data such as number, territory, dates, inventors, applicant and representative details, including addresses.
	Official action documentation and dates — letters, filing details, official forms, docketing and office actions details (deadlines in particular).
	Case details — memos, invoices, costs.
	Correspondence with external parties — annuity service providers, search firms, customers and professional services.

There are a number of companies that offer tools to keep a watch on your registered IP rights and licensing arrangements. These services provide IP management software (such as for keeping track of your IP, automating processes, tracking IP, licences, renewal arrangements and deadlines).

“If your portfolio becomes large, there are a number of tools that can be used to assist with ongoing IP asset management”

Are all these IP-related costs value for money commercially?

Development of new products and services, getting protection for your inventions and creations with IP rights, and then managing these rights on an ongoing basis, all involve substantial investment. IP is only worth managing if the benefits you derive from innovating outstrip the associated costs. One way to 'keep score' is to know the contribution being made by your IP: the best way to do that is to have it valued.

Whilst not an exact science, IP valuation can deliver insights that are both strategically helpful and tactically invaluable. Even if you have no such transactions in prospect, knowing how much your IP contributes to your business in financial terms helps to justify continued investment in your 'competitive edge' and satisfy your stakeholders that funds are being appropriately directed.

“The main methods of IP valuation are cost, market and income, with income being the most widely used”



There are three widely accepted ways of determining your IP value. Briefly, these are to assess its reproduction or replacement cost; identify sales of comparable assets in the market that can be translated to your own circumstances; or look at your actual and projected incomes and work out how much of them is attributable to your IP.

In most cases, the last of these three methods is the most suitable and easiest route, though the others have their uses too.

In most situations, you'll be in a position to derive far more benefit from the IP valuation if it has been conducted in accordance with recognised standards, which generally involves someone independent of your business. This can be a somewhat expensive process, depending on the amount of supporting due diligence work involved, so it is wise to obtain a quotation first.

Once your IP value is quantified, it is likely to trigger a range of discussions, including best ways to increase the value (for example, through licensing or off-shoring) or to realise the value (via sale or auction).

How should I keep track of the NDAs and other legal contracts I've entered into?

It is important that you develop a system for storing, monitoring and recording contracts and other legal records that you have signed. Otherwise, in the event of an IP dispute arising in future, you may find it difficult to know for certain whether the undertakings made by either party are applicable or binding.

All the contracts and legal documents that you have signed should be stored safely and in a well-organised manner. If you have recently performed an IP diagnostic or IP audit and produced an intangible asset register (see separate accompanying guide — Making Best Use of All Your Valuable Assets), then you should have a list of the key contracts.

2. Managing your portfolio

Would you know, however, when a specific NDA expires and when you (or the other party) can legally start discussing the confidential information? There is a danger that unless contracts are actively managed, they are signed and forgotten about.

If you have engaged any legal support outside of your company to help you with issues related to securing, protecting or commercialising your IP, your legal counsel may be able to offer additional assistance. Such a firm will more than likely be in a better position than you to keep track not only of the IP you have, but also when legal contracts, NDAs and licensing agreements are due for renewal. This will, however, attract an additional charge.

“Keep a check on all your contracts, so that you and your colleagues know what you are and are not permitted to do”



SUMMARY

The main principles discussed in this chapter can be briefly summarised in the following checklist:

Identify assets and legal contracts

- Perform an IP audit and create an intangible asset register
- Locate key contracts and list
- Be on the lookout for new opportunities to create IP
- Create monitoring system (spreadsheet or database) to list the IP and contracts

Identify necessary actions (e.g. renewals)

- Work with your IP counsel (if you have one) to identify when the next action is for each type of IP
- Record when contracts expire — some may need to be renewed
- Track all the actions using either bespoke software or an in-house system
- Budget for any fees that may become due

Value your intellectual property

- Find out what is valuable to your business
- Use appropriate methods of valuation — income, market or cost
- Consider employing the services of a specialist to assist with your IP valuation

Ensure records are kept up to date

- Store your legal contracts in a safe place and record where they are stored



Writing an IP policy

03

*How can an IP policy
help my business?*

3. Writing an IP policy

How can an IP policy help my business?

An IP policy is a detailed, internally-facing document intended to establish the right IP 'culture' in an organisation. Its scope can include making sure new assets are identified and nurtured, and setting out the procedures

required to protect the company against IP-related risks. These would generally include unauthorised disclosure of confidential information, and other measures needed to safeguard the business's ability to fully exploit its inventions in the marketplace.

One way to help protect against details of IP 'leaking', and indeed to incentivise employees to create new IP for commercialisation, is to create an IP policy, as an addition to the IP clauses that should already be contained in employee contracts. While employment agreements have a tendency to be signed and then filed (and only pulled out and examined if a problem arises!), an IP policy is intended as an employee reference point.

“Creating an IP policy will help to ensure your company looks after its most valuable assets in a consistent and well-managed way”

It is important for employees and subcontractors to understand their responsibilities when it comes to IP. The last thing you want is for an employee or subcontractor to disclose details of key IP or sensitive trading data to a competitor (accidentally or maliciously).



Also, it is important for employees to understand that IP, in its various forms, is an important business asset that needs to be actively managed to maximise the value that it brings to the company.



A comprehensive IP policy can help employees take responsibility for protecting IP, as well as motivate them to create new assets in their day-to-day duties. This should have the knock-on effect of providing them with new career opportunities as your company becomes more profitable and grows.

Why is an IP policy important to have?

“Think about how you want your employees and organisation to treat your IP — and also how you will react if you discover unnecessary risks are being run”

Your IP policy will help you to realise your business goals. It starts from consideration of the types of IP that are most important to your company, and then sets a number of clear objectives that will ensure they are well managed for commercial advantage.

Innovative businesses create new IP on a continuous basis, so it is important to have an IP policy in place to ensure it is safeguarded and managed correctly. For example, software companies face particular risks because their code may be created and used by many different people within an organisation. In addition, the default right applying to software copyright is one of the easiest rights to infringe.

If staff are not told, and do not understand, where risks lie and how they can be avoided, your business has only itself to blame if it runs into problems.

Both the business and its employees also have an obligation to comply with the law when it comes to IP. Therefore, another aim of the IP policy is to ensure that all staff and key third parties (such as subcontractors) are aware of their duties and responsibilities. This will help to keep the company properly protected against risks such as unauthorised disclosure of confidential information, infringement of third party IP rights, and able to fully exploit its inventions in the marketplace.

How do I get the team on board with an IP policy?

“An IP policy can provide a positive means of educating and informing staff on why IP rights matter”

Everyone engaged with your firm (both employees and third parties, such as subcontractors, where appropriate) needs to know when and where the company IP policy comes into effect, and to be clear about its scope and importance.


In order to overcome any negative interpretations of employee obligations with respect to safeguarding IP (where it may be perceived as a tedious chore, on top of day-to-day duties), the company's IP policy may also be used to promote a positive, 'IP-friendly' environment, which encourages and expedites the creation and capture of new knowledge. Where new IP is successfully captured and commercialised, it provides an opportunity to distribute benefits to the teams responsible. Of course, in order to do this, it is necessary to capture who has created what — which requires employees' co-operation.

The IP policy can also be positioned as part of professional development and training, providing a useful reference point for staff and management that can address any lack of awareness and understanding of what IP is, and explain it in clear terms. The IP policy will often take a broad view of what IP constitutes, and is often most effective if it uses real examples from your business to explain other important IP-related considerations, such as IP capture and maintenance of confidentiality.

3. Writing an IP policy



When considering how broad to make the scope of your policy, it is helpful to define IP in terms of its formal rights and other forms of intangible assets (all the non-physical items that the company owns). A typical list might comprise:

	List of IP
➤	Rights that can be registered (patents, trade marks and designs), whether or not they have already been granted.
➤	Copyright materials owned and controlled by the company.
➤	Contracts held by the company.
➤	Other internal resources such as operational information, processes, methods, recipes, marketing strategies, customer lists, materials, terms, prices, products and services that are particular to the company, and the know-how needed to deliver them.
➤	All the external, non-contractual relationships which are used on a daily basis.
➤	Any awards, approvals or endorsements that the company has accumulated in the course of trading.

What basic risk management principles do I need to incorporate?

“Most of all, an IP policy should focus on steps to address key risks relating to infringement, enforceability and invalidity”

Your IP policy should set out uniform approaches and principles for safeguarding your company assets. These should be standardised as far as possible.

Good practices such as ways of capturing and marking innovations, retention of both paper-based and electronic evidence of creation, and putting additional access security in place for sensitive data backed by an audit trail, are all important. Only selected employees should have access to the details of key IP, to minimise the risk of disclosure.

Company trade secrets have special treatment under the law, but to be protected, it is important for them to be set out as discrete, separable pieces of information and labelled appropriately.

Any employees, contractors or other third parties that are granted access to trade secrets should do so under terms of confidentiality (usually either employment contracts or NDAs). The first chapter of this guide contains further information on what such agreements should contain.

Table 1 below summarises some of the key measures most well-run companies take to manage and contain IP risk.

All documents containing trade secrets should be marked appropriately, such as “CONFIDENTIAL” or “TRADE SECRET”
Access to confidential information by third parties or employees should be agreed in writing by the parties in advance
Restrict access to trade secrets; these should only be accessed on a need-to-know basis
Implement controls on physical and electronic confidential documents
Introduce training for employees to maintain confidentiality of corporate IP, including emphasis on employee obligations to do so
Ensure access to key IP is immediately restricted should an employee or third-party contract be terminated
Brand guidelines should be introduced to ensure correct use of brands internally and externally

Table 1. Steps to take to manage IP risk

3. Writing an IP policy



Where are my biggest risks likely to lie?

It is difficult to identify the precise risks that could arise from commercial activities and agreements without conducting a tailored risk review. However, it is possible to identify primary risks (from an IP perspective) that a company faces when entering into different types of commercial undertakings.

Risk	Mitigant
1. A client could disclose information that the company regards as sensitive	<p>Protect important information (such as trade secrets, including source code and other electronic documents) with passwords and access codes, and make sure that these are not widely available, either in the company or at any outsourcing location.</p> <p>Ensure NDAs are in place, setting out that no company IP should be disclosed without written permission from the company. These should limit access to/use of any company IP to as few people as possible.</p> <p>If other employees/third parties need access, they should be bound by the same confidentiality terms in favour of the company.</p>
2. A client could disclose information or launch products/services that impact the company's ability to get future IP protection (e.g. because it has not yet been applied for)	<p>Refer to point 1. Ideally, any grant of IP rights should be in the company's favour and should not be limited by time, geographies and/or sectors.</p>
3. A dispute could arise over ownership of the 'background IP' contribution being made by the client (i.e. the extent to which existing business processes, proprietary to them, form the basis for a product or service)	<p>Define any background IP. Broadly, this is any IP that is proprietary to a party and that was conceived, created, or developed prior to, or independent of any R&D performed with or for the company.</p>
4. A dispute could arise over ownership of a 'foreground IP' contribution being made by a client (i.e. its involvement in specifying requirements and how they are to be delivered)	<p>Define any IP that is conceived, created or developed by any external party in the course of performing a contract, and set out ownership and use of any such rights.</p>

Risk	Mitigant
<p>5. In addition to primary infringement issues, there could be secondary infringement issues where the company uses IP developed by (or in conjunction with) a third party, and subsequently causes problems for a client</p>	<p>Include an indemnity/liability clause within contractual terms and a warranty from any third party to ensure that the company is not liable for infringement for any IP that is brought in/developed.</p>
<p>6. A third party decides to take company IP developed by the company elsewhere for future changes or enhancements, or starts to modify the IP itself</p>	<p>Amend contractual terms to prohibit any external use of company IP should this happen.</p>
<p>7. The company starts to use external IP for purposes that were not originally authorised (or not envisaged)</p>	<p>Make contractual terms as broad as possible in terms of permitted use, including future rights to use for research.</p>
<p>8. The security of the company's IP is compromised by lax security in client systems</p>	<p>Refer to point 1. Additionally, undertake an inspection of security and access rights of physical premises and networks of any third party/subcontractor prior to commencing work.</p>
<p>9. A third party re-sells or sub-licenses the company's IP (or attempts to do so) or uses the company's name or brand without permission</p>	<p>In terms of business, specifically exclude selling or licensing/sub-licensing of the company's IP without prior written permission. Use of the company brand and/or logo should be defined contractually. This may include guidelines on logo placement.</p>
<p>10. A third party ceases trading (which may cause the IP to enter new ownership where no contract/agreement/relationship exists)</p>	<p>Refer to point 4. Make it clear that IP is the property of the company and any new owner (of the third party collaborator) will be required to deliver any foreground IP or background IP as required as set out in original contract. A new contract may be required to be renegotiated if appropriate.</p>

Table 2. Safeguarding IP in dealings with third parties — Top 10 specific risks and mitigants

3. Writing an IP policy



SUMMARY

The following is an overview of the elements that a good IP policy should contain, to help you consider what should be in yours.

1. Introduction

- Objectives
- Scope of the policy



2. General IP principles

- Explain IP to staff



3. Internal measures to safeguard IP

- Access controls
- Labelling and marking
- Training of staff
- Brand use guidelines



4. Risks and mitigation

- Common risks and how they will be mitigated



5. Employee obligations

- What is expected from an employee
- What is expected from a person once they leave employment



6. Dealing with clients and suppliers

- Policies to safeguard IP when dealing with external parties





Where can my business get help?



04

4. Where can my business get help?



GETTING RIGHTS GRANTED

IPOS : www.ipos.gov.sg/resources

IP ValueLab Directory :

www.ipvaluelab.com.sg/news-events

GETTING IP ADVISORY

- Intangible asset audit
- Intangible asset strategy and management
- Business and technology intelligence
- Commercial analytics on patents
- Due diligence on intangible assets
- Bespoke advisory services

IP ValueLab : www.ipvaluelab.com.sg

GETTING IP TRAINING

- Executive programmes
- Certifications
- Undergraduate and postgraduate courses
- Regional training

IP Academy : www.ipacademy.com.sg

GETTING PATENTS RIGHT

- Patent search and examination
(for both national and international PCT applications)
- Patent analytics
- Customised search services

IPOS International : www.iposinternational.com

DEALING WITH DISPUTES

IP Legal Clinic (IPOS) : www.ipos.gov.sg/e-services

CASHBOOK

Business Company

123 Corporation Street Ltd
123 Street, Suite 2000
Tel: 123-456-7890
Fax: 123-456-7891

Bill to: Curabitur suscipit LTD
456 Pellentesque Aliquet
2W St - SUD 3000
957-854-321

No	Description	Q
1234	Id rutrum	2
2567	Sed interdum odio	5
0034	Pellentesque	8
0460	Maecenas molestie	3
4729	Integer varius nisi	4
4930	Quisque luctus turpis	7
4893		3

Comment
Sed interdum odio, vari molisae suscipit
Aenean placerat nulla nec lorem, sedue varius
Duisen auctor diam ac mollis efficitur

Subtotal	4500
Tax Rate	6.7
Tax	760.6
Other	
TOTAL Due	5261.12

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