

Maximising financial returns through IP commercialisation

Increasing revenue without increasing your production or prices – sounds like magic, doesn't it?

Intelligent commercialisation of intellectual property (IP) can often enable a business to develop new revenue streams by allowing others to use its IP assets – at the right price. For example, it may be possible to license existing IP owned by the business, for use in different countries, new fields of application or new markets. IP which is no longer needed by the business can be sold profitably to a third party. Collaborations with others can speed up product development. Or it may be that the business could benefit from licensing IP from a third party, to improve its own products or fast-track product development. In most cases, this can be done without having to set up a new business entity.

In order to make an informed decision on the best way to exploit its IP, a business needs to know what its IP

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asset base is. It is therefore essential to have appropriate systems and procedures in place to document all stages of the life of each IP asset, including its creation, tracing of ownership through product development, keeping track of development costs, maintaining patent and design rights, and recording expiry or disposal. The establishment of an IP register, and the conducting of an IP audit, will assist in this process.

Having identified its IP assets and selected those that are suitable for commercialisation, a business should then make an informed and considered choice of commercialisation pathway. Newly acquired or created IP can be:

- » incorporated into existing products and services of the business;
- » licensed to one or more third parties for a royalty;
- » used as the basis for a new business venture such as a joint venture or a spin-off company;
- » sold for a lump sum; or
- » contributed to a research collaboration for further development, perhaps in a new or higher value application.

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to property leasing, it enables the owner of an IP asset to obtain revenue from use of the asset by a third party, typically in the form of royalties on sales of goods, while retaining ownership of the asset. Revenue from licensing can be maximized through active IP asset management, allowing a business to create and license a "bundle" of related IP that maximizes the value that can be transferred through licensing. Knowledge of the IP needs of potential licensees can be gained through searches of IP databases, just as a business selling physical goods identifies market opportunities through market research.

Where a high-value bundle of IP assets is created and has the potential to form the basis of a totally new business venture, the formation of a spin-off company may be the best way to extract maximum value, particularly if there is the likelihood of high growth in the capital value of the company. By contrast, where IP assets are limited, are dependent on third party IP rights, or are of relatively low value, contribution of the IP asset to a research and development collaboration with a third party may be the best commercialisation pathway.

If your business needs assistance with the management of its IP portfolio or the choice of an appropriate commercialisation pathway, please contact our Commercialisation Team. The Principals in the Commercialisation team have in-house experience in the commercial management of an IP portfolio, and the structuring and negotiation of IP licences, spin-off deals and R&D collaborations.



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