

## 20 questions a board member should ask about Intellectual property for their companies.

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In today's world, innovation moves forward at a rapid pace; As a key driver in company metrics, this constant evolution requires proactive care and a keen eye for detail to ensure intellectual property is handled appropriately and managed cost-effectively. Intellectual property (IP) is one of the most valuable assets of a company. As a director, you are responsible to ensure that not only all the different types of IP are being protected adequately but that the company's funds are spent optimally and that the company is managing IP related risks appropriately. Here are some questions to regularly put on the agenda of a board meeting:

### 1 Does the company foster an innovation minded culture?

This means building processes around the entire innovation lifecycle, rather than just the first patent filing. Follow up questions you might ask: Are employees knowledgeable about IP? Do they know how to avoid its unintentional loss? Are they incentivized to protect the IP they create?

### 2 Does the company implement and effectively use consistent IP processes?

Examples of this could include invention disclosures or patent marking processes. Ensuring these processes are clear and instructions/resources easily accessible is key.

### 3 Do all of the company's employment contracts include proper IP assignment clauses?

This should include founders, interns, contractors and board members and should cover not only patents but trade secrets, copyrights and trademarks as well.

### 4 Does the company have consistent and reliable portfolio management processes?

Proper processes mean the portfolio is always due-diligence ready and costs are being tracked per application.

### 5 Is the company using IP searching to its fullest potential?

In addition to finding the most advantageous jurisdictions to seek protection, is it being used to help with competitive positioning, to proactively find new competitors and to assess competitors' directions?

### 6 Does the company evaluate the freedom to operate risk involved with implementing new features?

Has a contingency plan been established ahead of time? This could mean designing around these features or building licensing costs into the pricing.

### 7 Does the company have a planned filing strategy to maximize value of the IP?

Is the strategy driven solely by patents or does it take into account the value of different types of protection such as trade secrets and defensive publication?

### 8 Does the company schedule regular reviews of the IP portfolio?

Is there a process to evaluate and divest those that are no longer core to the business to create a revenue source?

### 9 Has the company considered looking for existing IP available for acquisition as a cost-effective source of R&D?

Is there a process to regularly search patent databases for IP that is available for acquisition, from universities and other sources?

## 10 What is being done to protect and manage trade secrets?

Has the company implemented an effective process to ensure their value is optimized?

## 11 Is there a comprehensive due-diligence ready summary of all company-owned IP?

Who is responsible for keeping it up-to-date and how often is it reviewed/revised?

## 12 Does the company have a methodology for valuation of IP as part of financing or M&A transactions?

Intangible assets make up large portion of market value, what is being done to recognize if IP is commanding the appropriate price?

## 13 Are licensing agreements being utilized as part of a strategy to monetize IP?

How are licensees identified and vetted to maintain brand equity?

## 14 Does the company have a process to protect IP from customers, investors, partners, visitors, etc.?

Examples of this could be a clean-desk policy or NDA agreements; safeguards that are designed to protect innovation that is under development or kept as a trade secret.

## 15 What is done to monitor for IP infringement?

Government bodies do not monitor or notify IP holders of potential infringement, this responsibility falls on the IP owner. Does your company know how to recognize if an idea infringes upon your protected IP?

## 16 Does the company have plans on how to handle IP risks?

Is the company adhering to industry standards and ensuring the IP by-laws relating to these standards are being taken into account? Are IP indemnification clauses present in all purchase agreements/orders?

## 17 How does the company track the use of open-source software?

Is there a process to ensure that developers and users are in compliance with the licensing terms?

## 18 Does the company have a response plan in the event they are served with a notice of litigation?

How will the company respond if another company initiates IP litigation proceedings or sends unwarranted licensing demands? Has a response team been identified? What is the initial communication plan both internally and externally to address these events?

## 19 What is being done to ensure appropriate cyber security measures are in place to protect IP?

Are these measures and policies monitored and upgraded regularly to meet current technology standards?

## 20 Does the company plan its IP spending based on a budget and how is spending tracked to that budget?

Typically, costs associated with applying or registering for IP protection are higher upfront but ongoing costs for maintenance and prosecution should also be planned for. How are funds allocated for costs that exist outside of the formal IP protection fees (such as for R&D or trade secret protection)?

Acknowledging the complexity of intellectual property with a holistic strategy is key to maximizing your portfolio. Innovation is a very rewarding and empowering process for employees when managed cost-effectively. The company can truly harvest the power of intellectual property to significantly increase the company valuation.