

# CABINET REGIMBEAU

Propriété Intellectuelle

*Conseils en Propriété Industrielle*

*European Patent and Trademark Attorneys*

## IP Audits : what, why, and how ?

Jerome COLLIN

European patent attorney

French patent attorney

Partner



# Summary

- What is an IP audit ?
- Why conduct IP audits ?
- How can IP attorneys include IP audits in their practice ?

# What is an IP audit ?

Welcome to the « soft » world ..

- « Traditional » work of Intellectual Property Attorneys
  - Is based on expertise generally identified by a qualification
  - For a good part (e.g. patent drafting) shall lead to a deliverable (e.g a patent application) according to a well-known standard
  
- Audit work is ... just the opposite
  
- The vast and relatively undefined field of IP audits contains opportunities and also questions

# General scheme of IP audit

IP assets can be both visible and less visible

	Generally, identified	Can be identified	To be revealed
■ Patents, trade marks, designs	X		
■ Copyright – e.g. software		X	
■ Databases		X	
■ Contracts (licences, etc.)		X	
■ Trade secrets		X	X
■ more generally, non-IP Goodwill			X

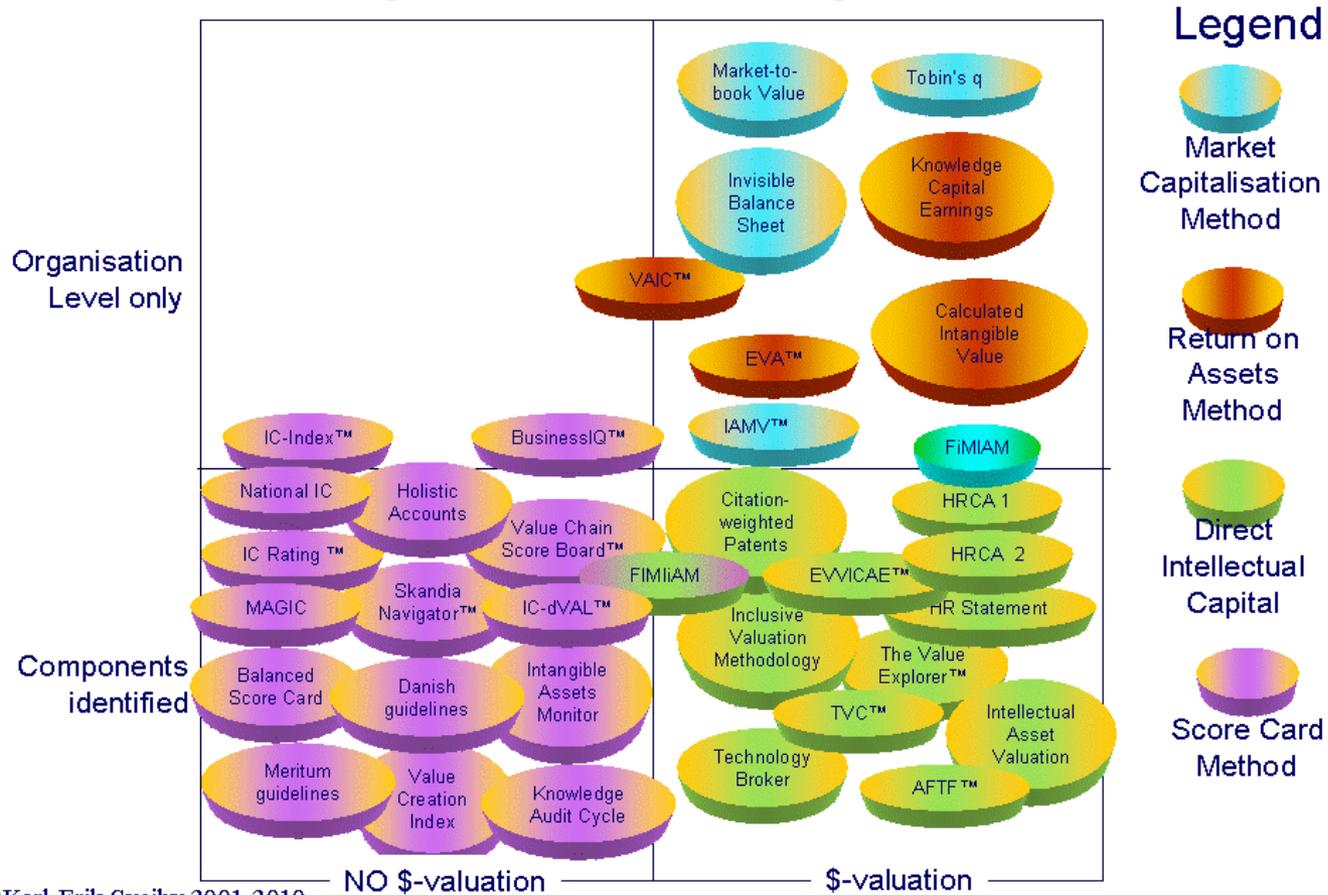
# General scheme of IP audit

Audits are required in many situations



# Not one standard

## Intangible Assets Measuring Models



©Karl-Erik Sveiby 2001-2010

# Not one unified standard

However work in progress ...

- IP audit is generally « Custom-made »
  - Largely dependent on context / objectives
  - Everyone has his/her own checklist, methodology, experience, ..
  
- However, there is work on standards regarding IP management / valuation
  - CEN/TC 389 « Innovation Management »
  - ISO/PC 231 « Monetary brand valuation »
  - NF ISO 10668 « Brand Valuation »
  - XP X50-146 "Management de la propriété intellectuelle"
  - PAS 1070 « Patentbewertung »
  - etc.

# A mark in this fuzzy landscape

## FICPI code of conduct (emphasis added)

### RULE 4

Each Member is to provide professionally competent service as an **independent** counsellor in an **unbiased manner** without regard to his personal feelings or interests.

### RULE 5

Each Member is bound not to disclose information received in confidence in the exercise of his professional activities unless he is released from this obligation.

### RULE 6

Each Member shall endeavour to maintain himself **free of representing conflicting interests.**  
(...)

### RULE 7

**Good fellowship** should be exercised among Members.

### RULE 8

Professional competition should be fair. In soliciting orders and in other forms of promotion Members shall refrain from using statements about their services which are misleading or laudatory or **involve criticism of professional colleagues or their services.**

# Why conduct IP audits ?

## Pro's .. and Questions

### QUESTIONS

- Risk of degrading image ?
- Deontology : ok ?
- Risk of not meeting client expectations ?
  - Resources/costs
  - Deliverable
  - Liability



### PRO's

- IP work needs a direction
- IP audit : an educational tool
- High value audits help going up (again) the value chain
- If qualified IP practitioners don't do it, others will
  - Not necessarily with the same IP skills
- IP audits can generate new work

# IP audit : a gate to ..

## « Traditional » IP work

Preliminary review of IP portfolios / issues  
e.g. for public organizations, or SMEs

Subsequent work on a case-by-case basis

IP  
Audit

## « New » IP-related services

Commercialization,  
auctions

Securitization

IP insurance

Etc. etc.

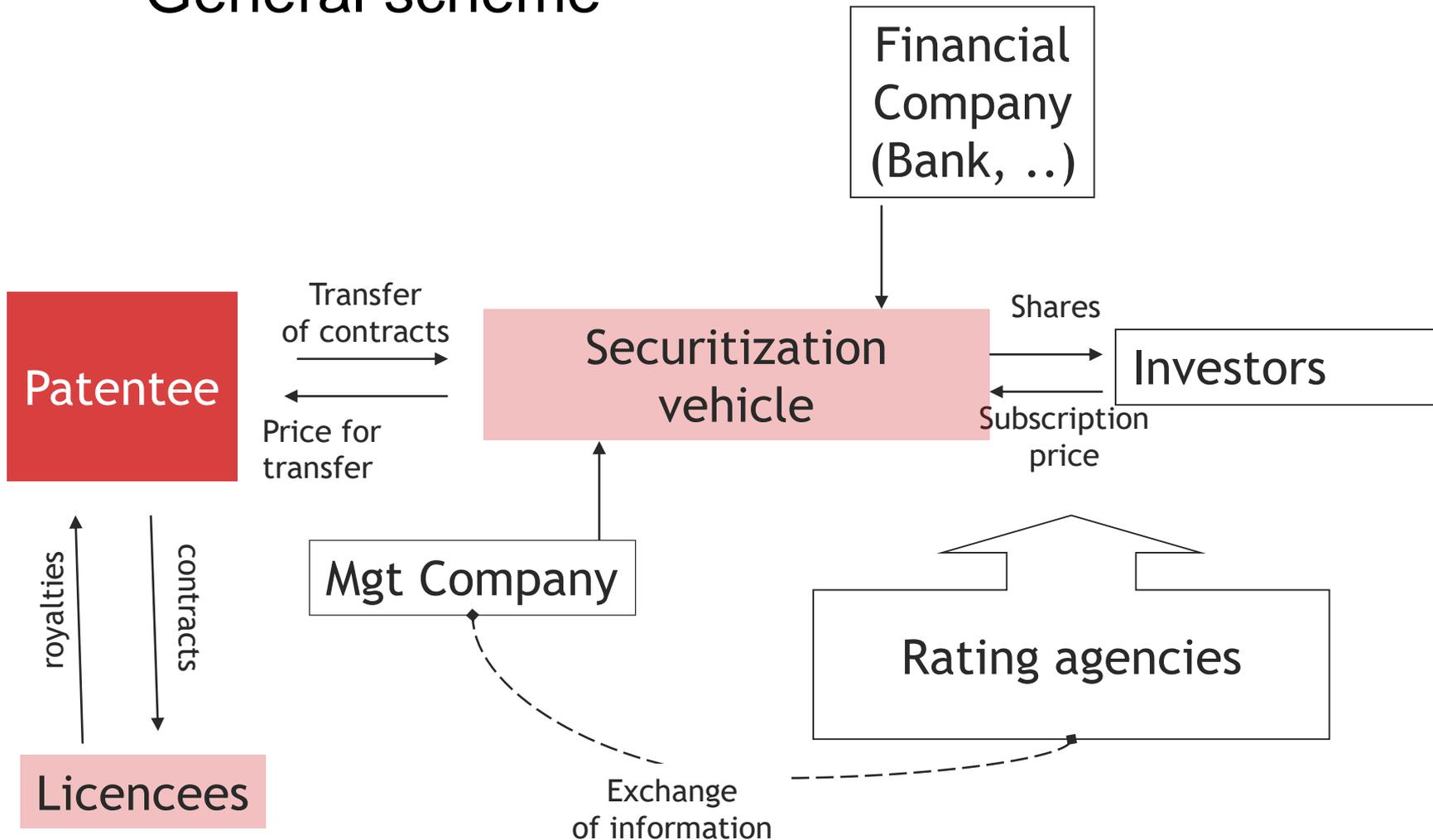
# IP Securitization

## Definition

- Transformation of economic flows (derived from licence agreements) of IP assets into assets on the financial market
  - The holder of IPRs, generally already licensed, transfers his licence agreements to a depository (typically, a bank)
  - The depository “securitises” the licenses by transferring them to a financial vehicle (e.g. in France, a FCP - Common Fund of Receivables)
  - The vehicle issues securities (shares) on the market
  - The investors will then be able to trade said shares
  
- Requires prior IP audit

# IP Securitization

## General scheme



# IP Insurance

- IP insurance could cover e.g.
  - costs of IP-related legal proceedings
  - Loss of income in case of infringement
  
- Prior IP audit would be required
  
- Possibly a facilitator for IP-related transactions
  - A quality standard ?

# How should we do it ?

- Resources
- Operations
- Client relationship

# Thank you !

Jérôme COLLIN  
European patent attorney  
French patent attorney

Partner  
Cabinet REGIMBEAU  
20 rue de Chazelles  
75017 Paris - France

Tel : + 33 1 44 29 35 37  
collin@regimbeau.eu