

# Highlights: ipCG's 13th Annual Thought Leadership Conference

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May 2017

On Thursday May 11th, ipCapital Group held its [13th Annual Thought Leadership Conference](#), bringing together innovation and intellectual property (IP) leaders from around the world in the picturesque Essex Resort & Spa in Northwest Vermont. This year's conference theme was *Effective Innovation - Transforming Ideas into High-Value IP*.



The day was broken down into seven subtopics hosted by various IP thought leaders from a wide range of corporations throughout the globe. A brief synopsis of each talk follows:

The first talk – *Generating Revenue from IP – Past, Present, Future* – was led by Kim Pugliese of Technicolor SA. Kim began with the Patent Lifecycle diagram she constructed from her extensive career in IP strategy and monetization. This began a discussion of various issues that arise in managing IP portfolios within large organizations, such as Kim's experience in influencing upper management and business leaders to leverage IP to meeting business objectives, always having the IP elevator pitch ready to share, ensuring alignment of incentives throughout the IP organization, accounting of the revenue/value generated from the IP assets, and many more issues. Kim discussed the importance of being able to quantify benefits from IP with defensible numbers, utilizing a Return on IP Investment Scorecard to generate support for the IP department throughout the organization.

Kim then described her various positions at Kodak, Intellectual Ventures, Xerox, and her current position at Technicolor, as well as some of the challenges she faced in each. She elaborated on the conflicts that often arise between product teams and IP licensing groups, external events that negatively impacted IP licensing, such as *Alice v. CLS Bank*, the use of [IP monetization](#) to offset challenges within the product businesses, the training she developed on the value of IP and delivered to various departments within the organization, and other relevant topics.

Next, Rudy Leschke, Senior VP for R&D at Ainsworth Pet Nutrition led a discussion on *Investing in a Trade Secret Program*. Rudy made the case that trade secrets are critical to business success and are a key factor in building enterprise value. But unlike other IP, there is no formal application process or legal recognition. Instead, in order to claim the legal protections afforded to [trade secrets](#), companies need to demonstrate that they are making a “reasonable effort” to protect their trade secrets (e.g., through internal policy, training, documentation, etc.).

As a manufacturer of pet food, much of Ainsworth’s innovations are in processes and methods of production: perfect candidates for trade secret protection. With the involvement of contract manufacturers and other third parties in their processes, the risk of a leak is significant. Therefore, Ainsworth has implemented a robust trade secret program to minimize loss, improve legal standing, and provide a clear understanding of what is and what is not a trade secret.

Ainsworth’s experience sparked a lively discussion around corporate espionage and the increasing challenges of stolen technology. Nearly every participant in the conference had an antidote about the theft of IP and specifically trade secrets. There was broad recognition and consensus that trade secret policies are challenging to implement and represent an ongoing effort, but also a necessary component of a successful IP program.

The third talk of the morning was led by Petra Simoncic of ams AG and was titled *The Purchase Price of a Winning IP Strategy*. Petra highlighted the ROI of strategic IP development, using case studies of publicly disclosed ams AG acquisitions.

For example, Petra provided a description of Heptagon, a designer and manufacturer of optical sensors that became an IP leader in the space. Strong customer demand for Heptagon’s high performance products, backed by a set of highly valuable patents, were major factors in Heptagon’s attractiveness as an acquisition target. In the fall of 2016, ams AG signed an agreement to acquire Heptagon, citing Heptagon’s “very strong and protected IP portfolio.”

Petra’s story sparked discussion around a few topics including [valuing IP](#), leveraging IP for acquisitions, and maximizing return on investment when developing an IP portfolio.

After lunch, Luis Muniz, Ph.D., from Church & Dwight took the podium and talked about *IP Tools – Must-have Enablers for Innovation*. Luis began with a brief background on the history of Church & Dwight, which has been in existence for 170 years. They have ten power brands in the categories of household, health & well-being, and beauty care, and the company has more than doubled in size in the past eleven years. While they are comparatively small in net sales compared to the likes of P&G and Unilever, they still manage to deliver excellent investor returns. Part of the reason they can continue to perform at this level is their strategic focus on the consumer, and how C&D incorporates consumer views and needs into their innovation and product development efforts.

The remainder of the presentation demonstrated a set of examples in the “360 degrees of innovation,” where Luis discussed how IP tools such as [IP landscape development, invent-around, directed invention, and white space analysis](#) are key activities that support a virtuous cycle of innovation and product development. He cited specific examples of using these tools to help create strategies, assess competitive position, and seek out and protect valuable innovations.

Following Luis was the CEO of VelociData, Barry Rudolph, who gave a fascinating talk covering *IP Monetization and Landscape Analysis*. Barry provided a unique perspective based on his experience driving innovation with large teams at IBM to smaller, more focused groups at VelociData. The company formed in 2012 to innovate the field of streaming computing in the enterprise and financial markets.

VelociData approached ipCG with the near-term goal of leveraging IP and adding value to their portfolio. Barry elaborated on a strategic process of evaluating a portfolio and how to enhance it, creating a landscape and using analytics to assess competitive positioning, and creating hundreds of inventions to expand a portfolio. The process culminated in a compelling [ipStory](#)<sup>®</sup>, a tool that can be used to demonstrate value in M&A activity. The talk concluded with a group discussion on the impact of front-end landscape, analysis, and strategy on valuation and ROI for IP.

Avery Levy, CEO of DigiPrint-IP & Upsell Direct, LLC, was the sixth presenter of the day, educating attendees on *How Prototyping Supports Invention*, a topic with which he is familiar as a consumer of [ipCG’s prototyping service](#).

First, Avery discussed how he originally came to ipCG to help extract some inventible ideas of his and turn them into invention disclosures and ultimately patent applications. During the disclosure process, insights by the ipCG team had highlighted that Avery may have come across an entirely new way for retailers and manufactures to interact with customers: Near Field Communication Tags.

To fully explore if the idea had merit, he discussed how ipCG created an original prototype based upon his idea, as well as the enhancements discovered during the write-up of the disclosures.

Avery told everyone that upon delivery of a working prototype, it was clear the technology could become a game changer in retail. He further elaborated that he continues to work with ipCG to now bring this invention to market through the use of videos, a website, and other ipCG services.

The capstone discussion of the day was given by John Cronin, Managing Director & Chairman of ipCapital Group. John spoke on *The Impact of AI to Invention, IP and IP Consulting*.

This presentation covered the evolution of inventing and patents, and how the value of the two have changed over time: from the 1700s when companies invented and protected their ideas with patents to create a competitive advantage, to the late 20th century where companies used these systems to support

business models and generate income. This led to the future of patents and invention, which will be the use of extensive Artificial Intelligence (AI) and [Virtualized Innovation](#).

John pointed out that investment in AI is serious and growing rapidly with a wide range of investors and acquisitions currently taking place in the market. He discussed how the USPTO is even now exploring the possibility of using IBM's "Watson" AI as a Patent Examiner.

John then speculated on the merits and possibilities of whether AI can invent, and if so, whether AI can legally be deemed an inventor; because AI machines can make trillions of pieces of prior art in mere seconds. This new development will necessitate changes to the entire patent system and our approaches to invention.

### **About ipCapital Group and the Thought Leadership Conference**

ipCapital Group (ipCG) is an innovation and intellectual property (IP) consulting firm serving clients that range from early stage to Fortune 500 in over 800 engagements since 1998.

ipCG holds the invitation-only Thought Leadership Conference annually. If you are interested in further information about the discussions held at this past conference or attending future conferences, please visit [www.ipcg.com](http://www.ipcg.com), or contact Cori Stemmler at [cstemmler@ipcg.com](mailto:cstemmler@ipcg.com) or (802) 859-7800 x214.