

P U T T I N G I P T O W O R K

M A K I N G A D I F F E R E N C E T O T H E
D R A G O N E C O N O M Y



P H A S E O N E R E P O R T



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Introduction

Our clients, the European Union and Welsh Development Agency, view IP Wales as a business support initiative providing strategic intellectual property (IP) advice and financial assistance to small/medium enterprises (SMEs) looking to grow their business in Wales. IP Wales has sought to meet the client targets imposed on jobs created and safeguarded by placing SMEs, as scheme beneficiaries, under a contractual obligation.

As one of a large number of business support initiatives within Wales, IP Wales has been marketed to the SMEs as giving away grant monies to selected firms looking to expand their business through the commercial use of IP assets.

To University of Swansea, which continues to lead IP Wales as part of its third mission activities, the scheme has provided a foundation on which to build a vibrant interdisciplinary research agenda. The aim of this research agenda has been to provide insight on national and international IP issues and thereby inform policy decision-making in Wales.

IP Wales has been all of these things and more. Above all else it has been a vehicle for joint public and private investment in emerging and early stage technologies from within the SME sector. From a client

base of 750+ R&D active firms it has sourced 200+ investment opportunities.

Through the work of our Field Officers and Assessment Panels 150+ applications were approved. These supported projects were recently subject to an independent evaluation and validation exercise by an international firm of IP commercialisation experts, resulting in 22 projects being short listed for their international revenue generation opportunities.

In last year's inaugural Annual Report we sought to demonstrate from our first year of achievement that IP Wales has already made a difference. In this Report we look to address the extent to which IP Wales continues to make a difference within the emerging Dragon Economy.



Andrew Beale

Making a difference: providing strategic IP advice and financial assistance to SMEs looking to grow their business in Wales

PHASE ONE REPORT

Our Mission

Our aim:

To provide Welsh SMEs with the knowledge and financial means to commercialise their IP assets.

Our mission:

Awareness

Raising the levels of awareness and understanding of IP – patents, trade marks, industrial designs, copyright, database rights and know-how.

Protection

Allow the business to make an informed commercial choice about their IP assets.

Commercialisation

Helping Welsh SMEs sustain the growth of their business through the commercial use of these IP assets, by linking an IP strategy to their overall business plan.



Andrew Beale,
Director



Gary Williams,
Deputy Director



Julie Allan,
IP Librarian



David Wooldridge,
Field Officer



Phillip John,
Field Officer

**Awareness, protection
& commercialisation**

- our threefold mission

IP Wales business support team

PHASE ONE REPORT

Awareness

IP savvy

According to the European Patent Office Report – Usage Profiles of Patent Information Among Current and Potential Users - most companies have no idea what patent information can do for their business with a substantial number indicating the need for help in accessing and understanding patent information.

Companies do not readily identify that they can use patent information to monitor competitors and markets, with most using marketing information from other sources to do so.

The main reason highlighted by the survey for not using patent information effectively is the low level of awareness of the existence of such information and how it can be used.

IP Wales aims to address this by raising awareness and making patent information more easily accessible.

Spreading the IP word

IP Wales held a series of talks and seminars throughout Wales to help members become aware of IP issues and IP Wales services.

The presentations were designed to equip SMEs with the necessary skills to access and utilise IP databases effectively. The seminars aid businesses in protecting their own innovations and also help to inform their own long term R & D.

Trade mark awareness project

Last Autumn, Julie Allan the IP Wales librarian undertook a project to carry out a trade mark search for every IP Wales member. Each individual search was based on the company's trading name, and aimed to look for conflicting word only trade marks in the UK and European Community.

A total of 1,456 searches were performed and the individual results were issued to the membership with the December 03 / January 04 newsletter.

Of the 1,456 surveyed:

- 99 companies owned trade marks protecting their trading name and their product brands.
- 125 have basic IP protection owning a trade mark for their trading name
- The remainder had no protection, with 265 members alerted that they were in danger of infringing someone else's IP.

Quotes from Welsh SMEs who attended the seminars:

"The IP Wales staff were extremely knowledgeable and very helpful with any queries and questions. Hands on tests were very useful."

"A subject that people know very little about, the possibility of finding new networking possibilities are excellent as a result of these patent searches."

"I think that both the presenters and the written material were very good. Everyone from IP Wales were a rare combination of professionalism and friendliness. I learned a lot during these two seminars."



PHASE ONE REPORT

Protection

IP Wales has supported a total of 162 SME projects helping to acquire the following assets for Welsh SMEs:

	Projects	Patents	Trade Marks	Designs
Total	162	205	60	12

Patents

UK	53
PCT	45
EP	34
USA	31
Canada	10
Australia	5
Germany	4
China	2
France	2
Italy	2
Japan	2
New Zealand	2
Norway	2
Poland	2
Spain	2
Brazil	1
Hong Kong	1
India	1
Ireland	1
Israel	1
Singapore	1
South Africa	1
Total	205

The following companies have taken out patents with the support of IP Wales:

Company Name: [Carling Point](#)

Local Authority: Powys

Industry Sector: Anti theft retail packaging

Business Activity: Carling Point develops hi-tech security systems for merchandisers to protect their goods. Major customers include Blockbuster which is using Peg-It, a loss prevention and tamperproof packaging concept. Carling Point is now developing applications for use within retail, libraries, and the police and security services.

IP Support Info: Managing Director of Carling Point, Mark Margetts commented: "IP Wales has helped us investigate patents for Peg-It so that we can begin marketing overseas and the product has recently received US patent confirmation."

Field Officer for IP Wales, Phillip John, added: "With the help of IP Wales, Carling Point can build a legal monopoly and gain real advantage over competitors by building on their UK success. This will help the company on its way to develop a stream of new products to be marketed across the globe."

Company Name: [Aber Instruments](#)

Local Authority: Ceredigion

Industry Sector: Manufacture

instrumentation for microbiology, biotechnology and brewing industries

Business Activity: Barry Wise, Managing Director of Aberystwyth-based Aber Instruments, explains: "To date, Aber Instruments has supplied over 200 systems world-wide including the Yeast Monitor now established as the standard for on-line yeast concentration measurement. Breweries and international companies which use our products include Anheuser Busch, Miller Brewing, Bass, Whitbread, Guinness, Heineken and Labatts.

IP Support Info: EP, UK and US patents. IP Wales Field Officer David Wooldridge commented: "Aber Instruments operates in a highly specialised sector of the electronics industry where the development of new technology is happening at a very rapid pace. The company has built a first class reputation for the performance and reliability of its products and is well aware that maximising IP can give a competitive advantage and help to create a legal monopoly, even in global markets."

Barry Wise added: "Our business is growing and we plan on expanding the company over the coming years. Additional IP protection will further strengthen the foundations of the company so that, through organic growth, we can provide stable employment and evolve our business."

PHASE ONE REPORT

Trade Marks

UK	23
CTM	20
USA	13
Canada	2
Australia	1
New Zealand	1
Total	60

The following companies have received funding and advice from IP Wales on registering trade marks:

Company Name: Telsol Ltd

Local Authority: Denbigh

Industry Sector: Agriculture

Business Activity: Telsol specialises in the production of controlled-release trace elements to livestock which helps overcome the widespread problem of mineral deficiencies in cattle, sheep and lambs. Already present in the UK market and highly regarded by many veterinary surgeons, Telsol is developing markets in the Republic of Ireland, France and Germany. Export sales to Australia and New Zealand will also be gained in the coming year.

IP Support Info: Telsol has received a grant to trade mark its latest innovative product "Zincosel" throughout Europe. David Wooldridge, Field Officer for IP Wales, commented: "The success of the "Zincosel" brand in the UK has created an excellent spring board from which Telsol can broaden distribution of the product into mainland Europe. The protection of valuable assets such as trade marks is central to Telsol's commercial plans."

Company Name: Talking Dice

Local Authority: Cardiff

Industry Sector: Education resources

Business Activity: Designed to develop communication skills and encourage speech, Talking Dice carry pictures on a variety of topics including weather, occupations, transport and hobbies. The dice have many uses including single word recognition, sentence building and storytelling as pupils roll several different dice and then have to construct interesting sentences or short stories using all the pictures. Since its launch in 2002, over 60,000 dice have been sold in more than 20 countries, including Sri Lanka, Mexico, New Zealand, France, Germany and Hungary.

IP Support Info: Phillip John, IP Wales Field Officer, explains: "With increasing amount of educational materials now in the UK marketplace and to coincide with its international expansion, Talking Dice came to us to get help with internationally trade marking the company name. This will give them a competitive edge and legal monopoly and will help them to build on the success already achieved in the UK marketplace."

Design

UK	3
USA	3
CDR	2
Australia	1
Canada	1
France	1
Germany	1
Total	12

The following company has looked to register design rights with the support of IP Wales.

Company Name: BeyoU Ltd

Local Authority: Cardiff

Industry Sector: Boardsport equipment

Business Activity: In 2003 BeyoU launched the Freestyle All Terrain Board and has kick-started an entirely new boardsport for mountain board enthusiasts. The board enables riders to achieve previously unattainable freestyle performance in virtually all natural environments and terrain. BeyoU has negotiated deals with leading UK and US mountain board distributors and is currently investigating opportunities in Canada, Australia and Europe.

IP Support Info: Phillip John, Field Officer for IP Wales commented: "IP Wales helped BeyoU expand its IP portfolio with an international patent and design registrations to enable the company to develop and lead an international board sport. BeyoU is now in a position to successfully export its products to the global market."

UK 23 - CTM 20 - USA 13 - Canada 2
Australia 1 - New Zealand 1
Trade Marks Total - 60

Commercialisation

Licence

IP Wales has supported 25 licensing agreements, both licensing in technology to Welsh SMEs and licensing out Welsh technologies around the World.

In	12
Out	13
Total	25

The following companies have taken out licensing agreements with the support of IP Wales:

Company Name: [Credent Vascular Technologies Ltd](#)

Local Authority: Wrexham

Industry Sector: UK medical devices manufacturer

Business Activity: Credent specialises in the development, manufacture and marketing of pioneering new vascular grafts. These are artificial blood vessels made from a unique polyurethane and

technologically enhanced for different medical applications.

Company Founder and Director Alan Edwards explains: "Vascular grafts have been used since the 1950s to replace diseased and damaged arteries in the legs and to provide access into the blood stream for patients who have renal failure and require dialysis. Our aim is to deliver a new generation of vascular grafts combining superior materials and biotechnology to closely imitate the human artery."

IP Support Info: IP Wales has contributed towards the cost of licensing specialist technology from the US. Field Officer Phillip John commented: "This is a highly specialised sector in the medical industry and the development of new technology is happening at a very rapid pace. Credent wanted to implement new processes which have been developed in America. The IP Wales grant means that patients in the UK can benefit from advances made in America and by securing this licence, Credent can become a market leader in its field." Subsequent to gaining IP Wales support, Credent was acquired by Le Maitre Vascular Ltd.

Company Name: [Excel Industries](#)

Local Authority: Blaenau Gwent

Industry Sector: Specialist fibre manufacturer

Business Activity: Excel produces cellulose fibres from recycled

paper and has developed a new technology for the in-situ and on site re-fibreisation of cellulose pellets used in road surfacing. The company sells its products direct to end users in the UK and Europe and via distributors in Europe. Customer markets for Excel include household insulation, road surfacing, cements, automotive and fire protection.

IP Support Info: IP Wales has given funds to Excel to enable the company to license out the patent that it holds for its re-fibreisation process. David Wooldridge, Field Officer for IP Wales explains: "Excel has been granted a UK and USA patent for its new technology and a European patent application is currently being processed. This progressive patent coverage should strengthen the company's competitive position as Excel looks to enter new markets.

"Excel has the opportunity to exploit its monopoly rights in existing markets and to ensure that customers and suppliers operate under the company's patented process, Excel has taken the decision to market the technology under licence. This is a great example of how a patent can be used to generate commercial value."

Licence
In 12 Out 13
Total - 25

P H A S E O N E R E P O R T

Commercialisation Project

As part of our commercialisation project, QED Intellectual Property conducted an independent evaluation and validation exercise of the IP assets belonging to Welsh SMEs which have been supported under the IP Wales initiative.

QED was tasked with undertaking a review of all the IP Wales grant projects and identify technologies which, in their independent judgement, have excellent commercialisation potential. Peter Ross, Director of Licensing at QED continues: "We have been impressed by the calibre of technologies supported by IP Wales and identified 22 very real prospects for success."

Observations and recommendations

- QED shortlisted 22 projects for their international revenue generation opportunities
- All of the companies interviewed demonstrated a high level of awareness concerning the benefits of protecting IP, however most are still naïve in terms of understanding what a granted patent really means
- Most companies lacked the resources to exploit their IP to its full commercial potential and could benefit from external help
- Most interviewed had no clear long-term vision and strategy to protect and exploit their IP
- Most of the companies seemed to lack confidence when contacting potential licensors and may benefit from

external help

- Overall, QED found that the education and services provided by IP Wales has placed these Welsh SMEs in a strong position where their IP is protected. However significantly more help is required to move these companies to a more IP-centric model where a sizable share of their revenue comes from IP exploitation.

In response to QED's findings, IP Wales has focused its resource on supporting the 22 firms identified and will look to develop the commercialisation support we are able to offer in our next phase of operation.

QED shortlisted 22 projects
for their international revenue
generation opportunities

Research

Whilst IP Wales is a business support initiative, a major strand of its activities is to critically reflect upon the phenomenon of IP as a mechanism for promoting economic activity amongst SMEs in Wales. Much of the IP Wales business constituency is represented by small technologically driven firms and they have common concerns.

Our research has sought to focus upon these concerns, in particular the dilemma of raising finance experienced by such firms which have few tangible assets but may have a wealth of intangible assets, including IP rights. As such the research is outcome-driven and is directed towards the economic and legal impact of IP activity.

In particular, we would refer to the uniquely constructed data set produced by IP Wales containing information on 2,049 Welsh production firms. This information includes holdings of IP (published and active patents and registered trade marks), firm sales, firm employment and sector of business and location by unitary authority in Wales. This data set provides an opportunity for the first time to benchmark IP activity in Wales. This will in future years allow us to measure economic progress amongst technologically driven small firms against this benchmark.



Professor Iwan Davies
Research Director IP Wales

Director's Reports to IP Wales

Steering Group Board:

- Annual Report 2002 – 2003
(Author: A. Beale ISBN:0-9544739-1-4)
- Annual Report 2003 – 2004
(Author: A. Beale ISBN:0-9544739-3-0)

Research Reports:

- Preliminary Report: Intellectual Property & Legal Expense Insurance
(Author: A. Beale)
- Intellectual Property & Legal Expense Insurance (Authors: I. Davies and K. Beynon and N. Moore)
ISBN:0-9544739-0-6)
- The Commodification of IP Assets
(Authors: I. Davies and K. Beynon)
(forthcoming)

Working Papers Series:

- Intellectual Property in the Welsh Production Sector: A Comparative Analysis (Authors: L. Mainwaring and N. Moore)
- Survey of the Legal Profession in Wales (Authors: I. Davies and K. Beynon)
(forthcoming)
- Patent & Trade Mark Statistics for Wales (Authors: A. Beale and J. Allan)
(forthcoming)
- SIC Codes and Trade Mark Classifications Compared (Author: A. Beale) (forthcoming)

Articles & Case Notes

- A. Beale and M. Clement and I. Davies (2001) 'Intellectual Property Activity in Wales: A Report on the Support for Innovative SMEs Project', Wales Journal of Law and Policy Vol 1 / Issue 3

- M. Lindsey and L. Fisher and G. Fowler (2001) 'Design Rights: Novum (Overseas) Limited v Iceland Foods plc and Austria Haustechnik A. G.', Wales Journal of Law and Policy Vol 1 / Issue 3
- A. Beale and A. George (2001) 'IP Wales Report: a web-based project', Wales Journal of Law and Policy Vol 1 / Issue 4
- K. Beynon and N. Moore (2002) 'Legal Expense Insurance and Intellectual Property: Theory', Wales Journal of Law and Policy Volume 2 / Issue 2
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- L. Mainwaring and N. Moore, 'Patent Holdings of Production Firms', UWS Economics Discussion Paper (03-09,2003)
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- I. Davies "Patent Activity and the Development of a Knowledge-Driven Economy: Reflections from Wales (2004) 3 Wales Journal of Law and Policy pp 34-45
- I. Davies "Patent Grants, Signals and Commodification: A Legal Dilemma?" (forthcoming)
- I. Davies "Functionalism and the Reform of English Personal Property Security Law" (2004) Legal Studies (forthcoming)
- I. Davies "IP Assets and the Reform of English Personal Property Security Law in Personal Property Security Reform in the UK: Comparative Perspectives (ed) de Lacy (forthcoming)

P H A S E O N E R E P O R T

Conclusion

In early 2004, IP Wales commissioned CRG Consultants to undertake an independent review of our business support initiative. Their main findings and recommendations are as follows:

Indications point strongly towards good performance being achieved in Phase 1 of IP Wales.

Feedback from SMEs accessing IP Wales services is very positive: almost all beneficiaries see IP Wales support as "helpful" or "very helpful" and "easy to access". Furthermore, almost all beneficiaries would recommend it to others, and continue to access IP Wales services themselves.

We believe IP Wales offers high levels of additionality - most SMEs would do nothing about IP issues without the programme. Equally, little or no displacement is likely to arise - IP Wales clients would not be contacting Patent Agents or accessing other IP services in significant numbers.

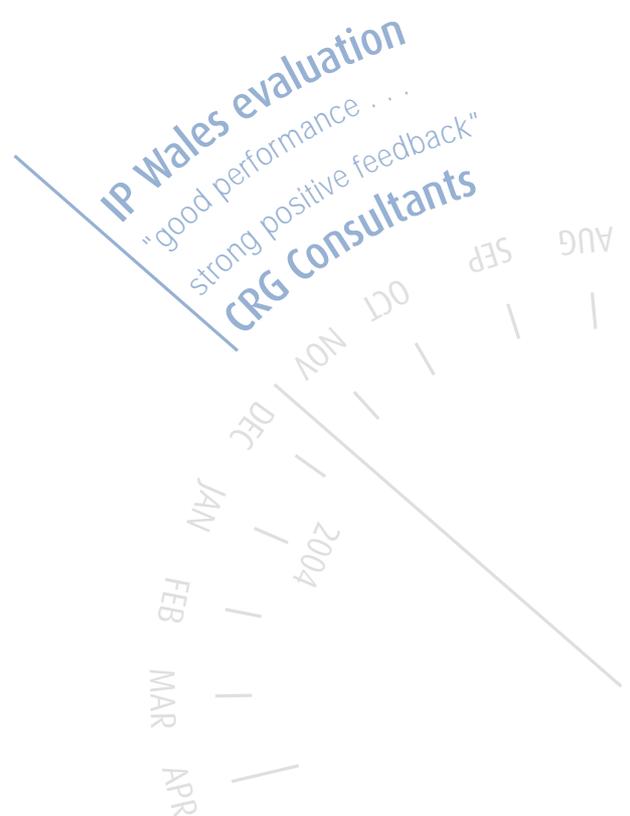
Recommendations

Our main recommendations are to continue providing current services in the same sort of ways they operate now - continued good feedback and take-up ought to be confidently anticipated.

We think there is scope for making targets for jobs created/safeguarded both lower and more robust - focusing on actual achievements rather than forecasts. We

think there may also be opportunities for increasing some levels of support and, perhaps, focusing rather more on IP exploitation rather than awareness-raising and registration activities.

For the longer term the position is rather more challenging. About 30% of current beneficiaries say they would have paid for the support they received from IP Wales, but the record of Welsh SMEs paying significant sums for advice, guidance, training and support is not high.



IP Wales is part financed by



FIRMS IN WHICH WE HAVE INVESTED GRANT MONIES



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