WIND&WAVE

CONNECT

MANAGEMENT • PROCUREMENT • SUPPLIERS

WWW.WINDANDWAVECONNECT.CO.UK

ISSUE 17 MARCH 2015 £12.50

COVERING WIND, WAVE AND TIDAL

O&M: Working together for success

+

Keeping track of complex logistics for offshore projects

The nerve centre for wind farms

Q&A

with

MATTHEW KNIGHT

Siemens Energy

Strategies for success in the wind industry

written by

ROBIN FRANCIS

Arthur D. Little

Investment: Renewables is the new black

written by

DAVID CASALE

Turquoise International

INDUSTRY NEWS • FINANCE • HEALTH & SAFETY • LAW • ECOLOGY • DIRECTORY

MANAGING KNOWLEDGE SHARING WHILE PROTECTING DESIGNS

Words:
Chris Morris
Burges Salmon

Knowledge sharing is promoted as something that should be common practice within the renewables sector, not the least as it can play a factor in driving cost reduction and speeding up successful technology development and deployment. Whilst there are undoubted benefits to knowledge sharing, is it always in the best interests of companies trying to carve out a niche in a nascent technological area?

The practice is actively encouraged and incentivised by funding schemes which make awards contingent on costs savings, often achieved by parties sharing technological advances, thus reducing ongoing R&D costs. Companies may be required to share, or even assign, their intellectual property (IP; intangible property arising from a company or individual's creativity – a new industrial method or technical process, for example).

The industry as a whole may agree to the principle that bringing costs down is a good one. Indeed, sharing of IP in this way is not uncommon, and the concept of standard-essential patents, where third-party IP must be used in a particular product to meet an industry-wide standard, is well established. Achieving reductions in costs through sharing of technical developments, however, does not sit comfortably with the concept of IP protection where, in the context of patents, the state offers a temporary monopoly over a technological innovation. The clear incentive to protect being a market advantage to the innovator. The so-called 'smartphone wars' (with Apple and Samsung the chief protagonists) have made the value of these innovations very clear.

In the face of this conflict, should companies in the wind, wave and tidal sector consider IP protection at all, if they will be required to share it with competitors and so lose the opportunity to monetise it?

Setting aside the issues of being able to monetise developments, or to prevent competitors using them, there are still many good reasons to ensure IP is documented and protected.

Should you protect?

If funding associated with a particular scheme requires sharing of IP with competitors then it is easy to think there is no point is seeking to protect any IP associated with a particular development. That may not necessarily be true.

Firstly, patent protection – the strongest IP right when considering technical innovations – is only available where an invention is new and has not been made public. It is probable that protection would need to be considered before a company knows if it would be caught under the requirements of a particular funding scheme. A wait-and-see approach might mean the opportunity to protect is lost.

Secondly, the exact requirements for sharing vary from scheme to scheme. It may be that companies are only required to grant a licence to parties working on the same scheme. Obtaining patent protection means the patent owner remains free to license the technology – and hence monetise its own development – to companies working on different schemes (subject, of course, to the innovation having multiple applications).

Thirdly, at least considering patent protection for developments is simply best practice. Not everything that is created in the R&D process will need to be shared under a funding scheme and licensing of patented technology can provide a welcome income stream.

The counterpoint to the above is clear: patent protection is expensive and time-consuming. It may transpire during the examination process – carried out by IP officials to decide whether something qualifies for patent protection – that a particular development is not, in fact, new and cannot be protected, leading to wasted costs. Likewise, even if a development is protected, in such a fast-moving sector, it may be rapidly superseded, with consequently little or no possibility of a licensing stream.

Brand recognition

In what is a young industry, technological innovation is the driving force and patent protection for developments is the most obvious IP consideration. However, there are other ways of differentiating a company from its rivals, where IP can still play an important role.

Brand recognition, for example, can be critical. Even if two turbines are, as a result of incentive schemes, using the same underlying technology, if one company deploys the technology in such a way as to render its product more efficient or more reliable, then a strong brand can, with time and prudent marketing, become an industry shorthand for reliability and efficiency.

Registering that brand as a trade mark means it can be policed, with the brand owner able to prevent third parties utilising a confusingly similar brand.

Keep it secret?

Not all developments will fall under the knowledge sharing requirements of grant organisations, but nor will they necessarily be patentable. Companies may consider simply keeping a method secret, to avoid it being copied by competitors. In that scenario, limited dissemination of knowledge becomes important and companies may want to consider non-disclosure agreements (NDAs), if discussing a method with a third party.

It is easy to envisage (potentially) non-protectable developments like this across all stages of the marine and wind sector, away from the core technology (such as turbines or turbine blades). From supply chain measures to offshore installation techniques, minor improvements can lead to a competitive edge.

Internal considerations

Setting aside the issues of being able to monetise developments, or to prevent competitors using them, there are still many good reasons to ensure IP is documented and protected.

Wind and marine renewables projects are often undertaken by subsidiary companies or as part of a joint venture. This immediately throws up questions of who created the technology and who owns it if a project ends or a JV is terminated. Do the parties all have an equal share in the technology or does one party walk away with it?

As always, the 'correct' decision as to whether and how to protect can only be made on a case-by-case basis, but IP protection should not be ignored. Being forced to share IP through funding arrangements may be the price a developer or innovator has to pay, but even then we would recommend:

- considering carefully whether the arrangement requires all IP to be shared or if there are aspects a company is free to protect;
- considering whether other non-protectable innovations that are not caught by funding arrangements – such as supply chain measures – should be kept secret under an NDA, to maintain a market advantage; and
- maintaining internal measures to document technological developments as if IP will be protected, as a best practice means of ensuring nothing is missed.

Chris Morris is an Associate and Trade Mark Attorney in the Energy team at Burges Salmon. The team advises across all aspects of intellectual property protection, enforcement and commercialisation. To discuss IP protection please feel free to contact Chris at chris.morris@burges-salmon.com or on 0117 902 2781.

www.burges-salmon.co.uk