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## The Taiwan Intellectual Property Awareness and Management Survey

The “National Intellectual Property Strategy Program” was announced by the Taiwan government in November 2011 in an effort to promote and raise the intellectual property capability of Taiwanese firms. As policy adviser to the Ministry of Economic Affairs in drafting the “National Intellectual Property Strategy Program,” the Science and Technology Institute under the Institute for Information Industry (STLI) conducted a survey in 2012 in order to gain a broad overview of the level of IP awareness and IP management and use among Taiwanese firms. The survey was distributed to 1,384 firms that are listed either on the Taiwan Stock Exchange or the Gre Tai Securities Markets. 281 companies responded to the survey, achieving a survey response rate of almost 20%. The content of the survey was divided into three parts: IP knowledge and understanding, current IP management within the companies and IP issues that companies face.

### The Importance of IP to Businesses

Intellectual property has become a commonplace asset owned by firms. The growing significance of intellectual property to companies in general is undeniable, and firms are recognizing this as well. An overwhelming 93% of the respondents claim to own some form of intellectual property. The most common type of intellectual property owned by companies is trademarks, followed by patents and trade secret. Many companies are also actively seeking to obtain more intellectual property. Over 68% of the respondents indicated that they have submitted applications for formal intellectual property rights in the past two years. 84% of the respondents agreed with the statement that they believe intellectual property can bring added value for the firm. In addition, over 78% of the respondents also believe that intellectual property helps enhancing the company’s market position. It is clear that the majority of Taiwan firms already consider intellectual property to be a vital asset for their business and that building up and expanding their IP portfolio has become a top priority.

This is also reflected in the annual spending that firms allocate for intellectual property. The survey respondents were asked whether a specific budget is allocated toward spending related to intellectual property every year, and the majority of the respondents, almost 70%, responded in the positive. Particularly, the respondents pointed out that they commit the most resources to obtaining and maintaining intellectual property rights every year. 10% of the respondents even indicated that they spent over NT\$5 million annually on obtaining and maintaining intellectual property rights. The respondents were also asked about spending on inventor incentive, IP personnel, IP disputes and litigations and staff IP training. The results showed that companies commit the least spending on providing IP training for staff, with more than half of the respondents noting that they spend less than NT\$500,000 on IP training each year and only 14% of the respondents noted that they will increase spending on IP training the following year.

### Weakness in Generating Value from IP

As noted above, Taiwan firms are actively seeking to obtain more intellectual property and building up their IP assets. With almost 70% of the respondents noting that they have applied for intellectual property rights in the last two years shows that companies are generating quite a lot intellectual property, but whether all the intellectual property generated is being exploited and creating commercial and economic benefits remains doubtful. Most of the firms, almost 86% of the respondents, acquired their intellectual property through their own research and development (R&D). In contrast, the proportion of firms using other means of acquiring intellectual property is quite low, with only 17% of the respondents acquiring intellectual property through acquisition and 28% through licensing, while 41% percent of the respondents acquired their intellectual property by joint research or contracted research with others. With R&D being the major source of intellectual property for firms, firms are clearly putting in a lot of investment into acquiring intellectual property. However, the returns on these investments may not be proportionate. When asked whether the firm license out their intellectual property, only 13.5% of the respondents claimed to be doing so. This suggests that most Taiwanese firms are not using their intellectual property to generate revenue and commercial value. Instead, intellectual property is still mostly regarded and used as merely a defensive tool against infringement.

Companies in Taiwan are also facing increasing risks of being involved in IP-related disputes and litigations. More than 30% of the respondents have already been involved in some kind of IP-related disputes and litigations in the past. The most common type of litigations faced by Taiwanese companies are patent infringement, followed by trademarks infringement, piracy and counterfeit, and disputes with (former) employees. Furthermore, more than 50% of the firms that have been involved in IP litigations noted that patent infringement and trademarks infringement pose the most detriment to the company’s business operations in general. It is evident that intellectual property has become a competitive weapon in businesses, and IP disputes and litigations are inevitable threats that most firms must face in today’s business world. Hence, it is essential for firms to have the necessary strategies and protection in place in order to minimize the risks created by potential legal disputes. With this in mind, it is worrisome to observe that most firms have not incorporated intellectual property into the company risk management program. Nearly 86.1% of the respondents claim to have some kind of risk management program in place within the company, but when asked what is included in the risk management program. Only 40.7% of the firms with risk management programs said that intellectual property is included, which is considerably lower than other types of risks generally seen in risk management programs. With IP disputes and litigations becoming an increasing threat that may bring negative impact for businesses, Taiwanese firms need to incorporate and strengthen IP risk management within the company.

### IP still not widely considered as business strategy

With intellectual property being an important asset, firms should also have the necessary infrastructure and resources to manage IP accordingly and integrate IP into the company’s overall business operations. However, more than 50% of the respondents do not have designated personnel or department that is specifically responsible for managing the company’s intellectual property. Nearly 33% of the respondents indicated that the responsibility for managing IP is shared by other departments within the firm. When further asked about the tasks of the designated personnel or department that is responsible for IP, it is observed that the designated personnel/department mostly undertake routine tasks such as filing for patent applications and trademark registrations and maintaining relevant databases. Tasks such as

patent mapping and competitive landscape analysis are the least performed tasks. The proportion of designated personnel/department for IP that are involved in the company's business and research strategic decision making process is also quite low. This suggests that despite the importance of IP to firms, many Taiwanese firms still have not integrated IP into their overall research and business strategies and utilize their intellectual property as a strategic tool in their business operations.

#### Low Levels of IP Awareness and Training within Firms

In order to gauge the level of IP knowledge and understanding in Taiwanese firms, the survey also contained 10 very basic questions on intellectual property. Surprisingly, the respondents that answered all the questions correctly were less than 4%. The proportion of respondents that correctly answered 5 or less questions did not even reach 50%. This means that Taiwanese firms still lack fundamental IP knowledge and understanding in general. This is also reflected in the response to the question whether the company has an overall IP policy in place, which also serves as an indication of the level awareness and concern with intellectual property within the firm. An IP policy that is distributed to company staff means that IP awareness is promoted within the company. However, almost 40% of the respondents claimed that there is no overall IP policy within the company, and nearly 30% of the respondents noted that even if there is an IP policy, it is not made widely known to company staff. This reveals that many Taiwanese companies still need to undertake more IP awareness promotion within the firm. More IP awareness promotion is also justified by the results to the question as to whether the company provides IP training for company staff. The results showed that almost 44% of the respondents do not provide any form of training in IP to company staff at all. This also corresponds to the result noted earlier that most respondents commit the least funding to providing IP training each year. Providing regular IP training to staff is certainly still not the norm for most Taiwanese firms.

#### Issues facing businesses and their policy needs

Taiwanese firms still faces many difficulties and challenges in their intellectual property management and hope that the government could provide them with the assistance and resources needed to help them enhance their intellectual property capacity and capability. Some of the major difficulties that the respondents pointed out in the survey include the lack of IP experts and professionals. It is difficult for firms to find and hire people with adequate professional IP skills, as the education and training currently provided by universities and professional schools do not seem to meet the actual IP needs of companies. Another major difficulty faced by Taiwanese firms is the lack of information and knowledge regarding international technical standards and standard setting organizations. A significant portion of the respondents expressed the wish for the government to help them gain entry and participation in international standard setting organizations. Among the other difficulties, the regulatory complexity and lack of clarity with the ownership of intellectual property arising from government-contracted research, which poses as barrier for firms in obtaining licenses for use and exploitation, is also an issue that the majority of the respondents hope the government could improve.

In addition to the difficulties mentioned above that Taiwanese firms hope the government would help them encounter, the respondents were also asked specifically what other resources and assistance they would like to seek from the government. 69.4% of the respondents hope that the government could provide more training courses and seminars on IP. Many respondents are also seeking a common platform that can unify all resources that could help enhance IP management. Expert assistance and consultation on obtaining intellectual property rights and providing information on international IP protection and litigation are also resources that Taiwanese firms desire. More than 50% of the respondents also indicated that they would like to receive assistance in establishing IP management system within their firms.

#### Conclusion

The results of the survey provided insight into the level of IP management among companies in Taiwan. Although the importance of intellectual property for businesses is undeniable and widely recognized by firms, the results of the survey revealed that there is still much room for improvement and for Taiwanese firms to put in more efforts into strengthening and enhancing their IP capabilities. In general, Taiwanese firms have not incorporated their intellectual property into their management strategies and derived adequate value. Intellectual property remains mostly a defensive tool against infringement. Furthermore, there is still need for greater promotion of IP awareness among firms and within firms.

With these IP management difficulties and deficiencies in mind, it should be noted that the respondents of this survey are all listed companies that are already of a certain size and scale and should have greater resources in their disposal to commit to their IP management. It would be reasonable to assume that small and medium firms, with significantly less resources, would face even more difficulties and challenges. Using this survey results as reference, the "National Intellectual Property Strategy Survey" would seek to help Taiwanese companies address these IP issues and provide adequate assistance and resources in overcoming the challenges Taiwanese companies face with their IP management. It is also hoped that this survey would be carried out regularly in the future, and that the survey results from 2012 would serve as a baseline for future surveys that will assist in observing the progress Taiwanese businesses are making in IP management and provide a whole picture of the level of IP awareness and management within Taiwanese firms.

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