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Book Review

Book Review: The Business of Intellectual Property

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Christopher M. Arena, Eduardo M. Carreras (2008):

The Business of Intellectual Property

Oxford University Press, 410 pages

ISBN13: 9780195338386; GBP 107.50 / USD 185.00 / EUR 140.99 (paperback)

"An amazing invention, but who would ever want to use one"

U.S. President Rutherford B. Hayes (speaking on a telephone call from Washington to Pennsylvania about Alexander Graham Bell's Invention)

In contradistinction to Karl Marx's theory, in today's times owning the means of production is no longer the principal driver of value, it is knowledge which drives value and Intellectual Property is the vehicle for unleashing that value. Strong intellectual property practices are an integral part of company operations, and require that lawyers understand the fundamentals of business practice and that business executives understand the law. However, to many, intellectual property is a rather obscure legal concept that can only be properly understood and applied by those who are specially trained. The WIPO website mentions that "...value of intellectual property is often not adequately appreciated and its potential for providing opportunities for future profit is widely underestimated.. the strategic utilization of IP assets can, therefore, substantially enhance the competitiveness" The Book by Arena and Carreras on 'The Business of Intellectual Property' addresses this very issue.

The authors themselves having a rich blend of law and business experience, this book offers a clear and concise description on the subject. The interaction of Law and Business being the theme of this book, it helps the reader grasp the importance of why a lawyers should understand the fundamentals of business practice and that business executives should understand the law. Focusing on the intersection of law and business, The Business of Intellectual Property combines statutory frameworks, case law, business and legal principles of accounting and valuation, and-most impressively- multiple case studies of successful companies, to give readers the strategic vision and practical advice they need to integrate such processes into their company's operations. With extensive experience in the legal departments of major corporations (Coca-Cola, BellSouth, AT&T) as well as firm practice at leading IP specialist Woodcock Washburn, Arena and Carreras are uniquely positioned to demystify the complicated intersection of intellectual property and the business operations upon which it is increasingly built.

The book is divided into five sections covering 17 chapters and includes a set of appendices which come in very handy for a practitioner. The first section deals with the evolution of Intellectual Property, the second section deals with how Intellectual Property has become the new capital asset for a firm, the third section deals with the linkage of business strategy, innovation and intellectual property, the fourth section deals focuses on how to extract value from Intellectual Property and the fifth section deals with aligning Intellectual Property strategy with that of the firm's strategy.

The salient features of the book are:

- It gives strategic advice on how to manage IP assets for competitive advantage, profitability, and return on investment.
- Examines both the international and EC law context of customs duty.
- Above all the authors provide a rich blend of legal and business experience.

The authors demonstrate a sound command over the subject, in the very first chapter they establish the importance of the subject by giving example of a company which was saved from bankruptcy by enforcing its Intellectual Property Rights. Further using the examples of Coca-Cola and Apple Ipod, the book shows how a company can exploit its Intellectual Property to gain competitive advantage. The short illustrative stories are very intelligently placed and are in-fact very lucid and crisp.

Distinguishing between innovation strategy and intellectual property strategy the authors argue that there is no “right way” or a “one size fits all” strategy of using intellectual property. Highlighting the importance of Intellectual Property in the nation’s economy the authors go on to state that it is the only sector in the United States that runs a trade surplus with every nation in the world. In subsequent chapters the authors identify the distinction between creativity and inventiveness and then go on to describe a road map to create, protect and commercially exploit for a competitive advantage. The book rather than merely discussing the traditional view of Intellectual Property i.e Patents, Copyright, Trademark etc. , the book has taken an expansive view of Intellectual Property by including agreements, software and knowhow that can be used to gain competitive advantage. In Chapter 6 and 7, the book describes the strategic implications for business on using Intellectual property with the help of a case study and Michael Porter’s five forces model and the Blue Ocean Strategy propounded by INSEAD professors Kim and Maugbourne. After illustrating the importance of having an Intellectual Property Strategy, the book in chapter 12, describes a methodology for developing a sound Intellectual Property Strategy. Chapters 14 to Chapter 16 describe how to acquire, protect and extract value from Intellectual Property. The final chapter of the book is dedicated towards explaining on how to manage a Intellectual Property centric business organization to attain sustainable competitive advantage.

To sum up, the authors follows an approach that is thorough and nuanced; they have demonstrated how companies can align business and innovation models to extract the most value from ideas. The book provides a tool to managers and lawyers to compete in an economy where Intellectual Property is a key currency.

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