



Royal scandal

US royalty payments are in disarray and millions of dollars are being lost, according to data explored in this month's IPM Analytics. Meanwhile, in the UK, trademarks are up but patents have slumped...

In the US, the IP sector accounts for 39% of all jobs, 36% of the country's GDP and 74% of exports. Add into the mix the drive for innovation in an increasingly competitive international market, and we can see that correct remuneration and a fair royalty strategy for inventors and rightsholders is vital for economic growth.

Alarming, however, millions goes missing due to underpaid royalties, as exposed in a report by global royalty audit company, InvotexIP – the focus of an *IPM Analytics* story this month.

'Who is keeping an eye on your royalty income?' reveals that 87% of licensees audited in the study under-reported and underpaid royalties.

Reasons range from questionable licence interpretations to lack of involvement in the negotiation process, and misreporting.

"If royalty audits are not performed, such interpretation issues and missed sales will never be discovered. Depending upon the royalty stream of the licence agreement, this could amount to millions of dollars in missed royalty income," explains InvotexIP.

All of this will impact a company's earnings and could be significantly damaging, especially if the licensor is an SME.

Will changes in technology and accounting systems further hinder the royalty system? Check *IPM Analytics* online for more.



Figure 1

Trademarks takeoff, but patents slump

Also getting the data viz treatment this month is an expansive IP report from the UK Intellectual Property Office. Detailing all registered rights – patents, trademarks, and designs – the report covers 2010-2014, offering a useful five-year comparison.

IPM Analytics takes its unique look at the numbers with an easy-to-use, clickable graph (figure 1). Users can click between the three IP areas to see a breakdown by year-on-year trend (registration/granted/publication); provenance (map of the UK); sectors; and applicant names.

Trademarks in particular saw a big increase in registrations between 2011-2013. Patents granted, on the other hand, decreased over the same period, despite applications and

publications steadily rising. Published designs offers more of an erratic picture, but a large increase over 2011-2012 is notable.

Chris McLeod, president of the Institute of Trade Mark Attorneys and director of trademarks at Squire Patton Boggs, said, "Over the last five years, UK companies have applied to register 44% more trademarks and 23% have successfully been registered.

"One of the reasons for this substantial rise, apart from the recent economic upswing, is an increased awareness of the importance of trademark registration.

"With increased international competition, small businesses in particular are realising the importance of registering their trademarks early to avoid potential challenges at later stages.

"The rise in trademarks can be seen particularly in stalwart industries such as fashion, manufacturing, financial services and education/learning while London and the South East as well as the North West and Yorkshire saw some of the largest regional increases."

But what happened to patents over the same period? While interest in the system has increased, the number granted is declining, adding fuel to those who proclaim an innovation crisis in the UK (step up, James Dyson).

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