# The Guide to Monetisation - Second Edition

**Why the key to unlocking hidden value lies in IP audits**

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The second edition of the IAM *Guide to Monetisation* provides global coverage and a nuanced exploration of valuing and monetising patents, trademarks, copyright and trade secrets, to answer the big questions of where to find untapped intangible assets, how to put a price on them and why they could be the engine to an entirely new revenue stream for businesses.

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# Why the key to unlocking hidden value lies in IP audits

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**Summary**

In today's economy, a company's true value and future potential are no longer measured solely by physical assets like factories and equipment. Intangible assets account for about 90% of the S&P 500's market value, a significant increase from just 17% in 1975.[1] Globally, businesses are increasing their intangible investments to grow and compete. Between 2020–2024, the growth of intangible investments surpassed that of tangible investments in almost all 27 high and middle-income economies, including Brazil, France, Germany, India, Japan, Sweden, the United Kingdom and the United States. The total investment in these economies increased by over 12 per cent in real time, almost entirely due to a 23 per cent rise in intangible investments.[2] Undeniably, the value of modern businesses is increasingly tied to and propelled by their intangible assets. Against the backdrop of intensifying global competition and digitisation in our knowledge-driven economies, the importance of these assets is set to grow.

Intangibles encompass a wide range of IP assets – both intellectual assets and IP assets – each playing a distinct role in shaping an organisation's trajectory. This includes R&D, which fuels future products and services, and the resulting inventions and technology. The software that powers operations, the vast amount of data collected and the specialised know-how within an organisation are also invaluable. In addition to these intangibles, brands, trademarks, designs, copyrights, organisational know-how and trade secrets are also recognised as key indicators of a company's innovation, productivity, business potential and growth. Finally, skilled talent, with their expertise and creativity, is possibly the most vital intangible asset of all. By strategically leveraging these intangibles, companies can establish and maintain a strong competitive advantage in both existing and new markets and enhance their organisation's value.

Given the role and value of intangibles, it is imperative that intangibles and IP form a core component of business strategy. To formulate an appropriate strategy, it is necessary to know what intangibles and IP assets a company holds and assess how they align with business goals and objectives. Only then can such assets be usefully managed and protected. This can be achieved through a comprehensive IP audit, a process that can uncover hidden value.

## IDENTIFYING AND MANAGING IP ASSETS THROUGH AN IP AUDIT

An IP audit refers to a systematic review of an organisation's IP assets, related agreements and relevant policies, helping it to establish or update an inventory of its IP assets and ascertain:

- what IP assets it has and how they are being used;
- whether they are owned by the organisation or others;
- whether they are protected or unprotected;
- whether they are infringing the rights of others, or others are infringing on these rights; and
- what actions must be taken in relation to each asset, taking into consideration the company's commercial objectives and plans.

The approach to conducting such an audit will differ significantly based on the IP maturity of the organisation.

### TIPS FOR STARTING OUT

For companies that are just beginning to develop their IP efforts, such as start-ups or SMEs, there are several primary goals for the IP audit.

### IDENTIFY IP ASSETS AND CREATE A BASIC IP INVENTORY

With a basic IP inventory, organisations can review and assess the value of each IP asset and asset portfolio, their relationship to business activities and value creation, and their role and relative importance in the company's broader business strategy. Through the process of the IP audit, businesses may: unearth undocumented IP assets; discover obsolete or underutilised IP assets; or realise potential assets that could fuel competitive advantage. One significant outcome of an IP audit is that it enables organisations to identify growth drivers for their business. This is the gateway for companies to develop and implement effective policies and plans to ensure that their IP assets are better managed and protected, resulting in value creation, possible cost savings, lower IP risks and a stronger IP portfolio.

There is no single person who should drive it alone – an IP audit is most effective when it is a collaborative effort led by a specific team with expertise and support from across the organisation. Gaining a good understanding of a company's IP assets will require the involvement of a team with IP and business expertise, including R&D, engineering and operations, marketing and sales. At each stage of business activity, different types of IP may be created or utilised, which generate value or competitive advantage.

Through the use of questionnaires, interviews and discussions led by an internal or external IP audit team, companies can break down organisational silos to uncover, identify and categorise IP assets. Questions about products, processes, workflows, product names, logos and designs that the organisation has developed or is in the process of developing may yield potential IP assets and value. The identified assets should be listed and compiled into a preliminary IP inventory, which should include a brief description of each asset, who created it, when it was created and how it is used.

### IMPLEMENT BASIC IP POLICIES AND PROCEDURES

With a clearer picture of their IP portfolio, companies can develop and implement an IP policy, which sets out their internal position and procedures on IP creation, protection, management, use and enforcement.

By establishing an IP policy, organisations signal the value and importance of IP and innovation to their business. The policy serves as a tool to raise employee IP awareness and guide employees on matters, such as:

- Types of IP: By setting out the different types of rights, the IP policy informs and trains employees to better identify and manage IP that is developed, acquired or handled by the organisation.
- IP ownership: A good IP policy will provide clarification on ownership of IP developed by employees and contractors. Key points to address include clarification on when IP developed by an employee or a contractor would be owned by the company, including where IP is created by employees within the scope of their employment or using the organisation's resources.
- Disclosure and review process: An IP policy should outline the organisation's disclosure process to ensure that developed IP (including potentially patentable

inventions) are identified and evaluated systematically. This includes providing dedicated forms for employees to analyse the identified IP and submit invention disclosures. Such forms should prompt inventors to provide details such as technical descriptions, drawings and potential commercial applications. An internal IP committee should be established or a responsible department should be assigned to review invention and IP disclosure based on clear criteria, such as patentability, commercial viability and alignment with strategy.

- Safeguarding and use of IP: Guidelines on protection and use should also be included. Where there is confidential or sensitive information (e.g., formulae, programs, devices, methods or processes, customer data, strategic plans and internal communications), employees should be required to comply with procedures and systems that will preserve the confidentiality of such information. Guardrails may include: requiring employees to clearly mark confidential documents and digital files as 'confidential' or 'trade secret'; and implementing measures to protect confidential data, such as encryption, access control, secure servers and regular back-ups. In addition, clear procedures should be established for reporting breaches of confidentiality.
- Use of third-party IP: There should also be provisions addressing use of third-party IP, including potential issues arising from the use of third-party IP and ways in which infringement risks may be mitigated, including through due diligence or contracts with third parties. There should also be procedures for reporting suspected IP infringement or violations of IP rights.
- Training: An organisation's IP policies should be actively communicated and reinforced through regular training. Mandating periodic training and awareness programmes will help to educate all – from senior management to new hires – about IP law, corporate procedures and their specific obligations. This proactive approach helps to embed a culture of IP awareness and compliance throughout the entire organisation.

### CREATE AWARENESS OF IP AND ITS STRATEGIC IMPORTANCE

IP audits foster a culture of awareness within the company. As part of their training programmes, organisations can hold workshops to inform key stakeholders about various types of IP, their creation processes and potential uses. The risks of not protecting IP should also be highlighted – these include loss of competitive advantage, wasted R&D investment, IP infringement by third parties and damage to brand reputation due to counterfeiting.

### KEEPING THE MOMENTUM

Companies that already have an established IP portfolio and IP inventory may focus the IP audit on several other key focus areas.

### ESTABLISH AN UP-TO-DATE INVENTORY OF THE ORGANISATION'S IP PORTFOLIO

Establishing and maintaining an up-to-date inventory is a continuous process. It is not a one-time event, but rather a systematic approach that should be integrated into an organisation's ongoing business practices.

The inventory can be a living, centralised and organised document that is continuously updated to accurately reflect all IP assets, as well as their legal status, jurisdictions and expiry dates. For small companies, this can be a simple spreadsheet, while for larger enterprises it can be held in dedicated IP management software. To populate the inventory, details can be extracted from official IP registers or obtained from external counsel that the organisation has engaged. In addition, its key IP agreements, such as licences, assignments and joint development agreements, should be consolidated with relevant information to provide a clear overview of the organisation's entire IP portfolio.

**REVIEW IP PORTFOLIO ALIGNMENT WITH BUSINESS STRATEGY**

To ensure that the IP assets support the organisation's current and future business goals, IP assets should be mapped to specific products, services and R&D projects. It can then identify IP assets that are no longer relevant in its plans, not generating value or too costly to maintain. These redundant or unused assets can be sold or licensed to generate revenue or abandoned through non-payment of renewal fees.

One approach to determine which IP assets are suitable to be sold or licensed is to categorise them based on strategic value and sale or licensing potential. Conducting regular reviews of the organisation's portfolio helps to identify assets that are no longer essential to its goals and therefore have low strategic value. For example, there may be patents that: cover technologies that the enterprise is not currently using; it does not plan to develop due to a lack of expertise or resources; or which do not gel with its core commercial objectives. Such patents may be good candidates for sale or licensing to achieve commercial gains from unused or underutilised assets. On the other hand, IP assets that are directly related, relevant or core to an organisation's current and future products may not be ideal for sale or licensing. It would benefit more from keeping the technology exclusive to maintain a competitive advantage.

If a business intends to license an IP asset, a licensing agreement will need to be put in place to clearly document the legal parameters of the arrangement and protect the organisation's rights as a licensor. A well-defined licence agreement should include:

- a definition of the licensed IP;
- the scope and duration of the licence;
- financial terms, such as upfront payments and royalty structure;
- the extent of control and oversight by the licensor; and
- clauses on termination events and dispute resolution.

Companies should also set up processes to facilitate monitoring and management of these licence agreements. This will optimise the value of the arrangement, minimise contract breaches and reduce the risk and costs of enforcing and litigating infringement claims.

Conversely, it is also crucial for an IP audit to identify new business areas or technologies that currently lack sufficient protection, which will then inform the formulation of new strategies. For instance, if the IP audit reveals that a core technology underpinning a new product is not patented, the company can prioritise filing patent applications to protect it. Similarly, if the organisation's brand presence is expanding into new markets, the audit may highlight the need for additional trademark registrations in those jurisdictions.

Alternatively, instead of developing new IP from within the company, the strategy may lean towards acquiring IP from third parties. This could involve purchasing patents, trademarks or entire IP portfolios that directly address identified protection gaps. However, when acquiring registered IP assets, it is important that the transfer of ownership is formally recorded with the IP office in every jurisdiction where they are protected. This will ensure that the acquiring enterprise has a clear legal title, can enforce its newly acquired rights and can avoid future disputes or complications that could arise from an unrecorded transfer.

### EVALUATE THE STRENGTH AND ENFORCEABILITY OF EXISTING IP

The scope of registered IP, including trademarks and patent claims, should be analysed to determine whether the existing registrations are broad enough to protect an organisation's current and future products. Also, a system should be established to monitor potential infringement and perform prior art searches to assess the validity of any patents. The strength of a company's trademarks and their defensibility should be assessed. A weak registration may be better kept as a dormant or value-generating asset rather than actively enforced. In addition, businesses should check that all renewal fees are paid and verify the chain of title for all IP. Documents evidencing chain of title should be stored as their needed signatories may not always be easily located later. Finally, future strategy can be guided by benchmarking the organisation's IP portfolio against key competitors, which will highlight white spaces or areas of overlap.

### MONITOR THE COMPETITIVE LANDSCAPE AND INFRINGEMENT RISKS

In today's crowded technological landscape, new innovations are constantly emerging. This means that the likelihood of inadvertently infringing on another party's IP rights is higher than ever. Infringement could lead to legal consequences, such as costly and time-consuming lawsuits. If the court issues an injunction to prevent an organisation from making, using, selling or importing infringing products or services, this can halt production and require product recalls, thereby severely disrupting business operations. In addition, unresolved infringement issues can cause reputational damage by harming an organisation's brand image and damaging relationships with business partners. Lingering infringement concerns may also deter potential investors. It is thus important to take proactive measures to avoid infringement.

To mitigate risk, a freedom-to-operate (FTO) search can determine whether a product or process can be commercially made, used, sold or imported in a particular jurisdiction without infringing on existing patents. Such a search can be conducted at an early stage of R&D to steer development away from crowded patented areas, or as a final check on whether third-party rights are being infringed before investing heavily in building, manufacturing, marketing and distribution. Organisations can also conduct patent landscape searches to provide R&D direction by identifying white spaces and guiding design-around efforts.

In addition to FTO searches and patent landscape searches, which may be one-off initiatives, a continuous IP monitoring system should be implemented to conduct searches of competitor products, services and IP filings on a regular basis to avoid infringing IP owned by third parties. A monitoring program may involve using IP watch services, which automate the monitoring process by:

- Setting up alerts, which notify the organisation when specified trigger events occur. The company can define its trigger events, such as the filing of a new IP application that matches certain keywords, technology classes or specific competitors.
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Tracking patents and trademarks to continuously monitor their status and provide information of any changes, such as a patent being granted or a trademark application being opposed.

**REVIEW IP AGREEMENTS AND POLICIES**

Companies should ensure that their contracts and internal policies are up to date and effective. For example, existing licensing agreements (both in-bound and out-bound) should be reviewed to verify compliance, check expiration dates and pinpoint opportunities to renegotiate for better terms. If an organisation is collaborating with third parties on research projects, it is important that IP ownership be clearly defined and delineated in the relevant agreements to eliminate ambiguity. The agreement should stipulate the ownership of pre-existing IP and new IP created during the course of the collaboration. If joint ownership is agreed upon, the agreement must define the rights and responsibilities of each party to use, license and enforce the jointly owned IP.

In addition, businesses should review and assess the effectiveness of internal policies such as IP awareness training, trade secret protection protocols, confidentiality policies and the invention disclosure process. Employee adherence to the IP guidelines should be verified, and the existing IP policies should be evaluated for their adequacy in addressing emerging developments such as AI-generated IP.

**TAKEAWAYS**

To summarise, an IP audit serves distinct purposes depending on an organisation's IP maturity. For those new to IP management, it is about building awareness, unearthing hidden IP assets and laying down a framework for future IP creation, protection and management. Meanwhile, for organisations with existing IP protection and established management policies, the audit shifts focus to ensuring alignment with business strategy, pinpointing potential risks and opportunities, and fostering continuous value creation from their IP portfolio. Regardless of the objective, a properly conducted IP audit would serve to strengthen the IP strategy, management, policies and procedures of an organisation.

IP audits should not be a one-off exercise, but rather a catalyst for constant IP management and sustained business growth. With a better understanding and management of their IP portfolio, organisations can expect better investment and financing opportunities, increased competitiveness and stronger business outcomes.

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**ENDNOTES**

**[1]** Based on an Intangible Asset Market Value Study conducted by Ocean Tomo in 2020. See also https://www.wipo.int/en/web/intangible-assets.

**[2]** Based on the *World Intangible Investment Highlights 2025*, July 2025 edition, co-published by the World Intellectual Property Organisation and Luiss Business School (2025), p.3.

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