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## Embracing open innovation

The innovation landscape is ever-changing. A new corporate management approach, 'open innovation,' reflects a growing trend for companies to use external invention sources in their innovation programs.

A departure from the traditional 'closed innovation' paradigm; the tendency to focus on internal development (which peaked in the 70s), open innovation is defined by attempts to seek innovative and novel ideas or technology from sources outside of the company and internal R&D departments. Indeed as Bill Joy, founder of Sun Microsystems said "not all the smart people in the world work for you".

Despite its detractors and in contrast to what many believe, seeking innovation from outside the company does not change the competitive environment – companies will still seek ownership or exclusive positions in new products and processes. What it does mean, however, is a greater emphasis on transactions and negotiation with outside innovation sources including intellectual property assignments, intellectual property licenses and joint development and collaboration agreements.

On a larger scale, open innovation seeks to create more effective innovation systems that encourage the transfer of knowledge for the benefit of public good both on a local scale and internationally. Greater awareness and access to information resources for innovation can only benefit developing countries by spurring innovation. Proponents of open innovation have coined it 'the democratisation of information' and believe it will be one of the most effective tools in helping developing countries address the challenges they face.

In an effort to progress this movement and encourage open innovation, we, at the Licensing Executive Society International (LESI), are working with WIPO (World Intellectual Property Organisation) to address technology transfer policies and to train professionals in developing countries. We are also working with the World Economic Forum to develop a 'Global Responsibility License' to encourage companies to license intellectual property to developing countries. Additionally, LESI is working with UNEP (United Nations Environment Program) and the EPO (European Patent Office) to evaluate the effects

of intellectual property on licensing of green technology to developing countries.

As an organisation we are also committed to actively bringing our collective experience and skill in intellectual property and technology transactions to policy and regulatory fora to ensure that they act with complete knowledge of the subject. For example, many financial bodies are trying to develop accounting standards by which corporations can place a value on intangible assets such as technology and intellectual property. These bodies often have no one on their committees with actual

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experience in creating value from such intangible assets. LESI members worldwide are bringing to these groups experience in transactions that accord value to intangible assets.

It is clear that intellectual property and technology are very important in business today. How companies acquire such assets is changing. How companies value such assets is changing. And how such assets are used for the benefit of less developed countries is changing. LESI, its 32 Member Societies representing over 90 countries and its nearly 12,000 members are at the leading edge of such change.

The 2010 Licensing Executives Society of Australia and New Zealand Annual Conference titled *Public Good and Intellectual Property Rights*\*\* will cast light on the emergence of the new 'knowledge-based economy' and explore the debate around intellectual property rights and the free use of intellectual property for public good.

\*D. Patrick O'Reilly will deliver a keynote address to delegates of the LESANZ 2010 Conference in Adelaide from 22nd -24th April 2010.

\*\*To register for the event and for program details visit: <http://www.arinex.com.au/lesanz2010/index.php>