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THE ROLE OF IP AUDIT IN STARTUPS

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OBJECTIVE

This paper explores the practical application of intellectual property audit (IP Audit) and diagnostics approaches and intellectual property protection strategies within startups and small and medium-sized enterprises (SMEs).

Key issues addressed in this paper encompass methods by which companies can perform audit and diagnostics of their intangible assets and strategies for companies to safeguard themselves from potential infringements by third parties, through the establishment and management of intellectual property portfolios. Furthermore, the paper aims to provide valuable insights into the strategic management of intellectual property in today's dynamic business environment.

METHODOLOGY

Examination of diverse sources, including research papers, peer-reviewed literature, legislation pertaining to intellectual property, web content and guidance manuals from relevant institutions, such as the Intellectual Property Office of the Republic of Serbia, WIPO, WTO, EUIPO, and INPI.

RESULTS AND DISCUSSION

Intellectual capital is usually the most important element of a company's business, and intellectual property is an integral part of structural capital (Stošić & Milutinović, 2022). The average value of intangible assets in relation to the total value of the company in the 1970s was only 18%, while today it is more than 90% (Ocean Tomo, 2020). Various forms of intellectual property rights - IPR, such as patents, trademarks, copyrights and industrial designs protect the inventions and works of creators, thereby encouraging further innovation and creativity.

The IP Audit assesses the state of procedures adopted by companies in order to ensure the protection of intangible assets. In the diagnostics process, tools and additional processes are proposed to minimize risks associated with third parties that may threaten intellectual property rights (Meyer & Patel, 2005).

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At the “WIPO IP Diagnostics Going Global” event held in November 2021, WIPO IP diagnostics free software tool for self-assessment of intellectual property was presented. This tool is developed for smaller businesses looking to increase their commercial opportunities through identifying intellectual property assets (WIPO, 2023).

An interesting example might be an impact study of INPI France pre-diagnosis using the AIDA approach that speaks about the importance of diagnostics in this type of company. INPI France and the Regional Council of Lorraine conducted research using the AIDA method in 71 SMEs that performed a pre-diagnosis. The findings confirmed relatively good level of knowledge about forms of IP protection in this form of companies (Enjolras et al., 2015).

As for Serbia, there are numerous initiatives that provide support for the development of the startup ecosystem. Accordingly, there is a National Program for the Development of the Startup Ecosystem, which aims to encourage the development of new businesses and innovations in the country. Illustrative is the case of the Serbian startup “MyFitWorld”, since it speaks of the importance of good timing and timely diagnosis of intellectual property. It is a unique platform that connects trainers and exercisers, enabling trainers to work at a higher level and exercisers to receive customized training. Thanks to the submitted application for trademark registration, this startup managed to upload its platform to the Apple Store, although there was already a platform on the store with a similar name and purpose but without IPR. This provided opportunities for further business development on the foreign market (WIPO, 2021).

CONCLUSION

Intellectual property strategy that incorporates an IP audit and diagnostics should be considered as inevitable part of innovation and business strategy. Startups and SMEs are advised to select the diagnostics and protective methods that best align with their company's characteristics. It is essential to emphasize that diagnostics should not be seen as an expense but as an element in the prosperity model for these companies. To enhance this model, it should be important to establish better IT support.

Furthermore, there is a noticeable increase in initiatives that bring together experts in this field. In future the role of intellectual property and its specific components and tools will quite possibly serve as a key driver of the success of companies' operations.

Keywords: Intellectual Property, IP Audit, Diagnostic tools, Startups, SMEs

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