

Innovation and IP: A dialectical view

Henning Berthold and Barbara Townley
School of Management, University of St Andrews, Scotland

EPIP Conference 2015
Session 4E: Innovation Behaviour of Firms

Problematic

- IPO Advice (2015)
 - “find[ing] out about IP early on”
 - “investing as much money as you can possibly afford in protecting your IP”
 - “understand[ing] the [IP protection] process by doing your own research”
- Early observations
 - Participants are often found leaving the topic to a later time,
 - hesitating to make any investment in protecting IP and
 - admitting to a lack of knowledge of IP.
- Question
 - Why is it that – with a few exceptions – participants are so neglectful of IP?

Perspectives on IP

- Economic perspectives
 - IP as incentive to innovation and economic growth (Christie, 2006)
 - Intellectual monopolies as an impediment to a free market regime (Boldrine & Levine, 2008)
- Philosophical perspectives
 - Labour theory (John Locke, 1663 [1698])
 - Personality theory (Georg Hegel, 1802 [1821])
- Legal perspectives
 - Set of legal doctrines (George, 2012) designed to “influence behaviour that occurs before right comes into being” (Lemley, 2004:129)
- Managerial perspectives
 - Fall of blue-collar worker (Drucker, 2001;1994)
 - Decline of material resource being principal force of production
 - Intangible assets as a source of differentiation and competitive advantage (Hunter, 2006)

Empirical Setting

- Scottish innovation initiative
 - Consortium of academic and non-academic organisations
 - Design as a strategic tool and catalyst for innovation and entrepreneurial activity
 - Focused on 5 sectors: Food, Sport, Wellbeing, Rural Economies and ICT
 - 2.5 residential innovation workshop (knowledge exchange mechanism)
- Empirical Focus
 - Ideation to monetisation process (actualisation of ideas)
 - Phased data collection: ideation (workshop), evaluation (funding) and realisation (post-funding)
- Methodological approach
 - Ethnographically informed study
 - Observations (workshop and funding phase) and semi-structured interviews (post-funding phase)

Data Set

#	Interview Code	Sector	Workshop Iteration	Intervention 1 (0 to 5 months)	Intervention 2 (6 to 11 months)	Intervention 3 (12 to 18 months)	Interview Total
1	WB1.0-NV1	Wellbeing	1.0	3	X	X	3
2	WB1.0-NV2	Wellbeing	1.0	1	X	X	1
3	WB1.0-NV3	Wellbeing	1.0	4	1	1	6
4	WB2.1-NV1	Wellbeing	2.1	1	0	0	1
5	F1.1-NV1	Food	1.1	1	1	1	3
6	F2.0-NV1	Food	2.0	1	0	0	1
7	F2.0-NV2	Food	2.0	1	X	X	1
8	F2.0-NV3	Food	2.0	1	1	0	2
9	RE1.2-NV1	Rural Economies	1.2	1	1	1	3
10	RE1.2-NV2	Rural Economies	1.2	1	1	1	3
11	RE2.2-NV1	Rural Economies	2.2	1	0	0	1
12	ICT1.4-NV1	Info. & Comm. Tech.	1.4	1	1	1	3
13	ICT2.3-NV1	Info. & Comm. Tech.	2.3	1	1	0	2
14	ICT2.3-NV2*	Info. & Comm. Tech.	2.3 [†]	1 [‡]	X	X	1
15	ICT2.3-NV3*	Info. & Comm. Tech.	2.3 [†]	1 [‡]	X	X	1
16	ICT2.3-NV4*	Info. & Comm. Tech.	2.3 [†]	1 [‡]	X	X	1
17	S1.3-NV1	Sport	1.3	1	1	1	3
Total							36

X Discontinued.

0 Research ongoing.

* No funding awarded.

[†] Two-day non-residential workshop with two-week offsite work interval.

[‡] Interview conducted during in-between period.

Value and IP

- Although IP is largely neglected by the teams and individuals working up their ideas, it is nonetheless recognised as an integral part of the commercial structure: *“[IP] will keep the business side going because that's what...because then you have something marketable.”* [S1.3-NV1-3.1]
- IP is rarely seen as having value in and of itself but it is only when a concept has proven to be working and there is ‘appetite’ that its protection is considered ‘worthwhile’: *“I mean, you can get a trademark with the name, the logo, but I guess before I jump in to spending money on these kind of things, I wanted to make sure that it was worthwhile, that there was a business.”* [F1.1-NV1-2.1]
- It is the actualisation of ideas that is seen as manifestation of value: *“Until somebody actually makes it a reality and shows the impact and makes it happen, it's not got any value.”* [WB1.0-NV3-1.1A]

IP and Innovation

- *“It [IP] does not play a huge role, it is a consequence of what we are doing rather than a driver, we are not seeking to create IP.” [WB1.0-NV3-1.3]*
- *“I create new ideas all the time but I usually give them away, and again, that's just the way I've operated, or I develop them collaboratively and it becomes a team thing. So the whole notion of IP and commercialising it is a new one to me.” [RE1.2-NV2-3.1]*
- *“I mean, the innovation, I think, is in the idea of how we use that technology and make interesting propositions for kids and families. I think, that's the real interest and that's where we should be progressing actually. So I don't feel that the IP stuff is leading us towards innovation. It's just a mechanism that we need to do, just because that's probably, that's gonna secure the funding.” [S1.3-NV1-3.1]*

IP and the Relationship to One's Ideas

- The thought of holding back or privatising ideas as a means of protection (as implied by the concept of IP) bewilders some of the actors as is indicated in the following statement: *“It [such caution] feels a bit backwards, like counter-intuitive to the process of how we believe you get ideas shipped and how you get communities of people excited about ideas [which] is by giving it all away and share what you're talking about.”* [WB1.0-NSS-1.1B]
- For that they are tapping into public knowledge, some of the participants, in fact, refuse to take ownership of their own conceptual elaborations: *“There is not something to defend because we're climbing on the shoulders of other academic achievement.”* [WB1.0-NV3-1.2] Some of the participants' responses indicate an understanding of ideas and knowledge as a public good that resonates with the pre-enlightenment traditions.

Conditional theory of IP

- Growing tensions between dictate to protect and imperative to share ideas at the early stage of new venture creation
 - Openness is rarely the expression of an altruistic calculus but rather evidence of instrumental rationality at play. It is the idea of reciprocity, 'the more you give, the more you get', that seems to motivate openness and transparency.
- IP starts to become problematic for a lot of the teams that feel the value of their work does not exist so much in its material expression but rather the people themselves, their distinct skills and competences (akin to personality theoretical view of IP)
 - *"I guess the whole concept of IP is tied to a particular economic era, which was very much driven by technology and all the money that went into the development of tangible, patentable stuff. Obviously, with the emergence of the knowledge economy the concept of IP has become questionable, at least in its traditional form."* [WB1.0-NSS-1.1B]
- Incentive theoretical views of IP seem to lack power in explaining why and how people come to create, deliver and appropriate value

Concluding remarks

- Concept of IP is recognised as important piece of market infrastructure (secure funding, retain income control etc.)
- IP is often a non-issue (note: not an irrelevance) at the early stage of new venture creation
- Concern over IP not necessarily sector specific but rather down to nature of thing to be propertied
 - ICT: Text prediction software (patent pending)
 - Rural Economies: Manufacturing technique (advised against patent application)
 - Wellbeing: Change agent mechanism (registered trademark)
 - Food: Match making model (no protection)
 - ...