

An Approach for Identifying and Defining Intellectual Property (IP) and Related Products in Product Classification Systems

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Overview

- Production Universe Definition
- Four Basic Types Products That Result from the Creation and Exploitation of Intellectual Property
- Generic Application
- Summary of Approach

Use Production to Define Universe of Products

- Variety of universe definitions possible
 - All things
 - All things transacted
 - All things consumed
 - All things produced
- Chose one dimension to identify a universe in an exhaustive way

Four Categories of Products Based on the Production Definition

- Contract Production of IP
- Speculative Production of IP
- Leasing/Licensing of IP
- IP-Derived Products (The goods and services that embody IP--such as software, books, manufactured goods covered by a patent)

Contract Production of IP Products

- IP, scientific and creative property, etc. produced under a contract
 - Contractor could be author
 - Contractor could be R&D firm
 - Contractor could be jingle writer
- Using production treatment, receipts are contract receipts by the contractor

Speculative Production and Sale of IP Asset

- Inventors, engineers, authors, etc. can produce IP on a speculative basis for outright sale including all rights
 - Songwriter sells a song (without recording or otherwise exploiting the IP asset)
 - R&D firm develops a drug and sells the patent to a drug manufacturer (without exploitation)
 - Inventor sells patent for a new good to a manufacturer

Leasing/Licensing IP

- Revenue generated by the leasing of IP is new production
- IP can be acquired or produced in house
- Leasing of rights must be greater than the normal rights embodied in IP derived products - right to manufacture using a patent, right to copy or modify books or software, right to distribute a movie, rights to exhibit or broadcast an audio/visual work

IP-Derived Products

- IP-Derived Products – the goods or services that embody IP. Examples of IP derived products are:
 - Books
 - Software
 - Records/tapes
 - Video Cassettes
 - Movie Tickets

Goal of this Approach

- Separate identification of these four categories of products that are associated with the creation and exploitation of IP
- Show that production defined universe of products can be generalized for a variety of uses

Production vs. Generic

- The production definition limits the descriptions to current production of final products, a generic application needs to account for other uses
- A generic or general purpose structure could be applied in both production and expenditure surveys

Generalizing a Production Defined Universe to a Generic Product Classification System

- Generalizing the production defined groupings could result in:

- Contract Production of IP
- IP Assets
- Licensing of IP Assets
- IP-derived Products

Key is to identify products that do not cross these lines

Contract Production of IP

- For expenditures
 - Expenditures for R&D services
 - Expenditures for engineering services
 - Expenditures for writing services
- For production
 - R&D services produced
 - Engineering services produced
 - Writing services produced

IP Assets

- For expenditures
 - Purchase of speculatively produced IP assets
 - Expenditures for own-account IP assets
 - Purchase of used IP assets
- For production
 - Speculative production of IP assets (sales plus change in inventories)

Licensing (leasing) of IP Assets

- For expenditures
 - Expenditures on licenses to use IP assets
- For production
 - Licensing use of IP assets to others

IP-Derived Products (e.g. computers)

- For expenditures
 - Purchase of new computers
 - Purchase of used computers
 - Own-account production of computers
- For production
 - Computers produced
 - Wholesale trade services for computers
 - Retail trade services for computers

Rights

- All transactions encompass rights. The purchase of a stapler does not convey the right to produce more staplers, the purchase of a book does not convey the right to make more books, the purchase of a video tape does not convey the right to make copies of the tape.
- Under this approach, the rights associated with transactions of these “final” goods and services are not considered transactions for rights but rather transactions for the goods or services – hence avoiding the term end-user license.

Summary

- This approach, based on a production universe, identifies four categories of products associated with the creation and exploitation of IP
 - Contract production
 - Speculative production
 - Licensing/leasing
 - Derived products

- The production defined groupings can be generalized for a variety of uses
 - The generalized categories can be further refined to address particular variations of the products in the general group
 - Paper provides an example of this in the summary

Questions??

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