

UNIVERSITY OF TOLEDO INTERNAL AUDIT DEPARTMENT

APPLY FOR AND MANAGE PATENTS

Control practices

The following control objectives provide a basis for strengthening your control environment for the process of applying for and managing patents. When you select an objective, you will access a list of the associated business risks and control practices. That information can serve as a checklist when you begin reviewing the strength of your current process controls.

This business risk and control information can help you assess your internal control environment and assist with the design and implementation of internal controls. Please note that this information is at the generic business process level and many companies will need to go beyond generic models to address the specific business processes that support the financial and nonfinancial disclosures being made. You can combine the insight of this business risk and control information with your industry-specific knowledge and understanding of your company's environment when conducting internal control assessments and designing and implementing recommendations.

Effectiveness and efficiency of operations

- A. The company's patent rights, copyrights, trademarks, and trade secrets are protected.

Compliance with applicable laws and regulations

- A. Technology developed does not violate existing patents.

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Business risks

- The company's intellectual property rights will not be adequately protected.
- Patent rights, copyrights, trademarks, and trade secrets will not be fully exploited.

Control practices

1. Take an inventory of all of the company's intellectual property rights, and use this inventory as a starting point for determining whether all brand names, patents, and copyrights are adequately protected and are being exploited to their fullest.
2. Register trademarks and patents with appropriate government and regulatory agencies worldwide.
3. Ensure the legal department routinely includes provisions for indemnification of patent, copyright, and trademark infringement in every commercial contract.
4. Include copyright notices on all corporate advertising, brochures, catalogs, and other external publications.
5. Ask employees, customers, and suppliers to report any potential violations of trademark and copyright rights.
6. Review trade publications periodically, and canvas trade shows to monitor the marketplace and locate violators.
7. Monitor applications for trademark registration that are filed with government or regulatory agencies regularly, and take appropriate action if any of those trademarks infringe on one of the company's trademarks.
8. Encourage research and development personnel to make full legitimate use of other companies' filings.

Compliance with applicable laws and regulations

A. Technology developed does not violate existing patents.

Business risks

- Technology development activities of the company will infringe on existing patents.
- The company will be susceptible to patent litigation.
- The company will expend resources on technology that is already patented.

Control practices

1. Review and investigate new project ideas to determine whether another company already holds a patent.
2. Modify and update detailed specifications and plans periodically, and communicate current technical data to competent legal counsel so they can conduct patent searches.
3. Review and approve all proposed plans for development.