

## Chapter 9

# Intellectual Property and Joint Ventures

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### [9.1] Introduction

Companies in technological fields must be involved in the research and development of new technologies, including disruptive innovation in order to maintain a competitive position in the marketplace.<sup>1</sup> The small entrepreneurial company or individual may enjoy flexibility conducive to the conception of innovative ideas, but is unlikely to have the substantial resources, manufacturing capacity, distribution networks or marketing skills necessary to bring that technology to the marketplace. The costs and risks associated with the research and development of new technologies may be so great that even large corporations can bear them only if assisted by other corporations.<sup>2</sup> A research and development joint venture allows innovators to share the fixed costs and spread the high risks associated with the development of new technology, and to exploit synergies through the exchange of important research information. It has become an increasingly attractive means to realise the desire of all such parties to develop and commercialise intellectual property, and this is particularly so in high technology industries.<sup>3</sup>

- 1 J Tubino, Microsoft Worldwide Director Innovation and Emerging Business 'Disruptive Innovations and Entrepreneurism', 3 December 2011, TedX Athens, Greece, <<http://www.youtube.com/watch?v=U8erGwKM8tI>>.
- 2 L Huston and N Sakkab, 'Connect and Develop: Inside Proctor & Gamble's New Model for Innovation' (2006) 84(3) *Harvard Business Review* 58.
- 3 There is an increasing trend towards joint venturing in Australia, particularly in high technology industries. Recent examples include BlueScope Steel Ltd collaborative technical agreement with Nippon Steel Corporation to develop next-generation coated steel products for global building and construction markets, 13 August 2012, media statement, <<http://clients.weblink.com.au/clients/BlueScopeSteel2/article.asp?view=3377119>>. Seapower Pacific Pty Ltd, a joint venture between Pacific Hydro Limited, Carnegie Corporation and Seapower Pty Ltd, focused on the development of new ocean wave energy generation technology designed to produce pollution-free electricity with an optional capability to produce desalinated water economically (for details of this joint

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