By David Kline

WHAT’S THE SECRET to success that every aspiring entrepreneur has learned from watching the smash hit reality-TV show Shark Tank?

“Unless you have a patent or some proprietary technology,” Shark Tank host Robert Herjavec has said time and time again to contestants, “you’re gonna be in trouble.”

After which he invariably announces, “I’m out!”

To be sure, patents, copyrights, trademarks and trade secrets — collectively, intellectual property (IP) — are not the only requirements for business success. But there is no denying that the intellectual property rights to an innovation — and knowing how to leverage them — are vital to getting funded by venture investors.

Nor is there any doubt that IP plays a pivotal role in powering today’s knowledge economy, where intangible assets such as IP represent more than 80 percent of the market value of all publicly traded companies. Indeed, intellectual-property-intensive industries now account for a surprising 38.2 percent of total US GDP, according to a recent US Department of Commerce report. That’s more than $6 trillion a year, more than the GDP of any other nation except China. IP-based industries are also responsible for 30 percent, of national employment, or roughly 40 million jobs.

Yet despite IP’s enormous role in the US economy, few universities offer any sort of course on IP to undergraduates. Among the first is the University of Southern California, which last fall launched a course on the basic workings of patents, copyrights, trademarks and trade secrets. The new course, through the Greif Center for Entrepreneurial Studies within USC’s Marshall School of Business, aims to train tomorrow’s leaders in the skills they need to navigate our increasingly IP-driven economy.

Pioneered by USC President C.L. Max Nikias and billionaire medical inventor Dr. Gary Michelson, the course, titled “The Entrepreneur’s Guide to Intellectual Property,” was taught by Kirkland & Ellis partner Luke Dauchot,
a trial lawyer specializing in complex IP. Aside from class lectures, the course also provided its 65 students an IP textbook designed for non-lawyers and a specially produced series of animated four-minute videos highlighting everyday patent, trademark, and copyright issues in business. The course also attracted a who’s who of global IP luminaries as guest speakers, including former Patent Office director David Kappos, Facebook IP chief and former Google head of patents Allen Lo, Dolby Laboratories General Counsel Andy Sherman, Chinese smartphone maker Xiaomi’s head of IP strategy Paul Lin, and the IP leaders of Apple, Nike, Teva Pharmaceuticals, and Dollar Shave, among others. The “father of modern corporate IP strategy,” Marshall Phelps, who over the last 30 years built and led both IBM’s and Microsoft’s global IP operations, attended the first week of classes. “I was really struck by these students’ keen interest in IP,” says Phelps. “Let’s face it, most people’s eyes glaze over when you start talking about patents and trade secrets. But not these kids. They may not know a whole lot about the specifics of patent law — and why should they, I mean, that’s why God invented lawyers, right? But they do know that IP issues shape many areas of modern life today, and could be critical to their success as entrepreneurs.”

Just consider, Phelps reminded students during his talk, how the smartphone patent wars, including Apple’s billion-dollar patent suit against Samsung, helped determine winners and losers in the wireless industry. Or how the “Blurred Lines” copyright infringement verdict against Robin Thicke and Pharrell Williams has reshaped music-production practices, making artists much more reluctant to borrow even general musical “themes” from previous artists without credit and compensation.

Students say they found the course worthwhile. “This class really drilled into our heads that in the modern IP-driven global economy, IP generation, protection, and enforcement is absolutely essential,” says Jack O’Grady, a junior physics major. “That’s a view that’s often overlooked in traditional business classes or startup culture.”

Natalie Monger, a junior with a dual major in computer science and business administration, says the course helped show her how to protect a software system she is creating to help dancers manage their teaching, choreographing, and performing choices. “I would not have learned this had the course not been offered to me as an undergraduate,” she adds.

David Belasco, executive director of the Greif Center, says the course was a “definite success,” and has been given permanent status by the school’s curriculum committee. The USC course is a departure from past practice in IP education. Until now, IP had been taught primarily only at the graduate level in law schools or the occasional business school seminar. But as the knowledge economy gained strength in recent decades, IP-protected innovation superseded industrial might to become the principal driver of corporate value and national economic growth. This, in turn, transformed IP from a narrowly specialized legal field into a major force in American social and economic life, affecting fields as varied as business, science, the arts and professions, and even trade policy debates in the halls of Congress.

As a result, argues USC President Nikias, “Any young person who takes the opportunity to learn the basics of intellectual property today will find herself with a major advantage in the world of tomorrow.”

Nikias says USC is attempting to fill an “IP education gap” that poses a threat to US leadership of the 21st century economy. To understand why, he asks us to imagine how US leadership of the industrial economy 100 years ago would have been hamstrung had there been no Wharton School or Penn State — the latter of which established the nation’s first department of industrial and manufacturing engineering in 1908 — to teach mass-production management to early-20th-century business leaders.

Similar stakes exist today, Nikias believes. As Dauchot told students on the first day of class, “We are part of a first-of-a-kind experiment here. No one has done this before. But IP has become so important in today’s world that no matter what career you choose later on, it is essential that you learn something about intellectual property and how it works.”

Put another way, just as tech literacy was once a requirement only for IT specialists but is now considered almost as essential as verbal literacy, IP literacy is not just for lawyers anymore.

All of which calls to mind that scene from the 1967 movie The Graduate, when Mr. McGuire (Walter Brooke) offers career advice to a young Benjamin Braddock (Dustin Hoffman): “Plastics!” he says. “There’s a great future in plastics.”

Half a century later, USC is demonstrating that intellectual property has become the new watchword for almost any career of the future.

Protecting the Jewels
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