



INTELLECTUAL PROPERTY AUDITING AS A TOOL FOR MAXIMISING BUSINESS GROWTH

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1. Introduction

Intellectual Property (IP) comprises intangible assets and property derived from the creative and inventive endeavours of people and businesses. IP includes, trademarks, patents, trade secrets, industrial designs, new plant varieties, geographical indications, and any sphere of creativity that exists. IP assets can be leveraged to significantly increase the flow of profit for owners and proprietors, serving as a substantial source of value for creators and owners. Most businesses are unaware of this, at best, limiting their interaction with their owned IP to mere registrations and renewals.

IP audits have proven to be a valuable tool for businesses in achieving higher levels of profitability through the effective utilization of their IP assets. For instance, since 1993, International Business Machines Corporation (IBM) has generated approximately \$1 billion USD per year from licensing its non-core technologies, which would have otherwise remained unused.¹ Basically, once they had upgraded their technology, they licensed the earlier versions instead of letting them remain idle. Nothing but a comprehensive IP audit policy would have conceived this idea.

IP auditing has gained momentum as a strategic exercise that allows companies to maximize the potential of their IP assets. This article explores the definition, framework, significance, and deliverables of IP audits, placing them as important tools for sustainable business development and maximizing the value of a company's IP assets.

2. Understanding Intellectual Property Audits

An IP audit is defined as a structured process of identifying, categorising, and evaluating all intellectual property owned, used, or acquired by a company. It involves documenting existing IP rights, their legal status, contractual obligations, enforcement history, and commercial utility. It is an exercise undertaken to take stock of and record all IP assets of a

¹ Maria Boicova-Wyants, "IP Audit", <<https://www.linkedin.com/pulse/ip-audit-maria-boicova-wyants/?trackingId=b%2F4HdjmcQq%2BApaRt3eDq5Q%3D%3D>> accessed 2 August, 2025

business to evaluate and control risks and apply optimal practices in managing IP assets. This audit will involve taking an inventory of assets and contracts related to those assets to have a wider view of the assets owned by the business, protection measures, and other foreseeable IP needs.

Audits can be carried out at any point in a business's lifecycle. When starting up, businesses can undertake a process that primarily identifies their assets and develop protection strategies. Audits can also be conducted when a business launches a new product or service. New products or services typically involve the engagement of several third parties who assist in their creation and rollout. An audit will be necessary to ensure that all assets are identified and proactively protected.

Furthermore, when a business needs investment, sorting out its IP portfolio can significantly increase its chances of success.

3. Purpose of IP Audits

The purposes of Intellectual Property audits include:

- a. To identify the nature, status, and use of IP assets.
- b. To determine whether IP assets are truly owned by the business.
- c. To identify whether IP assets are infringing on any other person's rights.
- d. To identify ways in which the business can save money used in maintaining dormant assets while maximizing profit on useful assets.²

4. Types of IP Audits

The types of IP audits are:

4.1 General Purpose Audits: These are typically conducted at the start-up phase of a business, when launching a new product or

² The Importance of IP Audits: Assessing and Strengthening Your IP Portfolio, <The Importance of IP Audits: Strengthening Your IP Portfolio – ELLIPSE> accessed October 23, 2025.

service, or when implementing IP management. They are often part of routine business strategy development. A broad IP audit is essential when establishing a new company, business or launching a new product or service, as it helps identify intangible assets and determine not only what assets need protection, but also where a particular asset is eligible for protection. For instance, Paystack and Zap Africa engaged in a battle in 2025, during which the former launched a service called "Zap". Paystack was charged by Zap Africa, through a cease-and-desist letter, with being liable for having an analogous name to Zap Africa and sought to prohibit them from using the same.³ Rigorous IP audits have the impact of reducing or eradicating ancillary IP liabilities during the early stages of business. General purpose audits are also conducted during periods of extensive reorganizations or whenever a new individual takes charge of managing IP.

4.2 Event-Driven Audits: This type of audit takes place in response to specific events. It is carried out in connection with mergers, acquisitions, joint ventures, licensing, or litigation. Often called “IP due diligence,” it is generally performed to evaluate, as objectively as possible, the value and risk of all or part of a target company's IP assets and how IP assets of all entities involved in the business structure can be leveraged to increase utility and profitability. A perfect example of this is the merger between Access Bank and Diamond Bank, which resulted in the merger of both companies' logos to create a new mark that adequately serves as a logo representing the merger.⁴

4.3 Limited Purpose Audits: A limited purpose audit is generally narrower in scope than the other two types and is carried out within more constrained timeframes. They are used to justify a certain legal position or ascertain the valuation of a particular IP. These types of audits focus on a specific category of IP or legal risk. Unlike the other two types of audits, limited-purpose audits examine only specific IP rights, business transactions, or legal issues related to IP. It is a

³ [Towobola Bamgbose](#) and [Muktar Oladunmade](#), “Trademark dispute between Paystack and Zap Africa tests Nigeria's IP laws”, (2025), <Trademark dispute between Paystack and Zap Africa tests Nigeria's IP laws> accessed October 23 2025.

⁴ Samed Olukoya, “Access Bank, Diamond Bank Officially Merge, Unveil New Logo”, (2019), <[Access Bank, Diamond Bank Officially Merge, Unveil New Logo](#) | Investors King>, accessed October 23, 2025.

targeted, one-off audit, usually prompted by a specific business event, transaction, or concern.

5. The IP Audit Process

The IP audit process typically involves:

- 5.1 Identifying IP Assets:** The first step in the IP audit procedure is to conduct an inventory check of the company's IP assets, including patents, trademarks, copyrights, trade secrets, and other intangible assets. This involves identifying each asset, describing its nature and function, and documenting any associated legal protections or investments. This creates or updates the company's intangible asset portfolio and informs the company about how these assets are currently being used or how they could be used more effectively to support its overall strategic goals.
 - 5.2 Auditing Contracts and Agreements:** The next step is to review contracts to ensure that IP rights are clearly defined, properly assigned, and confer adequate legal protection. This involves ensuring a clear chain of titles for all its IP assets, and that relevant provisions, including IP ownership, transfer, licensing, confidentiality, and non-compete clauses, are in place. Key agreements in this regard include licensing and assignment agreements, employment and independent contractor agreements, joint venture agreements, as well as other documents such as technology transfer, franchise, royalty, marketing, distribution, consulting, and outsourcing agreements.
 - 5.3 Conducting a Detailed Evaluation of the IP Assets:** Evaluation of the IP asset should be proper. It will be used to ascertain the commercialization value that IP has, determine if it is truly owned by the business, check on the intensity of legal protection, and whether there are any risks or not. It includes checking if IP, which can be in-house, purchased, or outsourced, is documented, protected legally,
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and assigned correctly to the company. The evaluation also determines any holes within the protection or ownership problems. Furthermore, it identifies whether the company's owned assets are being infringed upon by others or whether the company is inadvertently infringing on third-party rights, both of which could expose its business to legal and financial liabilities. This process strengthens the company's internal controls over its intellectual property.

5.4 Implementing Remedial and Strategic Actions: The final step of the IP audit procedure is to act upon the findings. It entails fixing any gaps, risks, or shortfalls that were uncovered through the audit process, for example, missing registrations, ownership issues, negative contract conditions, or infringement examples. The findings of the audit are also considered to evaluate whether IP assets meet the strategic objectives of the company. This may involve classifying the IP assets based on their essentiality to products and services, their potential value, or their lack of significant value. The results of an accurate IP audit also form the basis of determining the monetary value of the IP assets. In some cases, the audit may highlight cases where the utilization of IP by the company is likely to infringe third-party rights, with notification in time to cease infringing, license, or take into account possible liabilities and defence. This kind of information enables the company to make informed decisions on how best to safeguard, commercialize, or sell its IP assets.

6. Challenges to the Conduct of IP Audits

The process of conducting an effective and complete IP audit has its challenges. There are some issues that companies must contend with, which deter them from performing regular audits. Some of these issues include:

6.1 Poor Data Management: Collecting IP records is the first step to conducting IP audits. This comprises systematically collecting all

relevant records relating to the business's IP assets to render complete and accurate account of assets. This documentation commonly includes filings, registration certificates, licensing agreements, assignment documents, and renewal records. The businesses struggle with poor documentation and record-keeping of their IP assets. Poor management of these key documents can delay or even obstruct a proper IP audit.

6.2 Lack of Trained Personnel and Resources: There remains a significant gap in professionals skilled in IP law and management. This results in the number of businesses that could benefit from IP audits greatly surpassing the available personnel to perform them. As a result, these businesses often must outsource this function to external counsel or professionals who typically require a substantial budget to cover costs.

6.3 Risk of Breach of Confidentiality: Keeping confidentiality during the audit process, including that of outside consultants, attorney personnel, and third-party vendors, is critical. Without strict controls of confidentiality, valuable IP can be exposed, risking loss of competitive edge or legal issues. In addition, IP contracts such as Non-Disclosure Agreements and licensing agreements might contain confidentiality terms that limit disclosures, even during audits. The fear of disclosure of valuable information can complicate the verification and assessment of these assets.

6.4 Complex Legal and Regulatory Compliance: IP law is constantly changing because of new laws, court decisions, and technological progress. Staying updated with these changes is crucial, but it can be difficult, as outdated or misunderstood legal standards can lead to non-compliance or undervaluing assets.

6.5 Overlapping Rights: Many IP assets involve duplicative protection. For instance, software may be protected by copyright, patents, and

trade secrets. Auditors must navigate the duplications very carefully to avoid misclassifying or double-counting assets.⁵

7. Benefits of IP Audits

Many benefits can arise from Intellectual Property auditing, some of which include:

- 7.1 Strategic IP Asset Identification and Optimization:** An IP audit helps businesses to identify IP assets, classify IP correctly, and evaluate underutilized IP that can be monetized through licensing, franchising, or sale. This creates new revenue streams and improves return on investment in innovation.
- 7.2 Monetization and Commercialization of IP:** A key benefit of IP auditing is unlocking new revenue streams through licensing deals, franchising models, joint ventures, technology transfer, and selling dormant or non-core IP assets. Businesses with structured IP management will always experience increased earnings from intangible asset monetization.
- 7.3 Enhanced Competitive Advantage:** By identifying and preserving unique intangible assets, an IP audit saves core innovations from being copied. It strengthens brand uniqueness in domestic and international markets and positions the company as an innovation-driven organization, which is attractive to investors and consumers.
- 7.4 Risk Management and Legal Compliance:** An IP audit helps reveal and mitigate potential legal pitfalls such as infringement risks, ownership disputes (especially where IP is created by employees, contractors, or collaborators), and regulatory non-compliance, allowing companies to take corrective actions before they escalate into litigation. It also helps to ensure proper record keeping, renewals, and that enforcement systems are in place. In addition, it ensures that IP encumbrances are identified.

⁵ Grow Gain Global Network, "What are the Common Challenges in Conducting an IP Audit?", [What are the Common Challenges in Conducting an IP Audit? | Ip Audit](#), accessed October 23, 2025.

7.5 Strengthened Licensing and Partnership Negotiations: A clear and audited IP portfolio enhances a company's bargaining position during licensing, joint ventures, and brand collaborations, as true IP ownership and scope are clearly defined and accurately reflected.

7.6 A Culture of IP Awareness and Compliance: Conducting IP audits ensures staff are educated on IP creation, protection, and security. It ensures that internal policies are developed regarding trade secrets, confidentiality, and intellectual property ownership. Teams become more alert to protecting the company's IP and avoiding leakage or misuse of third-party IP, leading to organizational growth.

8. Conclusion

IP auditing is not merely a regulatory activity but a business strategy for business development, value creation, and sustainable competitiveness. At a time of global economic competition where intangible assets represent the lion's share of enterprise worth, business enterprises should shun passive IP ownership for active IP stewardship. Regular comprehensive IP audits have the potential to create value, mitigate risks, and position a business for scalable, innovation-driven success. For modern businesses, intellectual property audits are a necessity, not a luxury.

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