Protecting your assets

How to leverage your IP attorney for the analysis of intellectual property

INTERVIEWED BY JAYNE GEST

As businesses invest in new products or services, the importance of identifying and protecting their intellectual property (IP) may not be at the forefront of their thinking.

“However, if you want to recoup your investment you have to be able to protect it, and IP is one way to do that,” says George Huang, an associate at Fay Sharpe LLP. “Most people are familiar with Chinese companies that knock off a product and can sell it much cheaper than the original manufacturer, because the Chinese company didn’t have to invest in developing the product and its market. Protecting your IP can keep others from harvesting the rewards of your work.”

Smart Business spoke with Huang about how your IP attorney can help analyze IP, so you can protect your investments.

What kind of IP needs to be protected and how can an IP attorney help?

What product or service makes your business stand out from its competitors? What knowledge have you monetized? This is the IP that needs to be protected.

Your attorney can help by asking questions and providing a framework to help identify what IP in your business is valuable. It’s important to value your own assets highly enough, which is where an IP attorney can provide expert counsel.

Your attorney can also help identify what IP is protectable, and the best way to protect it. For example, two common forms of IP protection are patents and trade secrets. A patent excludes others from selling the patented product or service, and can be especially useful for manufactured products with new features. Obtaining a patent, however, requires disclosing the IP to the public in return for this monopoly, which lasts for 20 years, and certain requirements must be met. In contrast, trade secrets are used to protect IP that is valuable because it is unknown, for example the recipe for Coca-Cola, and can last indefinitely. Your attorney can help determine whether your IP will meet the requirements for obtaining a patent, or perhaps might be better protected as a trade secret.

In addition, your attorney can identify your competitors’ IP. This can help you direct your investments towards new territories that can further distinguish you from your competitors. You can avoid investing in areas where your competitors already have an advantage.

If needed, your attorney can identify the best ways to assert your IP and protect your investment. For example, government agencies like the U.S. Customs and Border Protection must stop shipments of counterfeit goods from entering the U.S., and can do so when provided with the right information.

What’s an example of how the right protection can create value?

One good example is the SpinBrush toothbrush. The inventor had previously developed a rotating lollipop, and used that mechanism to spin the bristles on the toothbrush. Electric toothbrushes were previously high-end products that cost a lot of money, but this invention brought the price down below $10.

Because the inventor had the patents on the mechanism in the toothbrush, he prevented others from selling the same product, and had time to build his market share. Proctor & Gamble eventually paid $475 million for the company.

How important is timing for safeguarding new IP?

Timing can be critical. For example, many foreign countries require you to file a patent application before you even start offering your product. If you begin advertising before you file your patent application, then you won’t be able to get that patent protection at all.

How do you suggest companies weigh investing in their IP protection versus advertising/marketing?

That’s difficult to answer, and is unique to each company. It’s generally better to invest in IP protection as early as possible. However, it’s up to each company to decide how best to invest and grow their business. IP protection protects your assets and helps you keep the customers you find, but you still need to find those customers. Successful companies can balance these priorities.

© July 2014 Smart Business Cleveland