

## IP fit for purpose

**white elephant** *n.* 1. A rare, expensive possession that is a financial burden to maintain. 2. Something of dubious or limited value.

Intellectual property protection can be costly. Not having IP protection can be more costly. The 'trick' in any IP strategy, but especially for a small, growing business with limited resources, is to keep your commercial wits about you and to closely match your IP strategy to your business goals. By spending wisely you can avoid your IP rights rapidly becoming a white elephant.

### **Imitation – flattering but is it good business?**

They say that imitation is the sincerest form of flattery. It is also often the cheapest way for a new competitor to enter the market and, whilst competition might generally be considered a good thing, this form of (arguably unfair) competition is almost certainly not good for the original innovator whose efforts the imitator benefits from for free.

IP rights are the mechanism that exists to legally prevent this imitation and can be particularly important for small and rapidly growing businesses that must look to outside sources for funds to support their growth, as adequate IP protection is more often than not a prerequisite for such investments.

So, IP protection can be crucial to the success of a business. But it is expensive. The question is how to spend your money to the greatest advantage. Put another way, where should the focus be?

### **Cornerstones**

Rather than automatically taking an expansive approach and protecting all your ideas (a sure fire way of busting the budget), is to identify the cornerstone (from a commercial perspective) of what you are going to be offering. You will get most value out of your IP by protecting an idea that underlies everything else.

This is not always easy. Often it involves taking a conscious decision to leave aspects of your development unprotected. But taking these decisions at the outset will almost always be better for the business in the long run.

### **Make life difficult for competitors**

Consider also what features of your development a competitor could best use to provide them with a 'springboard' into the marketplace. If you can prevent them from taking too many shortcuts in their own creative process then you can maximise the period of time in which you have exclusivity in the market place.

### **Revenue streams**

It is also important to marry your IP protection up with your (potential) revenue streams – investors in particular will be looking for this. Sometimes it will pay off to focus your protection more specifically on one or two particular revenue streams, rather than seeking very broad protection that may be harder and more expensive to obtain with little or no added benefit.

When going through this process, keep in mind that IP rights can play a varied role in the overall commercial strategy of a business. The traditional role that people tend to think of is the offensive one; actively using your intellectual property to exclude others, preserving a market for you or those authorised by you to exploit exclusively. Another role is use of an IP right itself to generate revenue, either through licensing or selling it. Also very relevant, particularly for growing businesses, is the role that IP rights, and more generally a good intellectual property strategy, play in attracting investors; in my experience in the technology sector, whilst investors are generally attracted to good science rather than good patents, the absence of an appropriate strategy for protecting the good science can often be a deal breaker. An IP portfolio can also have a defensive role to play. It can deter competitors from enforcing their rights against you (for fear of retaliation) and any dispute might be settled by way of a cross-license.

### Which rights?

Having decided what to protect, thought needs to be given to how best to protect it. In fact, this can be an iterative process because the “how” will affect the cost, so may inform the some extent the “what”.

Some intellectual property rights come into existence automatically. One example is copyright. Stronger, ‘registered’ IP rights, including patents, registered trade marks and registered designs, need to be actively sought.

In some cases, the best protection may be afforded by keeping your ideas secret, if you can realistically achieve this – the protection is in effect perpetual (think of Heinz secret recipe for their baked bean sauce) but the downside is that if the cat gets out of the bag then it may be too late to obtain any other form of protection. And of course, in many cases, the commercialisation of an idea necessarily means telling the world all about it, in which case registered rights such as patents will be at the forefront of any IP strategy.

Often, you will choose a combination of the available rights. Patent key features but rely on trade secrets for the black box in the middle. Use design rights to protect the outward appearance of something where that has significance and trade marks to protect your name and logo.

### Registered Rights

**Patents** protect technical innovations. They provide protection for the technical concepts embodied in a product and/or in the processes for manufacturing the product so can provide protection that is broader than the specific product or products that have been developed. Patents are infringed by a competitor’s product that employs the technical innovation covered by the patent (as defined by the patent’s claims), irrespective of whether or not the products look alike.

A trade mark is something (e.g. a word or sign) which enables customers to identify goods or services as coming from a particular source. Marks can be very valuable and important if properly developed by advertising, promotion and correct use on quality products or services. Thus, it is vitally important for the mark’s repute and the producer’s repute to protect the mark. A **trade mark registration** generally gives the proprietor the right to stop others from using confusingly similar marks in relation to similar goods or services. In some circumstances the owner of a registered mark can even stop others from using a mark for goods or services which are not similar to those for which it is registered.

**Registered designs** give protection for the appearance of a product. A registered design will be infringed by a competitor’s product that has the same or a closely similar appearance (whether it is ‘technically’ the same or not). So, registered designs provide useful protection where the appearance or look of a product is important to the end user and therefore adds value to the product.

### Home or away?

Registered IP rights are territorial rights, i.e. they are limited to the specific territories in which you seek protection. The more territories you choose to cover, the more applications are needed and the higher the costs. Typical strategies include seeking protection in key (large or strategically important) markets and, where they are well defined, countries where competitors operate (e.g. manufacture).

Systems exist that enable you to avoid the ‘big bang’ approach of seeking protection in all territories of interest at one time, allowing you to postpone the associated costs without harming the available protection. There are also some regional registrations (in particular Community Registered Designs and Trade Marks, and European Patents) that provide cost effective routes to obtaining protection in multiple countries within the region.

For all of these registered IP rights it is possible to file a single application in one country to start with and to later file applications covering the other countries of interest that claim 'priority' from the first filed application. The priority claiming applications are treated as if they had been filed on the same day as the first filed application.

### **Time your run**

For patent and registered design protection it is very important that the first applications are filed before the invention or design you are seeking to protect has been disclosed publicly. This is because the question of whether you will be granted protection is, in most countries, judged against what was in the public domain at the filing date of the application, including any disclosures you have made yourself.

It is also important to appreciate that in most countries registered IP rights are granted on a first come, first served basis. So, particularly if you are in a competitive field, it can be important to file an application sooner rather than later.

On the other hand, the sooner you file an application the sooner you are committed to the potentially high costs of following the application through, and this factor may mean delay is appropriate in some cases.

### **Don't switch off**

Once you are attuned to the commercial applications of whether or not you should seek protection in the first place, guard against letting yourself switch to automatic. It is all too easy to follow the same patterns over and over.

Instead, stop yourself at every decision point. Is an application appropriate? Can you drop it? Or do you need to take more protection? Always take the time to evaluate whether the protection you are paying for still makes commercial sense ... or are you just creating a white elephant for your business?

### **A final word .... watch your back**

In all of this it must not be forgotten that your competitors may well have their own IP rights. It is important to be aware of the impact that rights of others could have: at worst, halting your activities completely. Prudent businesses will have in place strategies for dealing with this.

Such strategies might include watching the IP filing activity of known competitors. This may allow a business to work around competitor's patents or other rights and/or to consider whether they might be vulnerable to attack. Watching a competitor's IP filing activity can also provide useful intelligence for their development work.

And, as already inferred above, sometimes the best defence can be possession of your own portfolio of intellectual property rights.

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