

What the business owner
needs to know to protect
innovation and grow ROI.

11

Minute IP Strategy

FOR THE BUSINESS OWNER



ZARLEY LAW

11-MINUTE IP STRATEGY

The world of intellectual property (IP) strategy is complex and almost never solved with a one-size-fits-all solution. Each strategy is dependent upon your situation and objectives.

Still, companies both large and small face the same challenge: How do you protect your IP in the most effective way possible?

The answer lies in strategy.

IP strategy is multifaceted. It requires an internal team that sees the value and opportunity in vehemently protecting its IP, and typically, an experienced IP firm to help execute and achieve the highest level of protection possible.

Since each company has its own unique set of challenges and assets, there are no hard and fast rules of exactly **how** your IP strategy should be executed. However, there are foundational pieces of **what** you should be considering when it comes to your company's IP strategy.

They say it takes 10,000 hours to truly master a skill. We've put in that work so we're able to boil down the IP strategy basics for you in 11 minutes. This guide will provide a concise and comprehensive framework needed to understand the moving parts of an IP strategy, including:

- *Patents*
- *Trademarks*
- *Copyrights*
- *Trade Secrets*
- *Licensing, Distribution, Development*



INTANGIBLE ASSETS HAVE VERY REAL ROI

Why is IP strategy important?

Every day around the globe, companies are racing to invent and achieve the next breakthrough. This isn't unique to one industry or only large corporations. From passionate and scrappy start-ups to experienced Fortune 500 companies, breakthroughs are happening. Once that stroke of genius occurs for the next product or service, the focus shifts to protecting it.

An effective IP strategy is the best line of defense when it comes to protecting your company's differentiators. If you're looking to grow your company, take stock of what you have, what you are striving to develop and what you need to protect. Knowing these details will maximize the value of your innovations.

Brainstorm. Breakthrough. Bank.

When done properly, an IP strategy can produce a significant source of income and provide an important competitive advantage. The strategy can help to prevent and avoid problems (like infringement, for instance) and direct resources in an efficient and effective manner. Another bonus? Making protection of your IP a priority can spawn an internal culture revolving around innovation with policies and procedures in place to help take full advantage of your IP investment and achieve optimal ROI.

Having a comprehensive IP strategy is just one more way to distinguish your company from the competition, grow sales, and increase your company's value.

"An ounce of prevention is worth a pound of cure."

Benjamin Franklin once famously said, "An ounce of prevention is worth a pound of cure." This mantra is true in regards to protecting your investment of IP. A little forethought as well as strategy could enhance your product or service when it's head-to-head with your competition, giving you the advantage to tap into new sources of revenue.


MASTERING THE ART OF IP STRATEGY

What's included in an IP strategy?

The following pages provide you with ideas you need to consider when creating a comprehensive plan of IP protection. Keep in mind, what might work for you and your company depends on your specific circumstances as well as your industry. Are you a manufacturer selling a physical product? Or, do you provide a service? These details will help steer your strategy, but it will likely still involve patents, trademarks, copyrights or trade secrets. It's also important to include provisions for protecting yourself from litigation and liability, as well as maintaining your rights with respect to licensing, distribution and development agreements.

A word on litigation...

IP litigation can be devastating to your company, if you are on the wrong end of a ruling. Sound strategy and careful attention to detail will create a defense and minimize the effects of litigation, should it arise. Of course, an experienced IP attorney can help you navigate the complexities of your IP strategy and effectively prevent such issues.



**Big-picture IP strategy
is a work of art which
requires discipline,
expertise and creativity.**

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Patents

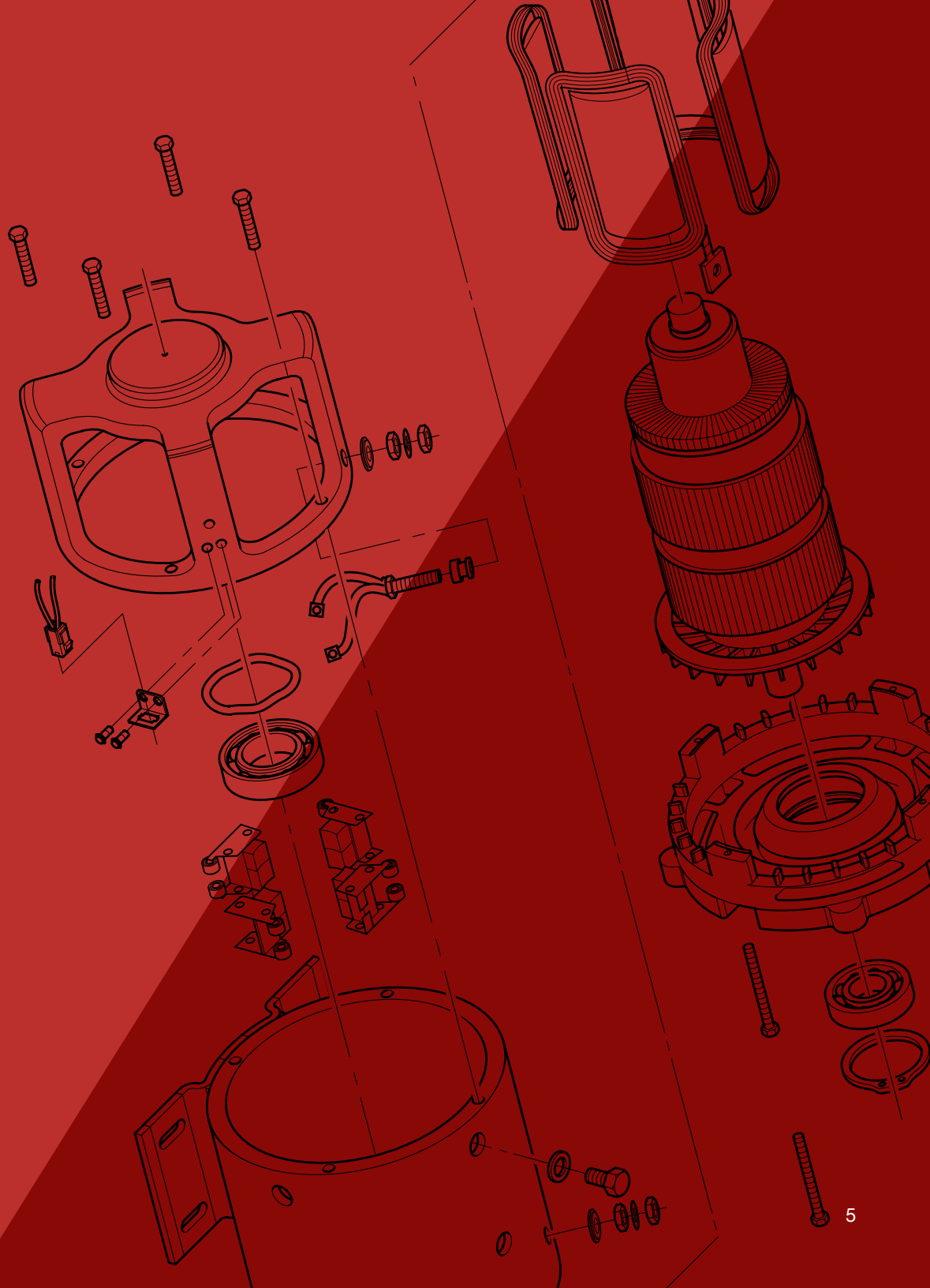
Creating an edge on your competition is critical in today's fast-paced business world. Having a patent strategy can help maximize the value of your investment, differentiate your company and protect innovation. While a patent strategy may involve many parts, below are some of the more basic and important features to consider:

Freedom to operate

Before you spend a lot of time and money developing a new product, you'll want to make sure that you're not infringing someone else's patent. Sometimes referred to as a "freedom to operate" opinion, an experienced patent attorney can conduct a non-infringement opinion and let you know if you have a potential problem, or how to avoid a problem by designing around an existing patent. This search can be done at the beginning of your process or later on, but should be completed prior to investing substantial money in production and marketing.

Applying for patents

The biggest mistake companies make is to assume that features of their invention are not patentable. Generally, if there is a difference between your invention and what is known, even if that difference is small, there is potential that the difference is patentable. A skilled patent attorney can help determine if there are features of the invention that are patentable and can also conduct a patentability search if you wish to have greater certainty. Still, just because something is patentable doesn't necessarily mean you should file. If the patentable feature is not important to a customer, then the patent, while perhaps looking nice on your wall, isn't worth much.



Patents *(Continued from page 5)*

If you, your team, or your company has an idea for an invention, consider the three following areas:

- ① **Utility.** Does your invention work?
- ② **Novelty.** Has anyone ever made your invention in the exact same way?
- ③ **Obviousness.** Is your invention substantially different?

If you want more clarity on the entirety of the patent process, check out our guide **The 5 ½ things you need to know before filing a patent.**

Foreign protection

Finally, if you sell your product outside of the United States, you'll want to include foreign protection in your strategy. There are different rules concerning public disclosures and different strategies on how and where to file. An experienced patent attorney will be able to explain the process and the different advantages and disadvantages to consider.

Growing innovation since 1790.

The first U.S. patent was issued on July 31st, 1790 to Samuel Hopkins for a process of making potash, an ingredient used in fertilizer. Today, the United States Patent and Trademark Office (USPTO) has issued over 10 million patents.

¹ USPTO SOURCE 1: "FIRST U.S. PATENT ISSUED TODAY IN 1790" PUBLISHED JULY 31, 2001. [HTTPS://WWW.USPTO.GOV/ABOUT-US/NEWS-UPDATES/FIRST-US-PATENT-ISSUED-TODAY-1790](https://www.uspto.gov/about-us/news-updates/first-us-patent-issued-today-1790)

² USPTO SOURCE 2: UNITED STATES PATENT NO. US 10,000,000 B2. DATE OF PATENT: JUNE 19, 2018. [HTTPS://BIT.LY/2M9EIRZ](https://bit.ly/2M9EIRZ)

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Trademarks

Trademarks are a symbol, word or words, or a combination thereof, that are legally registered or established to represent your company or a specific product. When strategized correctly, they are a significant piece of your IP. There are three key elements to a trademark strategy; selection, use and enforcement. By adopting these suggestions, you will improve the value of your mark and your brand over time.

Selection

Don't be afraid to think different.

You want to create strong trademarks that consumers associate with your products, company and brand. The best way to do this is to start by selecting a mark that is arbitrary, fanciful or suggestive. In other words...you want to select a mark that is not descriptive of your product.

There are many large brands that have strategically executed this element. Consider one of the branding greats, Apple, which used a fruit to represent its computers.

You also want to make sure your mark is not likely to be confusingly similar to another mark. While "likely confusion" is a complex legal concept, typically if you're selling the same goods or services as another company, you want your mark to look different from theirs. Using a strong, individualized mark is best.



Trademarks *(Continued from page 7)*

Use

The importance of consistency.

When using your trademark, it is helpful to remember that it is an adjective and not a noun. That means the mark should never be used in plural or possessive forms, unless the mark itself is plural or possessive. As an example of a possessive trademark, consider the fast food chain Arby's. It's never used or trademarked as "Arby's."

Communicating your mark consistently doesn't stop with grammar. You also need to physically write it the same way every time you use it. For instance, using the mark in all capital letters or in a bold font will

emphasize that you are using the mark as a trademark and not merely another word lost in text.

You've probably seen the TM and SM symbols hundreds of times. While having no legal significance, it can be used to identify unregistered trade and service marks. The ® is used to identify a mark that has been Federally registered.

Another tip is to ensure that your mark is displayed in a distinctive manner. Consider setting the mark apart from surrounding text with color, size, italics, symbols and even the use of the word "brand" immediately following the mark.



Don't let poor execution leave you in tears: the Kleenex example.

Occasionally, the combination of a lack of strategy to uphold a trademark and rising popularity results in the erosion and misuse of the trademark. This can be extremely damaging and could eventually render your mark generic – meaning that competitors are able to use the genericized trademark to describe their similar products.

One example which resulted in company owners reaching for a tissue is with the KLEENEX brand. Facial tissue products were so often referred to as "Kleenex" that the mark became generic in the U.S. However, in France and Canada it is still a legally recognized trademark.³

³ KLEENEX SOURCE: BUTTERS, RONALD R. AND JENNIFER WESTERHAUS. "LINGUISTIC CHANGE IN WORDS ONE OWNS: HOW TRADEMARKS BECOME 'GENERIC'" IN STUDIES IN THE HISTORY OF THE ENGLISH LANGUAGE II, ANNE CURZAN AND KIMBERLY EMMONS, EDS. WALTER DE GRUYTER, 2004 RETRIEVED 2008-08-21.

ENFORCEMENT

Keep your mark on lock.

Through widespread and consistent use that includes extensive advertising and sales, your trademarks become very valuable assets. Of course, when this value is built, others might try and get in on your trademark's success. Fortunately, use of your mark can happen with your permission. Unfortunately, someone may try to use it without your permission, too.

If they have your permission, you want to make sure that you maintain control over the quality of the goods or services. It is your name going on it, after all. Granting permission without your permission, known as a "naked license," can result in the abandonment of your trademark rights. So, it's best that you retain a right of approval over how the mark is used.

If they don't have your permission, you've got a couple of options. First, you'll need to determine if there is a likelihood of confusion. Is there a possibility that a consumer is deceived and led to believe that a competitor's product is actually yours? There are many different tests, but generally when the mark and the goods are similar, there is a good chance consumers could get confused as to which company is putting out which product and trademark.

Next, you can send a cease and desist letter or file a lawsuit. Monetary damages can be difficult to obtain in trademark cases, so your main objective should be obtaining an injunction preventing the other party from using your mark. While you don't have to stop everyone, failure to enforce your mark can result in a weakening of the mark, loss of distinctiveness, and potential abandonment.

Fortunately, use of
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with your permission.
Unfortunately, someone
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your permission.



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Copyrights

Copyrights can be an important part of an IP strategy, particularly if you develop training materials, rely upon engineering drawings, or utilize software development. You want to make sure others can't simply copy things that you've spent a significant amount of time and money to develop.

One important part of a copyright strategy is to make sure you're the owner. If an employee develops your copyright subject matter, you don't

need to worry. However, if you use an outsider and don't have the magic words "work for hire" in your work agreement, your supplier will retain ownership.

Another important decision is whether to seek a Federal Registration. In addition to statutory advantages, like enhanced damages, having a registration is required to file a lawsuit to enforce your rights. A creative IP attorney can help you determine when it makes sense to pursue a registration.



**“Your original works are
precious and require
the highest level of
protection possible.”**

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Trade Secrets

Perhaps the most overlooked element of an IP strategy is protecting your trade secrets. Many don't recognize the value or the existence of their trade secrets, and others fail to do what is needed until after a problem arises.

You want to keep confidential information from your competitors by establishing policies, procedures, and guidelines for your employees. While it's sometimes hard to imagine, employees are your most serious threat, as they can easily reveal trade secrets inadvertently, or more troubling, deliberately.

A comprehensive trade secret strategy is highly individualized. Policies and protections that work for some companies may not be the right fit for others. However, it's important to take a step back and identify the things that your company should consider confidential information. Then, establish policy to direct how confidential information is handled and limit or restrict access to your trade secrets on a need-to-know basis.

Protect your trade secrets with everything you've got. From fire walls, to physical walls.

Coca-Cola's bottled-up trade secret.

Surely you've heard of Coca-Cola's secret formula which has been carefully protected since 1919. While this famous trade secret example might have some advertising hype involved, Coke's practice of protecting it is sound. They physically lock the formula in a vault, complete with a palm scanner, a numerical code pad and a massive steel door. They also follow the need-to-know basis practice. It is rumored that only two senior executives know of the formula at any given time, but they never reveal those employee's names or positions.



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Licensing, Distribution and Development

As you work to develop and grow your business, you will want to be careful with contracts in order to protect your IP. You want to make sure you are maximizing IP value and not limiting, losing, or abandoning your IP rights.

Potential risk comes primarily from contracts with employees and independent contractors. These contracts run the gamut of agreements for web design, joint development, licenses, terms of use, privacy policies, and distribution agreements to name a few. While your contract doesn't have to be complex or long, you have to make your regulations clear and contain language that is specifically tailored to IP.

There are several aspects of IP agreements to consider including:

- Ownership of IP
- Clarification of the involved IP
- Minimum performance expectations
- Term and termination provisions

Obtaining legal advice in these areas is important. In particular, you should pay close attention to sections that affect your ability to use, sell, license, assign or transfer your IP. Before concluding any binding agreement, consulting with an IP attorney is a good idea even when the matter seems simple.



SELECTING YOUR IP PARTNER

While creating a wholistic IP strategy, many seek the counsel of an experienced law firm or attorney that specializes in IP. Selecting a partner to help protect your precious and valuable IP is no small feat. A truly collaborative process between your company and your IP firm will result in the most effective protection. If you're vetting potential IP partners, consider the following:

Their experience. How many filings do they have under their belt? If they don't have a sound portfolio, are they up to the task of handling your IP?

Their creativity. Highly strategic filings demand an attorney who is an experienced and creative wordsmith; someone who has foresight and imaginative abilities to anticipate needs. Some attorneys get comfortable and stick with one approach, which isn't always the most efficient solution.

Their efficiency. Are they responsive and timely? Time is of the essence when it comes to your IP strategy. Look for a partner who answers your questions quickly and charges you fairly. You'd rather be investing your dollars into developing more IP, not lining the pockets of your law firm.

Their location. You don't necessarily need to stick with a local option to protect your IP. With complex IP strategies, working with an experienced firm takes priority over locality.



YOU ARE NOW UP-TO-THE-MINUTE

This 11-minute guide brushes the surface of the IP areas you need to be aware of when it comes to protecting your ideas and growing your company. Now, it's time that you step back and take stock of your company's assets. Are there areas you immediately need to shore up and secure? Or perhaps, with these foundational aspects in mind, there is a new opportunity to seize. Regardless, you better get back to creating and developing...time is ticking, after all.



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