

YOUR IP IS A TREMENDOUS ASSET IN A DOWN ECONOMY

LEGAL ARTICLE

Your IP is a Tremendous Asset in a Down Economy

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As we emerge from the immediate crisis of the COVID-19 pandemic and begin to move forward, we find ourselves in a different economy than the one we remember before we started sheltering in place.

While we hope the economy will roar back, now is the time to think about how we preserve our business assets in a down economy. Intellectual property assets can play key roles.

1) Why preserve your IP Assets?

Your IP can be a substantial part of your company's long-term value. It's important to protect your IP portfolio so your company's competitive advantages help it get through the downturn and prosper during the recovery. Here are some cost-effective measures your business can take to preserve its IP:

- Attend to maintenance filings required to keep your trademark registrations in place for active marks. This prevents the registrations from being cancelled for failure to renew.
- Continue to invest in patents critical to your company's future. Evaluate your existing and planned product and service lines to determine what patent assets are important for your

business' future.

2) Prioritize Activity and Seek Efficiencies

Perhaps you had planned to search and protect 3 new product marks this year and you have maintenance filings due for 5 marks in multiple jurisdictions. In a down economy you may not have the budget to do all of those things, and it may be necessary to prioritize. Are all three new product marks necessary? Or can some or all of the products be released under the house brand, with a generic descriptor? If tough decisions have to be made regarding which international registrations to maintain, you may need to prioritize your house marks, then other active marks, and prioritize your company's most important jurisdictions (markets).

Perhaps you had planned to launch products in Europe and Asia next year but are now reconsidering this strategy due to global economic events. Now may be the time to evaluate your international plans to determine where innovation needs to be protected in the near and long term.

Also consider cost-saving filing mechanisms, such as the Madrid Protocol, for achieving broader coverage/ protection at a typically lower price tag. Since this filing mechanism can be done by your primary trademark counsel and does not require the hiring of local counsel in each country until and unless Office Actions are issued, for certain types of marks, it can be a cost efficient option .

3) Look for Licensing Opportunities

Licensing can transform your IP from a cost center to a profit center! A down economy can be an excellent time to license your IP for the following reasons:

- Licensing trademarks or patents is a way to reduce or eliminate manufacturing costs, either by reducing or eliminating manufacturing activity or adding manufacturing capacity by allowing a qualified licensee to take over some of the manufacturing.
- A brand extension licensing arrangement allows the Licensee to make and sell related (but not identical) goods or services using the same mark. The Licensee might value the recognition associated with your brand, which can make it a lucrative arrangement for your company, wherein the company derives royalties from third party use of the mark on licensee manufactured products.
- Licensing trademarks and patents for newly discontinued products or services is a high margin, effective way to continue to monetize the products or services even though they have been discontinued.

4) Smart Enforcement / Defense

- Delays in enforcement will likely lead to delays in profits from licensing agreements and partnerships. If you have IP enforcement actions pending (offensive or defensive), a down economy can be a good incentive for both parties to find creative settlement resolutions. It's not the ideal time for protracted and expensive legal battles, but IP enforcement activity should not be abandoned during a downturn, as doing so can impair your ability to enforce in the future.

In sum, your company's IP portfolio will outlive an economic downturn. While cost cutting is a necessity of any downturn, smart strategic decisions about your IP will ensure that your company has a promising future.



Dana Brody-Brown is an experienced IP and brand management attorney with a special focus in the areas of trademark counseling and prosecution, including trademark audits, portfolio analysis and strategic counseling, selection and searching of trademarks, domestic and worldwide registration and enforcement, domain name issues, and licensing. Dana also has a special interest and wealth of experience in assisting growing companies in developing and managing international trademark portfolios. For questions, please contact Dana at +1.408.947.2433 or **email here**.



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