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# Why Intellectual Property is Important to Small Business

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**M**any small business owners ask whether they can afford to protect their intellectual property (IP). The better question is, can they afford not to? Most business owners think of intellectual property in terms of patents, trademarks and copyrights. These are statutory protections, but IP is much broader. A company's IP includes information it has created to make or market its products. It includes methods a company has taken to build its reputation and to communicate that to the market. It also includes innovations a company has invented to make its products or services better at meeting customers' or the markets' needs. While a company may not have patents, trademarks or copyrights, all companies have created intellectual property in the form of information, communications, and innovations that provide real value to the business.

Bob Welsh of IP Strategies, LLC has over thirty years experience in building, managing and leveraging IP portfolios. "A company should evaluate their IP as a whole, and should consider it an important business asset. Your company's IP is what separates you from your competitors. The way you produce your product, how you sell your product, and the way you communicate your brand all make your company unique. These differences give you a competitive advantage that can be captured in a strategic IP plan. IP makes you competitive today, sets you up to be successful in the future, and enhances the value of your company for a potential exit. Protecting your IP is key to securing this value."

A good IP strategy is like a pyramid, where the base comprises all of the agreements and security measures that a company has in place with employees, consultants and vendors to protect its know-how and confidential information. These measures include:

- Inventors' rights agreements
- Confidentiality agreements
- Non-compete agreements for key employees
- Employee and workplace policies regarding computer and building security

The upper parts of the pyramid include the exclusive

protections provided by copyrights, trademarks and patents. Copyrights protect written materials, software, and web designs. Trademarks date back to ancient times when craftsmen used to put their signature or "mark" on their products. Trademarks should be considered for key brand names that clearly identify a company's products versus its competitor's.

A patent gives an inventor the exclusive right to an invention. That means that the patent owner has the right to decide how - or whether - the invention can be used by others. Keep in mind that after the patent is granted, important technical information about how to make and use the invention is public. This is an important issue to consider when deciding whether to pursue patenting an invention. A company may decide to keep the information as a trade secret rather than obtaining a patent on it.

Building an IP portfolio containing proper agreement and security practices, patents and trademarks can be expensive. However, they create new property rights that can be exploited as any other piece of property. The IP can be sold, licensed, or bartered. This can open up new market and business opportunities, and provide ways to resolve IP disputes with your competition.

Join us at our next Sharp and On Point Speaker Series on Tuesday, February 16th, from 7:30 to 9:00 a.m. at the Lodge Des Peres as Bob Welsh from IP Strategies discusses his business-focused approach to managing a company's IP. To reserve your seat or for more information, visit [www.LopataFlegel.com](http://www.LopataFlegel.com).



*Laurie Griffith is a principal at Lopata, Flegel & Co. Accountants and Management Consultants. The Sharp & On Point Business Advisory Speaker Series is a free event at the Lodge of Des Peres sponsored by Lopata. Learn business strategies you can immediately put in place to point your business in the right direction. For more*

*information, visit [www.SharpAndOnPoint.com](http://www.SharpAndOnPoint.com).*