Briefing Note: Profiting from IP

Investing in registered IP rights can sometimes seem expensive especially if there is no clear benefit to your bottom line in doing so. Before you invest in patent, design or trade mark protection it is important to know what benefit that investment gives you or your business.

Here are some ways in which registered IP rights can improve your bottom line:-

1. IP rights protects investment

One of the main reasons for securing registered IP rights is of course to protect any investment in a new product, design or brand. Monopoly rights provide a means of legal recourse should your IP be copied, whether deliberately or inadvertently. An absence of adequate IP rights is tantamount to leaving the doors of your business or factory unlocked overnight, i.e. the risk of IP theft is higher. Worse still, by avoiding the costs associated with research and development an IP thief may quickly become a direct competitor in your core markets. You can prevent this all too common scenario and protect invested time and money by registering your IP rights.

2. IP rights can create licensing revenue

Although their main purpose is to deter competitors and provide a legal basis for tackling infringement, IP rights may also be used to generate new revenue streams by positively allowing others to use your IP via, for example, a royalty-bearing licensing arrangement.

3. Exclusivity can increase the asking price

Generating healthy profits within a crowded market is always a challenge if you are selling products or services that are also being sold by many others at competitive prices. However, if you are the *only* business that is entitled to sell those products or services by virtue of owning the associated monopoly IP rights then you may be able to demand a significant premium.

4. IP rights can make you eligible for tax reductions

There are many government schemes (e.g. the Patent Box or R&D tax credits) which allow reductions in tax or other incentives that go straight towards improving the bottom line.

5. Certainty and clarity reduces legal / accountancy costs

As well as the obvious risk of not being protected, attempting to rely solely on *unregistered* IP rights - such as copyright - can often lead to increased general legal costs in the event of restructuring or sale of businesses. This arises because it can be very difficult and time consuming to, for example, identify exactly what IP is owned, who it is owned by, and when it expires. In contrast, having an easily identifiable portfolio of *registered* IP rights can allow e.g. accountants / lawyers to quickly and easily perform IP due diligence. This in turn can help to reduce your overall legal expenditure.

6. Registered IP rights can be moved within company group structures

IP rights can be assigned and licensed between different legal entities. This makes IP a valuable piece of intangible property which can be identified in intra-company agreements and attributed a value accordingly. IP rights can therefore be used to create financially advantageous company group structures.

7. IP rights can be sold off for a price

If you decide you no longer need particular IP rights but expect that these might be of value to others then, just like other types of physical property, IP rights can be sold outright. The sale price can create yet another review stream which would otherwise not exist.

The above information is provided for background information only and should not be considered as legal advice. This information is based on the situation within the UK only.