

Patents - The Multifunction IP Pocket Tools for your Business

Amundsen Davis Intellectual Property Alert
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Business leaders curious about leveraging an intellectual property (IP) portfolio may think of patents as merely a single-purpose tool: a sword to keep others from using your patented idea. In reality, patents are like a multifunction pocket tool that can be used in numerous beneficial ways. Some of the many advantages of patents are:

Protecting Market Share

Patents help maintain and expand your existing market share and provide a barrier to market entry for competitors.

Entering New Markets

Patents form an important foundation for entry into new or emerging markets.

Developing New Revenue Streams

Licensing patented technology for use in other industries or as an alternative to market exclusivity can increase revenue and provide a longer tail on innovations that can boost your top and bottom lines.

Reducing Tax Burdens

Many tax codes around the world, including the US tax code and tax codes of many US States, provide tax incentives for research and development. These incentives are generally in the form of tax exemptions or deductions, and in some tax jurisdictions, include favorable tax treatment of intellectual property acquisition costs and revenue generated from sales or licensing of patented technology. Please contact your tax advisors to determine specific applicability to your business.

Valuing Innovators

Employee incentive programs for developing patentable inventions provide recognition and reward for your most important business resource, your innovative employees. Celebrating the issuance of patent certificates and other

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incentives can help to honor and retain innovators that keep your business relevant and ahead of your competitors.

Business Valuation

Patent portfolios increase the valuation of your business entity and can be leveraged in securing funding and as part of a business expansion or robust exit strategy.

Defending against Attacks

Patents can expand the options available for responding to legal claims brought by third parties and may even help to avoid legal claims, particularly from competitors. As part of its due diligence prior to taking action to enforce its intellectual property rights, a company will often consider the patent holdings of the prospective defendant. A competitor that discovers you have a quiver full of patents to retaliate against a patent, or other intellectual property law suit, may think twice about filing suit against you. Additionally, when each company holds a valuable intellectual property portfolio, intellectual property disputes can sometimes be resolved with a mutually beneficial cross-licensing agreement.

Sword Fighting Pirates

The most traditional and arguably most essential advantage to owning patents for your technology is to prevent others from copying your ideas and unfairly benefiting from your investment in innovation. While enforcing market exclusivity can sometimes be costly, it's not even an option without a patent or other basis of enforcement.

If you'd like to know more about these advantages to owning patents and about other key components of IP portfolio and risk management programs for businesses, please contact trusted legal counsel.

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