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Intellectual Property for Small and Medium Sized Businesses:

Bringing Value and Growth



Introduction

Today, in this progressively knowledge-driven economy, intellectual property ('IP') is considered a magical word that can be understood only by the experts or the skilled people. What role can IP play and generate wealth in the business of SMEs?

IP and SMEs

SMEs are crucial to expanding innovation in economies, creating new technologies, developing, manufacturing, and marketing products and services. Needless to say, protecting IP rights is not a simple undertaking. Fortunately, in leveraging the potential value of their intellectual assets, SMEs can draw on a range of IP rights. These include patents, trademarks, trade secrets, copyright and design rights.

IP and its value often no adequately appreciated and many SMEs are not aware of the IP system or the protection it can provide for their inventions, brands, and designs. If left unprotected, a good invention or creation may be lost to larger competitors that are in a better position to commercialise the product or service at a more affordable price, leaving the original inventor or creator without any financial benefit or reward.

Adequate protection of a company's IP is a crucial step in deterring potential infringement and in turning ideas into business assets with a real market value. Taking full advantage of the IP system enables companies to profit from their innovative capacity and creativity, which encourages and helps finance further innovation, enhancing the value or worth of the SME.

Top 4 IP Regrets for SMEs from a business point of view

#1 – Not Choosing the Right Brand

For many start-ups there is an aspiration to create a brand or company name which educates customers as to what they do. This can lead to a descriptive brand, that is difficult to protect, and as such, the business may struggle to grow or stop others from imitating the business.

Planning the business' activities in the territories in which it will offer products or services is vital. The brand you choose now, in your home territory can have major impact on the success of your business if, in the future, the business expands abroad, and most businesses will not want to use different brands in different territories so it's also important to see how the choice of your brand may translate in overseas markets both literally and conceptually.

Such an example is the 'Pajero' car model of Mitsubishi Motors that has a totally different, meaning in Spanish. The word Pajero in English is a 'nothing' word – it doesn't mean anything. However, Pajero in Spanish directly translates to the rather derogatorily expressive vulgar word. As such, due to not previously searching the meaning of the actual word in other languages and countries of export, Mitsubishi had to re-brand the car model in most Spanish speaking countries and the *Mitsubishi Pajero* is rebadged as the 'Montiero' (which is roughly translated as 'Mountain Warrior').

#2 – Skrimping and Saving Costs

Start Ups have a limited budget in the beginning, and often, it is the IP budget that gets cut. Given that IP is often one of the most worthwhile asset a business can have, businesses tend to spend a disproportionately small amount in looking after it, either making a minimal effort to protect it or not using a professional IP lawyer to do the job correctly.

#3 – Focusing on The Wrong Type of IP

Many businesses, wrongly identify the IP that aligns with their core business strategy and overlook the best type of IP to be protected. Deciding whether the company's proprietary advances should be patented, copyrighted, trademarked or kept as a trade secret, or whether to seek protection of any kind are all decisions that may arise.

Each businesses IP strategy will be as unique as that business, don't assume what's right for others is right for your business.

#4 – Failing to Manage IP

Having protected IP, a strategy for managing these intangible assets, professionally and to maximise commercial benefits is a must do by all entrepreneurs.

Good IP management should include both an analysis of competitors, an analysis of risks and take into account the company's long-term commercial objectives and the terms on which this IP can be used. Proper management and maximising of IP requires an element of policing. Failing to protect IP properly could cost an owner or business not just sums of money, but also, in some cases, the entire value of the business.

Exploiting the commercial potential of IP for maximisation of profits, can for example, be done through licencing the IP to third parties and receive royalties for the use of it.

Conclusion

IP can be complex, so businesses are urged to take expert advice before choosing the right type of IP and proceeding with protecting it. Although it may cost, the long-term benefits will outweigh these costs. It may seem initially daunting or time consuming, but protecting your IP is well worth the time and effort and isn't as difficult as you may think.

To find out more on our professional IP services and how we can help, connect with us.

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