

# MONETISING YOUR IP

## How to Monetise Your IP

For a wide variety of businesses to grow and maintain their intellectual property portfolios, they must enforce their intellectual property rights. With his experience in the courtroom, Mark Mizrahi brings a litigator's eye to IP issues, taking care to ensure the IP right is enforceable; he speaks with *Lawyer Monthly* about how you can get the most value from your IP.

### How do you know the value of IP?

You can appreciate the value of IP rights by looking at some of the most well-known and successful companies in the world, such as Samsung, Apple, or Facebook. In most cases, the product, be it hardware, software, or a business method, can be easily replicated or reverse-engineered by any person with skill in a particular field. Likewise, it doesn't take much effort to replicate a company's trademark. Without patent protection for the product and trademark protection for the trademark, the company has no way of keeping its products and trademarks proprietary.

In other words, in the absence of IP protection, they would have no way of setting themselves apart from others and will be wasting much of its resources on research and development and advertising/marketing that could be co-opted by third parties without consequence. In addition, often times when a person acquires another company, the IP assets are the most valuable. For example, with Gibson's recent bankruptcy filing, the business entity that bought it out of bankruptcy

would have paid much, much less to acquire Gibson's assets had the assets not included the Gibson trademark. In fact, in all likelihood, Gibson's trademark was the most valuable asset acquired.

### What options are there for businesses wanting to use their IP to their advantage? What creative methods can they embrace?

We all have a basic understanding of IP rights, i.e., ownership of a patent, trademark, or copyright, and the ability to keep others from copying them. But IP rights provide other benefits. For example, once an IP asset gains some market exposure and traction, there may be other industries outside of the company's marketing and sales channels that may be interested in using that IP. Those opportunities present

untapped revenue for an IP rights holder.

For instance, one may have developed and patented a technology that was intended initially for a particular industry and application that has a much broader appeal. In working with a good patent attorney, he or she will help the inventor realise the applications for the technology that are broader than the initial particular industry of interest and work with the inventor to broaden the scope of the patent. Then, the inventor can attempt to license that technology to other industries for which the innovation would have applications. The same holds true for trademarks and copyrights. Coca-Cola may be in the beverage industry, but it licenses its trademark to third parties who produce and sell numerous non-beverage products, such as clothing.

This presents a supplementary income stream to the IP rights holder.

### Would the above apply for each industry?

Whether or not such licensing opportunities would apply to the IP assets of a particular industry depends much on the nature of the asset. For example, while not all patented technologies would have applications across industries, in many instances they do and that needs to be tapped early on in the patenting process to make sure that the patent covers all of the potential applications. With regard to trademarks, much would depend on the fame of the mark: no one's going to want to license a trademark for use in a completely different industry unless the mark is well-known.

### How can a business turn IP from a revenue drain to gaining money?

An IP holder can also explore its licensing opportunities within its own industry. Oftentimes, companies have limited capital and cannot exploit their IP rights to their fullest, even within their own industries. This gives rise to licensing opportunities, even to competitors in exchange for a royalty. That way, the IP rights holder can maximize its revenue and allow it to not only recoup its investment in the development and protection of the IP rights, but also to generate a profit stream from them.

### What is your advice on using IP as a litigation vehicle?

In some instances, one can use litigation, or the threat

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of litigation, as a means to obtain licensees and revenue. That approach does not fit every IP asset or every IP asset holder – much will depend on the strength of the IP asset and the infringement case. If the IP asset is both strong and the infringement case is straightforward, one may be able to have a law firm take on the enforcement of the IP rights on contingency, which will allow the IP asset holder to minimize its risk. Also, where the asset is strong and the infringement is clear, even without engaging the services of a contingency law firm, an IP rights holder may have a relatively easy time convincing third-party infringers to take licenses, short of litigation. Litigation is otherwise very expensive and time-consuming for the IP rights holder, so one must closely consider those factors before pursuing litigation. At the same time, if one lets its IP rights be trampled upon without consequence, one would likely be rendering the IP asset worthless. As with any business decision, all the pros and cons must be weighed before deciding on the appropriate strategy. **LM**

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### About Mark Mizrahi

I am a Partner at the law firm of Freeman Freeman & Smiley, LLP in its Intellectual Property Department. My practice includes all aspects of intellectual property law, from patent and trademark to copyright matters. My expertise includes preparing trademark and copyright applications, preparing and negotiating licenses and agreements relating to intellectual property rights, and preparing patent applications.

### Contact

**Mark Mizrahi**  
Partner  
FREEMAN FREEMAN  
& SMILEY, LLP  
Phone: 310.255.6129  
Fax: 310.255.6229  
www.ffslaw.com

freeman | freeman | smiley  
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