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## “Tip of the Month”

### Your competitors are using patents to gain a business advantage, shouldn't you?

A common misconception is that the sole purpose of a patent is enforcement, in other words, the power to sue infringers. The value of a patent is much greater than the ability to sue. Patent portfolios can be used to further your business goals in many ways.

#### *What are some other reasons why many companies or inventors obtain patent protection?*

**Licensing.** You hold the legal monopoly on your patented technology. If others want to use the technology, they must get your permission, called a license. For the license, they usually have to pay royalties. As patent holder, you may use an exclusive license allowing only one party to make, use or sell products based on the technology, or non-exclusive licenses to allow development of the technology by multiple parties. Licensing offers an excellent way to create revenue from patented technology.

**Marketing.** A patent application is an excellent marketing tool. Once a patent application is filed, you may use the term “Patent Pending.” In the marketplace, when competitors are confronted with the choice of using patented (or patent pending) technology, the potential risk of infringement favors licensing. No one wants to risk infringement. Reputable competitors do not want to expose their customers to the risk of infringement claims. Also, when investors look at the value of a technology company, what do they see? Besides future growth and assets such as people, they see your technology. If protected properly, your technology is an asset, a marketable and valuable asset creating value for the company.

**Industry Leader.** Even if you do not intend active enforcement or licensing of your technology, you may simply wish to show customers, investors, and competitors that you are on the cutting edge of technology. You are the innovators and forward thinkers.

**Deterrence.** Patents can also deter others from entering your market. Along with market domination through a well-known brand name and superior product, you may want to add a patent portfolio to your list of obstacles to keep competitors out.

**Defensive.** Because thousands of patents are issued every month, the flood of applications and issued patents open up the possibilities that you may be on the wrong end of a patent infringement suit. This is especially true for software patents. The best way to hedge your bet as a first defensive measure is to patent your technology.

If you have questions about whether your technology is patentable or about other intellectual property concerns, please give us a call at (603) 668-1971 or send an email to mailbox@biz-patlaw.com.

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