

## THINK IP. HELP YOUR BUSINESS GROW.

*This article is the 2nd in a series written by the Canadian Intellectual Property Office (CIPO).*

In today's market, intellectual property (IP) is an important asset for most corporations, and is equally as valuable for emerging businesses. Small and medium-sized businesses with formal IP protection are more likely to expand into foreign markets, and four times more likely to export their goods to foreign markets. But you don't have to export your goods to be able to benefit from protected IP.

For a refresher, review the Innovation and Intellectual Property blog to learn about the different types of IP and their protection terms in Canada.

### FIVE WAYS IP CAN HELP GROW YOUR BUSINESS

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#### 1. IP CAN BUILD YOUR COMPETITIVE ADVANTAGE

Would you like to have the exclusive rights to prevent your competitors from profiting from your innovation, copying your logo, tarnishing your brand, using your new and improved service strategy, and more? If so, you can protect your intellectual property to give your business an advantage over your competitors. This includes protecting your unique products, logos and goodwill in the marketplace. By protecting your IP, your competitors will not be able to imitate your products, services and brand, which will create a competitive advantage for your business.

A competitive advantage assists businesses in gaining market share, and once the market share is captured, businesses can enforce their IP rights to prevent competitors from further entering the market. The ability of a business to capture market share and maintain presence in the market can often determine success.

#### 2. IP AS LEVERAGE TO SECURE FINANCING

It may be possible to use protected IP as leverage to [secure financing](#). Ownership of IP makes businesses more appealing to investors and financial institutions. It demonstrates that the business may have a competitive advantage, which will slow entry of other businesses into the marketplace. In fact, investors may choose to decline, or at minimum hesitate, to invest in a business that has not protected its IP, out of fear that imitators will soon follow and diminish the value of the product and its brand. Like other property, intellectual property is an asset that can be sold to raise capital.

### 3. IP TO PROTECT BUSINESS REPUTATION

In a world of expanding technologies, building consumer recognition and preserving your reputation are crucial. Successful companies diligently protect their unique IP assets in order to protect their brand, reputation and goodwill. When other businesses imitate or misuse your products or brand, it can reflect negatively on your business and tarnish your reputation. By protecting and enforcing your IP, you're protecting what makes you stand out from the rest.

### 4. IP TO PROTECT AGAINST IMITATORS

Formal protection of IP assets, including [patents](#), [trademarks](#), and [industrial designs](#) may discourage your competitors from copying and using your valuable business assets. In the event that you find yourself in a dispute over IP, formal protection can provide you with the advantage of recovering losses incurred by your business.

For example, let's pretend that you are in the business of developing and selling headphones. You have invested a lot into the research and development of headphones that take into account the newest technologies and the most advanced designs. And then comes along an imitator that copies your new and unique design, and sells their poorly manufactured headphones for much less than yours. With protected IP, you could take legal action against the imitators to remove their products from the market.

### 5. IP TO FUEL YOUR BUSINESS EXPANSION

Licensing and franchising are two common business models to commercialize (make money from) IP.

#### Licensing

Licensing is the creation of an agreement that gives another company permission to use your IP, for a fee. It's a way to generate revenue from your IP, while keeping ownership of your rights. For example, if you don't have the means to go into production yourself, you could license your product to a manufacturer in any country where you have IP rights—getting the product off the ground, into the marketplace, and generating revenue for your business.

It is also possible to use licensing to collaborate on brands, and thus build your brand recognition by associating your business with a stronger brand. For example, a business could purchase a license to use images of celebrities on their products—their product would be associated with the celebrity's brand and therefore, it could increase their product and brand recognition.

#### Franchising

Franchising, while similar to licensing, allows the owner more control. Businesses can franchise their successful models and goodwill to other businesses, for compensation. Franchising allows businesses to grow while limiting financial risks, by allowing the use of their protected IP and business knowledge, for a fee.

### WANT TO LEARN MORE ABOUT IP?

To learn more about IP, check WEOC's website for more IP articles.