

Startups must not underestimate the power of IP in 2023

Startups are in a precarious position going into 2023 with economic turbulence putting pressure on founders to streamline costs – some of which come at the expense of long-term success. To offer guidance to business owners and entrepreneurs, Marks & Clerk, have published an e-book to act as a resource for tech founders struggling to identify an effective strategy when it comes to innovation and intellectual property.

Discover "The IP Driven Start-up" e-book

Economic headwinds have created a challenging environment for technology startups that they must confront in order to grow this year. The risk of devaluation could lead founders to attempt to streamline costs by foregoing expenditure on generating intellectual property (IP) assets, but such actions are too often taken at the expense of long-term success.

In an effort to help technology startups navigate these economic challenges,

Marks & Clerk have published an e-book, which can be used by founders as a guide on how to use IP to their advantage from the outset – as a means by which to maximise profitability and drive business growth. With a long track record of working closely with founders and entrepreneurs, Marks & Clerk has put together this resource as a helpful guide that covers every aspect of the process of capturing and protecting IP for technology startups.

The temptation to relegate IP assets to the status of an optional extra that might be considered nice to have but not essential for business growth during periods of economic uncertainty is a concerning trend that will have a significant impact on the long-term success of many new ventures.

Technology startups are at particular risk during this challenging economic period but taking action now to increase the value of their enterprises will safeguard founders against the worst impact. In fact, having IP assets creates a more robust and commercially stable product but knowing how to go about capturing them in an efficient and cost-effective way is essential. IP assets – particularly registered IP assets including patents and trade marks – have a tangible value that directly correlate to the overall value of a company. And if founders take a sensible approach to pursuing protection, the value gained can and should be many multiples of the investment put into securing the asset.

Robert Lind, Partner at Marks & Clerk and author of *The IP Driven Start-up*

“For many startups, critical IP assets will simply have been overlooked in the journey from foundation to exit, meaning that the company’s value will be determined primarily by unsecured know-how, trade secrets, people and relevant contracts.

“Capturing generated IP often doesn’t feel affordable to startups and during periods of extreme economic uncertainty, the unpredictable process of securing IP assets further underscores these reservations. However, expenditure on IP should be viewed as an investment in the long-term future of the business, as a means by which to enhance its commercial value.

“The inherent value of an IP portfolio must though be coupled with precise management and presentation. Being able to demonstrate a systematic approach to IP, crucially with written procedures, is critical, as is the retention of properly signed documentation – without which the value of securing the IP can be easily undermined.”

Beyond the direct contribution to the financial value of a company, securing IP assets also has advantages that contribute to the success of startups – primarily surrounding innovation. IP-driven startups are more likely to create innovative products and services that can be patented, often addressing real-world problems that in turn are eligible for R&D funding.

Moreover, pursuing an effective IP strategy signals ambitious but shrewd vision to investors and partners, which will inspire confidence. It also provides greater awareness of competitors, which enables founders to both identify deficiencies that they can improve on and steer their own products and services into markets with less competition and a higher chance of success.

“It doesn’t all have to come down to registering assets, there are significant rights attached to unregistered assets – such as know-how, trade secrets and copyright – but founders must know how to maintain suitable records of these unregistered rights in order to enforce them with any credibility. But their value should certainly not be underestimated. Even if they remain unregistered, many IP assets will remain critical to achieving a successful launch of a product or service.

“Investing time and energy into understanding IP from the off will pay worthwhile dividends for founders in the long-term and we hope this guide will prove a useful resource for those who don’t know where to start but want to understand more.”
Robert Lind, Partner at Marks & Clerk and author of The IP Driven Start-up

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