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# Intellectual Property Identification Among SMEs

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# The SME

- In most Economies the SME are more numerous than large corporations
- In the EU for example, SMEs comprise about 99% of all firms employ almost seventy million people.
- Globally SMEs account for 99 percent of business and roughly 40 – 50 percent of GDP.

In many sectors and industries SMEs are personally responsible for driving innovation and competition with far reaching benefits.

# SMEs in India

- In India SMEs play a major role in the overall economy of India.
- Estimates of one third of total exports.
- Over recent years SME have recorded record growth compared to other sectors.
- The advantage is high employment potential at low capital costs.
- Over 31 million people employed

# Intellectual Property and SMEs

- SMEs can often have a rather diverse IP portfolio.
- How does Intellectual Property really affect a business?

- Almost every SME has a trade name or trademarks and should really consider protecting them – regardless of the current size of the business
  - A large number of SMEs might have developed creative original designs

- Some SMEs may have invented or improved a product or service
- Others may have produced, or assisted in the publication or dissemination of a copyrighted work
- Further there may be valuable, confidential business information, such as client lists, or formulas.

- “The intellectual property system may affect a business in almost every stage of its business cycle”
  - Product development
  - Product design
  - Service delivery
  - Marketing
  - Licensing
  - research

# SMEs must consider how best to use their IP System

- Regardless of what product an enterprise makes or what service it provides it is absolutely necessary for a business to systematically identify, protect and effectively utilize its IP in order to get the best possible commercial results from its ownership.
- When IP is legally protected and there is demand for the IP – protected products or services in the market – the IP becomes a valuable business asset.

- Over the years, in an increasingly knowledge driven society, the source of commercial power has shifted from the traditional factors of production, which are tangible, namely land, labor and capital to knowledge, which is intangible.
- At present, more and more SMEs are beginning to understand and realize that intangible assets such as new knowledge, creative expression and technological innovation are becoming more and more valuable business assets while tangible assets are becoming less and less valuable for their competitiveness

- In today's ever increasingly competitive business environment continuous innovation and endless creativity are becoming the key to greater competitiveness.
- Intangible assets are taking standing in the spotlight
- SMEs need to continue to make the best use of their intangible assets

# Intangible Assets

- Patents and utility models for innovations and processes
- Trademarks and tradenames
- Copyrights (including computer software)
- Industrial designs
- Integrated circuits for microchips
- Trade secrets, etc.

# Use of Intangible Assets

- The demand for legally protected intangible assets is quite high
  - Great emphasis is placed on the SME always doing their part to PROTECT and ENFORCE their products.
- SMEs can license, assign, even sell their intangible asset.
  - This can translate to a direct source of potentially continued revenue for your SME.
- Can be used to secure financing

# Commercialization

- Once identified and valued, the use of intangible assets can be endless.
- There is no limit to the opportunities an SME can endeavor to commercialize and realize a profit from their Intellectual Property
  - Use creativity
- SME growth and continued opportunity.

# Utilizing and Enhancing Intangible Assets

- 1. Bring personal, managerial, operational, and fiscal clarity to the term intangible assets.
- 2. Identify the types of intangible assets that exist in your company
- 3. Look to the development of the intangible assets and assess their status
  - consider: fragility, stability, durability, sustainability, contributory value and ownership
- 4. Determine whether the assets are being utilized within the SME
  - Consider: how they enhance operations, processes or procedures, competitive advantages, influence additional revenue sources
- 5. Determine if and how the development and use of intangibles within your company are effectively aligned and integrated with your company's core strategy
- 6. Regularly communicate your company's 'intangible asset strategy' with your employees and institute execution of your strategy

# Not enough is being done...

- Most SMEs do not realize the extent of their intangible assets
  - One can pinpoint the time of day their stapler went missing, or the time an email was sent – but remain clueless to the status, stability, defensibility, and location of more than 65% of a companies intangible assets
  - One is likely to entrust their company's most valuable intangible assets, and trade secrets to employees and individuals they merely exchange pleasantries with at the office or photocopy store.
  - Often the only time management learns the true value of the companies intangible assets and IP are when infringement occurs and they ask legal counsel how they can recover *their* value.

# Conclusion

- Identification of your Intangible Assets is the first and most important step in determining how you are going to commercialize.
- Most of your efforts should be dedicated to the identification.
  - Thoroughly determine what an asset can be used for, and how to market it.
- Only after the asset is effectively identified can one market, license, sell, or promote.
- Remember – Identification!

# THANK YOU!

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