

## Recession Demands Strong IP Strategies

With the U.S. and remainder of the world going through the deepest economic downturn in three decades, some companies are cutting costs at the expense of their intellectual property portfolios.

History has shown, however, that recessions are when companies should be most diligent in maintaining their IP strategies.

Innovation has historically been the driving force that pulls companies out of recessions. Some of the most successful innovations occurred during severe economic slumps.

For example, La-Z-Boy began production of its famous recliner at the beginning of the Great Depression and saw people bartering crops, coal and livestock to get their hands on the new chair. The personal computing revolution began during the deep recession of the early 1980s and Apple's iPod was introduced in the last economic slump in 2001.

IP litigation and patent filings have spiked during each of the last three U.S. recessions, with the largest jump in patent filings occurring at the peak of the Great Depression.

The benefits of maintaining IP strategies during a recession far outweigh any cost saving that may be had by ignoring your IP. - Continued monitoring of competitors is necessary to prevent theft of your company's ideas.

Enforcing your IP provides additional revenue to make up for declining sales. Additional income can be generated by licensing non-core patents. Innovation allows your company to increase margins and maintain market presence during periods of slow sales.

Some companies may not have the financial ability to maintain all of their current IP. A portfolio review and management program will help your company direct its budget to the most beneficial IP assets, and eliminate non-productive IP by allowing it to lapse or selling it.

Further, your company's IP portfolio can be used to secure financing for growth or expansion when coming out of a recession. This is even more important today with property values dropping precipitously, resulting in decreased collateral for loans.

There are also negative consequences to putting your IP portfolio on the back burner. Because IP has a relatively long life, a company's failure to maintain and grow its portfolio can significantly impede its competitive edge coming out of a recession and even well after the end of the recession.

Also, if a company is not proactive against a competitor's IP (monitoring, avoiding by designing around), it can become a litigation target and the resources that are then dedicated to litigation are no longer available for innovation.

Further, failure to enforce your IP portfolio allows competitors to undercut your prices and add features, which will result in lost market share for your company.

While most companies are struggling in the current economy, those that are focused on innovation have thrived. Apple posted record revenues in the fourth quarter of 2008. Microsoft and Electronic Arts have made public statements that they will continue to generate and protect new IP that will allow them to beat their competition out of the recession.

While some companies may see ignoring their IP portfolio as a means of cost savings, history has shown that doing so does more harm than good.



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