

## **INTELLECTUAL PROPERTY AS BUSINESS ASSETS**

This column should be of interest to existing or prospective trademark owners, business oriented people, multinational and indigenous companies, small and medium scale enterprises.

Intellectual property is a valuable asset for any entrepreneur as it consists of certain intellectual creations by entrepreneurs or their staff that has commercial value and is given legal property rights.

A fence or a lock cannot protect these intangible assets. Instead, patents, copyright, and trademarks are used to prevent competitors from benefiting from an individual's or firm's ideas.

Protecting intellectual property is a practical business decision. The time and money invested in perfecting an idea might be wasted if others could copy it. Competitors could charge a lower price because they did not incur the startup costs. The purpose of intellectual property law is to encourage innovation by giving creators time to profit from their new ideas and to recover development costs.

Intellectual property rights can be bought, sold, licensed, or given away freely. Some businesses have made millions of dollars by licensing or selling their patents or trademarks. Intellectual property as a whole is so important to modern business that it can be said to account for 75% of the asset of companies.

For a better understanding of how Intellectual property rights account for such a large percentage of a business, I have used the historical background of two famous trademarks (Coca-cola and Honda) to show how trademarks emerge and become

intangible assets to their owners and the connection between trademarks and the product or service they are associated with.

### **Coca - Cola**

John Styth Pemberton first introduced the refreshing taste of coco-cola in Atlanta, Georgia U.S.A in May, 1886 when he concocted caramel colored syrup in a three legged brass kettle in his backyard. For five cents, consumers could enjoy a glass of coca-cola at the soda fountain. Whether by design or accident carbonated water was teamed with the new syrup producing a drink that was proclaimed “Delicious” and “Refreshing”. Dr Pemberton’s partner and book keeper, Frank M. Robinson, suggested the name Coca –cola and penned it in a unique flowing script. Today coca cola is adjudged the world’s most recognized trademark; it is recognized by 94% of the world’s population and its annual sales worldwide runs into millions of dollars. The coca cola trademark was registered in the U.S Patent office in 1893.

The name Coca- cola today distinguishes the brown colored soda water of one particular manufacturer from the brown colored soda of another.

### **Honda**

Soichiro Honda was born in 1906 to Gihei Honda, a skilled and honest blacksmith. When bicycles were starting to become popular in Japan, Gihei sensed a business opportunity and opened a repair shop where he put his natural skills and willingness to learn to good effect repairing second hand bicycles and re-selling them at competitive prices. His son Soichiro took interest in his father’s work and when he was about to leave higher elementary school, he saw an advertisement for workmen for “manufacture and repair of automobile motorcycles and gasoline engines” at the Tokyo Art Shokai, an automobile servicing company and he immediately decided that he had to work at Art Shokai. Enthusiasm for hard work, the ability to come up with new ideas and a good feel for machines are the

products of the today's state of art Honda automobiles and machine.

Apart from the shape of different Honda automobiles and engines, the stylized H design embellished on every Honda product is the identifying symbol that tells the consumer the origin of the product.

The trademarks coca-cola and the stylized H symbol used by both companies have made it easier for consumers to quickly identify the source of the product when it is sighted.

### **How trademarks can increase the profitability of your business**

Majority of business owners are faced with the challenge of extracting the underlying value of their Intellectual Property and using it to maximize profit. Every going concern probably has at least one (or more) of the following asset copyright, trademarks, patent and or designs which has a potential of turning into a business assets with a real market value.

Assuming that your trademark already enjoys popular patronage in the market, you can take advantage of this popularity by divesting into other areas of business which is totally different from that which the mark is already known for.

Trademarks can also be franchised for royalties which secure a revenue stream and associated guarantees for the owner.

Franchising allows the brand an opportunity to enter into new market and acquire more customers. Brand franchising has helped the rapid growth and exposure of some trademarks like the fast food chain of MacDonald's and our home grown Mr. Biggs

Also, intellectual property rights in a trademark can be used as collateral for loan.

## **Why trademarks account for a high percentage of business assets**

Trademarks accounts for a high percentage of business assets because they hold significant value in identifying goods and services and nurturing customer loyalty. Trademarks have often been referred to as intangible because of their ability amidst others to precede reputation.

Trademarks are the marketing tools used by most companies to market their services or product and the unique advantage a trademark has over other marketing strategies is the capability to exist and be known in a country where it is not used and has never been used. A typical example is MacDonald's fast food which is known to a lot of Nigerian but does not exist here.

When a trademark acquires such reputation it is referred to as a well-known or famous trademark

Intellectual Property can be the most significant asset of your business, being proactive in protecting yourself can save your time and money later, if you should have to defend a violation of your business right.