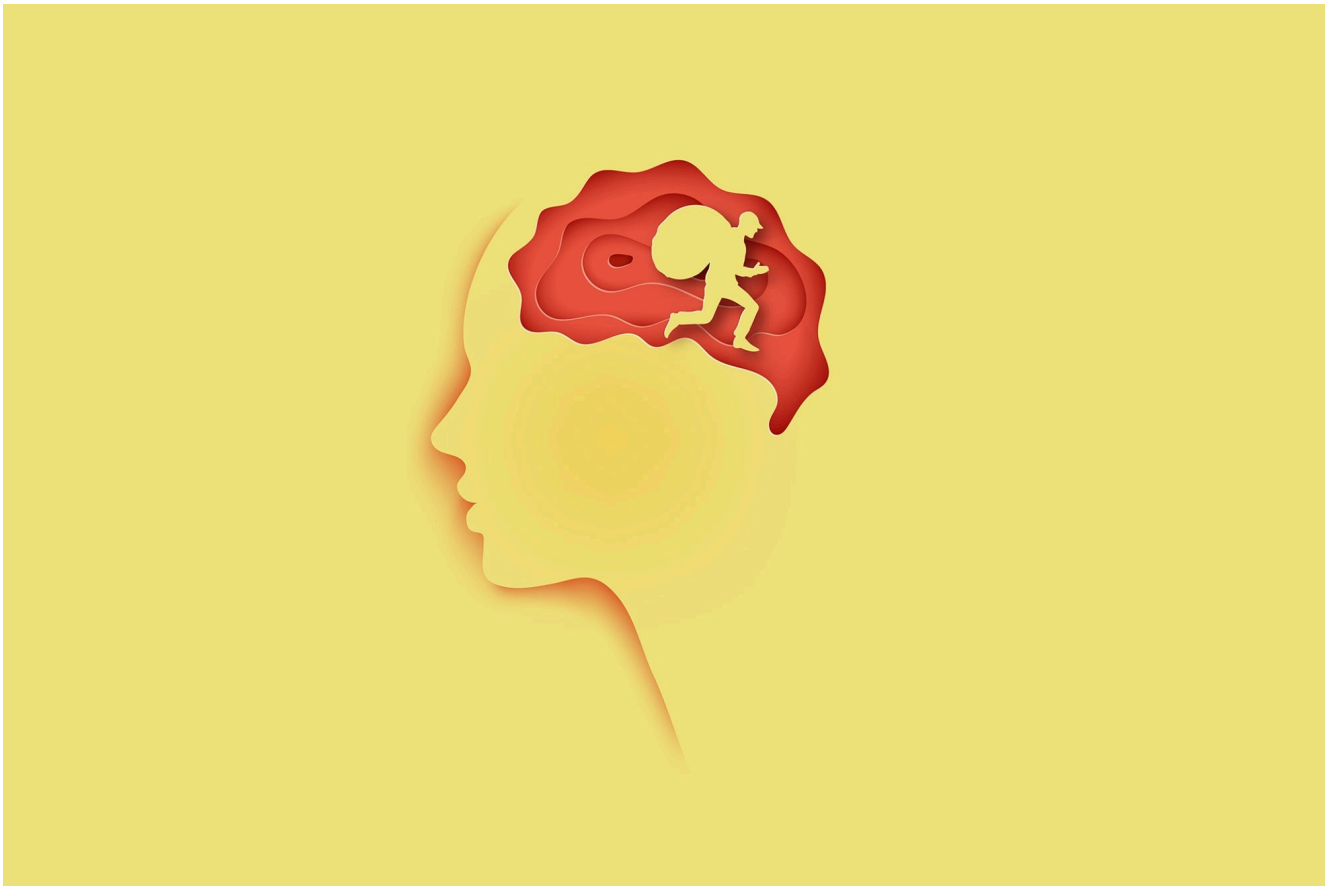
Your Ideas and Trade Secrets Are at Risk. Here's How to Protect Them.



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Intellectual property (IP) are valuable, intangible assets that provide individuals and companies with the ideas and designs needed to bring unique products or services to bare. IP and trade secrets have always been at risk of predatory behaviors from competitors and firms with converging interests. Technology has, however, given birth to a myriad of new risks and possibilities to be considered in the theft of valuable IP.

Theft of valuable IP can hurt the bottom lines of large companies, but it also could mean the destruction of everyday businesses as well. Along with this, the FBI estimates that

the theft of IP and trade secrets and pirating of software results in annual losses between $225 billion and $600 billion. One country of note in the conversation of stolen IP is China, where 1 in 5 corporations named as having stolen their IP in 2018.

Additionally, recourse after IP is stolen is often limited to costly legal battles in court. This litigation often does not compensate near the amount lost by an individual or organization when their IP is stolen. Moreover, challenging the entity who stole IP and trade secrets often yields few if any worthwhile results.

Applications of IP protective strategies are essential to act as a preventative measure against IP theft. Here's how to protect your business ideas.

Related: 4 Reasons Why IP Protection Is Critical To Business Growth

1. Pursue patents, trademarks, copyrights and trade secrets

When it comes to intellectual property, one of the first things that need to happen is for the holder of that property to establish legal protections over their IP. In the U.S., there are four ways to protect intellectual property.

The first way is to be granted a patent. The U.S. Patent and Trademark Office grants protections and property to original inventions from processes to machines. Patents protect inventions from unauthorized use and give exclusive rights to inventors. Often, technology companies like Apple and Microsoft use patents.

The second means of legally protecting IP is through a trademark. Trademarks protect several key components of a brand or work. These include protections to logos, words,

colors or symbols used by an organization or individual for their service or product. Think of Disney's Mickey Mouse and other related branding.

Copyrights are the third legally protective option for IP. With copyright, however, the intellectual property must be tangible and written down such as a book, song, original speech, poem or any other written original IP. While an original work is automatically owned through copyright by the originator of the work, registering through the U.S. Copyright office helps show that ownership more clearly and quickly.

The fourth option to legally protect IP is through trade secrets. Trade secrets are IP that is not public, holds information that is monetarily valuable and gives the holder of that secret a competitive edge. This could be a process or even a recipe for an actual secret sauce a pizza company has on its pies.

To qualify for a trade secret, the organization or individual must actively prevent this information from being public. If the information voluntarily becomes public, then it is no longer a protected trade secret.

Related: The How-To: Protecting Your Intellectual Property As A Small Business

2. Sure up your cybersecurity practices

Good cybersecurity habits are a foundational strategy in wanting to protect not only IP but also personal information such as financial information and access to sensitive accounts. Some ways to practice good cybersecurity habits are through using strong passwords and dual-authentication applications or steps in signing into accounts. It would also be a good idea to hire a specialist or specialists to work

solely on organizational cybersecurity if it is financially feasible.

3. Create a risk management strategy

Potential intellectual property thieves lie in wait and can jump at a moment's notice. Regardless of the safeguards in place to prevent IP theft, organizations and individuals must have risk management plans in place to prepare for the "what if?" of IP theft. Considering the sensitivity and importance of IP, companies should allocate sufficient funds to organize risk management strategies for potential IP theft.

4. Consider captive IP insurance

While commercial insurance is valuable for insuring against numerous risks, it's limited in its capability to react to rapid shifts and changes and to insure the many hidden risks businesses face in conjunction with general operations. This is where captive insurance comes in and can act as a reservoir holding capital in case of a crisis, or in the theft of valuable IP.

Theft of intellectual property is jarring and can happen when least expected. With captive IP insurance, organizations can build a cash reserve and help protect their intellectual property. Captive insurance is defined by the IRS as a wholly owned insurance subsidiary that issues insurance policies to protect the parent company. Captive insurance also allows for the parent company to defer taxes on loss reserves which then allows the company to accumulate a larger pool of funds.

Related: The Basics of Protecting Your Intellectual Property, Explained

5. Think about real-world examples

Companies need to sit down and envision what kinds of damage IP theft can have on them. Additionally, what would the fallout look like to their bottom line and how else could that loss of IP be felt and measured?

A scary real-world example comes from 2019 when Chinese manufacturer Sinovel stole IP from its American partner, American Superconductor, and led to the American company losing $1 billion in stock value while Sinovel only paid a total of $59 million in fines.

The ever-present risk posed to IP and proprietary information makes clear that individuals and organizations alike need to implement proactive measures to decrease the risk of theft of their intellectual properties.

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