

CYBER RISKS & LIABILITIES

Protecting Your Intellectual Property

Intellectual property—patents, trademarks, copyrights and trade secrets—may be more important to your business than tangible assets. There are various avenues you can take to protect them from competitors and, more importantly, thieves. It is estimated that intellectual property theft costs companies billions of pounds a year in lost revenue.

Understanding your intellectual property and how to protect it is essential for a business to be successful; however, protecting them must be done correctly to prevent losses from a cyber-attack.

Common Types of Intellectual Property

1. **Patents** give your company the legal right to exclude anyone else from marketing and selling your invention. They can also be registered in foreign countries, further expanding your right to the invention. Patents can last for 20 years, but must be renewed periodically.
2. **Trademarks** are something that makes your brand recognisable and differentiates you from your competitors. In addition to slogans, trademarks can be a name, sound, logo or symbol related to a company. Trademark registration lasts 10 years and is only valid in the country of registration.
3. **Copyrights** protect original works of authorship fixed in a tangible medium of expression, such as novels, songs, poetry, computer software and movies. It does not protect things such as facts, ideas or methods of operation. There is no official copyright registration system, but it exists from the moment of authorship. Copyrights typically last for the entirety of the author's life plus an additional 70 years.
4. **A trade secret** can be tough to define, but it is essentially commercial information that provides a business with an advantage over competitors who do not have that information. Trade secrets are generally not known to the public and a business

must make reasonable efforts to maintain their secrecy.

International Issues

Doing business internationally is obviously attractive to UK businesses. However, laws protecting intellectual property in foreign countries are not as clearly defined, creating problems for UK-based companies.

The UK has long been at the forefront of protecting intellectual property for its domestic companies, but the same is not true for many other nations. Other countries have chosen not to offer intellectual property protection to businesses operating within their boundaries.

Countries like Russia, China and Ukraine have become “cyber-crime havens” for their unwillingness to prosecute criminals who commit cyber-crimes within their borders. In most cases, regulations on cyber-crimes are either lax or completely ignored.

The rise in outsourced companies and jobs has also had an effect on how intellectual property is protected. For example, a company that outsources its IT jobs to India might quickly discover that its trade secrets are compromised because a) intellectual property laws are usually enforced locally, and b) countries like India don't have strong laws protecting intellectual property. The World Trade Organisation's Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement sets down minimum standards for many forms of intellectual property regulation around the world, but many nations and localities do not enforce this agreement, leaving multinational corporations vulnerable.

However, there are steps a company can take to protect its intellectual property when outsourcing work:

1. Send people to inspect the space your firm will be working in. Ensure the building's security is



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sufficient and that all the necessary security measures are in place.

2. Ensure all sensitive information, such as passwords, credit card numbers, and personal information is encrypted and stored behind a firewall.
3. Ensure the outsourcer has proper hiring policies and that they don't also do business with a direct competitor.
4. Know and understand the host country's culture and legal landscape. Know how serious police and the courts are about enforcing cybercrime and intellectual property laws.

The cost of doing business abroad may be cheaper, but there is inherently more risk involved.

Protecting Your Intellectual Property

Failing to provide the sufficient amount of protection for your company's intellectual property can lead to lost sales and high legal fees to catch the criminals to get your stolen information back. The following tips will help you keep your intellectual property safe:

- Your higher-level employees should know exactly what types of intellectual property your business has and understand ways to protect it. Educate them on what stolen property could mean in terms of your bottom line.
- Seek a competent legal professional that specialises in protecting intellectual property. This could mean the difference if your company's intellectual property is ever compromised.
- Provide awareness training to all employees. If they are made aware that all of their hard work and time spent on a project could go to waste when an idea is stolen, they may be more apt to follow important security measures.
- Keep your data secure by any means necessary. Lock storage rooms with sensitive data. Invest in firewalls and routers for your computer network. Install security cameras around various parts of the business.
- Dispose of documents properly. Shred before disposing—never throw whole documents into the rubbish bin. If you have insufficient means to do this, consider hiring a third party to do it for you.
- Think big picture. Suspicious activity around the office or on your computer network might mean nothing, but it could also be part of a bigger plan to

steal your intellectual property. Take prevention seriously and treat every incident as important.

Protecting your intellectual property can be confusing and risky. Contact Crendon Insurance Brokers Ltd today. We can ensure you have the cover and proper policies in place to protect your intellectual property from getting into the wrong hands.