

Savvy brand management

How licensing intellectual property can reinforce and develop your brand **Interviewed by Elizabeth Grace Saunders**

Your brand: You can control it, or it can control you. And when you're in control, you can unleash the full potential of your brand by licensing your intellectual property or licensing other companies' intellectual properties. These partnerships increase the strength of your brand and create new opportunities to generate revenue.

"Every business has a brand, and brands evolve," says Jonathan Faber, attorney and chair of the newly formed Licensing Practice Group at Sommer Barnard PC. "The question is whether that brand will evolve by accident or through leveraged relationships and strategic positioning in the marketplace. One of the most effective ways to achieve such positioning is through licensed uses and co-branding relationships with third parties."

Smart Business spoke with Faber about the potential and power of licensed intellectual property in the business world.

What forms of intellectual property are suitable for licensing?

Trademarks, copyrights, patents and the Right of Publicity all provide fertile ground for licensing and brand extension opportunities. Licensing describes the act of allowing a third party (the licensee) to make certain use of an owner's (the licensor's) intellectual property within defined parameters. Usually these agreements have the objective of mutual commercial gain or promotional purpose. Licensing permeates almost every facet of life — from prescription medication to music to food to television — yet this lucrative business flies under the radar of most business executives as well as the consuming public.

How can intellectual property help businesses develop and extend their brands?

Consumers have emotional, visceral associations with the intellectual property associated with Coca-Cola, Starbucks, Michael Jordan, the Rolling Stones and Snoopy, for example. These brands have enormous goodwill and recognition with the consuming public.



Jonathan Faber
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This explains why the Pink Panther makes a brilliant fit with Owens Corning insulation. In that instance, an otherwise bland product is personified and brought to life. The public assigns the goodwill it already has for the Pink Panther to that brand of insulation. This benefits Owens Corning by ensuring that the public remembers its commercials and has a positive association with its product.

Why is licensing intellectual property effective in revenue enhancement?

On the licensor side, licensing generates additional revenue streams from sales of licensed goods, product tie-ins and advertising uses. Outsourcing the production to licensees allows a brand owner to extend its presence into product categories it might not otherwise be able to reach.

The NFL licenses team logos to MBNA and lets MBNA's credit card expertise pick up where the NFL's intellectual property ends.

On the licensee side, a company can leverage the goodwill and consumer familiarity of a particular brand, character or celebrity. Using this positive association, it can achieve greater product sales or more effective advertising.

How should executives begin the licensed intellectual property process?

Executives need to determine how they want to reinforce their message and increase their reach. It's a good idea to bring in an experienced licensing agent to assist with this process.

Companies with logos, taglines or animated characters should consider licensing their brand locally, regionally or nationally. The World Wildlife Fund has licensed tours that reinforce its message of protecting endangered species and their habitats. These tours also generate revenues to support its cause.

The key is to look at natural areas of expansion that are consistent with the corporation's mission, the personality's persona, or the brand's identity. From there, a well-designed licensing program can reinforce and expand the mission, persona and identity of the intellectual property, while generating new sources of revenue and market opportunity. Carefully executed co-branding and licensing arrangements ensure that advertising and promotional expenditures have optimum traction. These partnerships also attract new customers to the brand and business.

How should companies choose partners for licensing agreements?

A licensing partner — and a licensing representative for that matter — must understand the philosophy and identity of the brand, personality or business in question. There should be an alignment between the style, profile and reputation of the licensee and the licensor. It's critical to do your homework and ensure that the business partner has solid financial statements and good management.

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