



CXO's Guide Document for Building an IP Strategy for Technology Startups

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Introduction

Are you a CXO of a technology startup planning to pitch to investors? Are you worried that they are going to ask you about your IP strategy? You might already have a few patents in your name, while you were working for an MNC or a university, but you know that defining a patent strategy is an entirely different ballgame.

Defining an IP strategy can be challenging given that there are many facets to it. Questions such as “Do you even need an IP strategy?” can be difficult to access during the early days of the company. Also then comes the more detailed question such as how much time and budget you should dedicate to it? This document is a quick guide to addressing some of these initial dilemmas about building a patent strategy.

1. Do you need an IP Strategy?

Companies are almost always valued based on sales and not IP. Until you are in Boston or San Francisco, seed stage investors are often skeptical in investing in startups that only have an IP play. So as a CXO of a technology startup you should prioritize on sales for the first few years of operation. Once you have reached a Series A round of funding, you can then hire a Patent Law Firm to build a patent strategy for you.

However, if you think that you want to be a product company and get acquired, having an IP strategy can be useful. Even then you should limit your efforts in filing 2-3 essential patents and focus on developing a robust product.

In the rare case that your company have IP and it is very difficult to productize, it is only then that you should focus on building a patent portfolio – companies such as pharmaceutical and medical device startups that operate in highly regularized market fall under this category.

Sales > Product > IP

When companies acquire startups, they are most often interested in getting access to a new marketplace, or in buying a team that can build a product they can easily integrate with their current portfolio. Companies avoid the risk of acquiring a startup with an IP portfolio that needs to be productized. So, in case you are relying on an IP portfolio as your only value proposition, you should have an obvious understanding as to who will buy your patents. Online marketplaces such as PatentAuction.com, Inpama.com, PCTXS.Com (free) or IAM Market, IPNexus.com, USPTO eOG:P (paid) are great places to start looking for such potential clients. You could also get help from Patent Brokerage Marketplaces such as ICAP Patent Brokerage, IP Investments Group, Google’s Patent Purchase Portal, Allied Security Trust (AST) and RPX.

2. KISS

KISS, an acronym for “keep it simple, stupid,” is a design principle noted by the U.S. Navy in 1960. One of the easiest ways to reduce cost and budget for filing patents is to file only in one jurisdiction. Typically, this can be either your current county of operation like the UK or where your most significant target market is like the USA. To be cost competitive in the USA, it is often beneficial for startups to work with a patent agent instead of an IP law firm. Remember, that only your most essential patents should be protected in multiple jurisdictions.

Also make sure all IP generated by founders, employees, and contractors are automatically owned by the company and not the individual. You can additionally have a clause requiring the employees to return to your company all employee-generated work product at the termination of employment.

3. How to build an IP strategy

Build a few simple visual frameworks (using a tool like MS Excel) that clearly defines how you are going to build your patent portfolio.

Example 1

Patent Number	Topic	Patent Description	Number	Assignee	Owned/Licensed	Filing Date	Issue Date	Countries Filed	Countries To File
1	1	Sensor	9DOF and GPS sensor for fall detection	12345.6	Comprny	Owned	05-Jan-19	NA	US
2	2	Device	9DOF and GPS sensor for fall prediction						US, PCT, UK, EU
3	3		Wearable wristband for fall detection and prediction						US, PCT, UK, EU
4	4		Wearable armband for fall detection and prediction						US
5	5		Wearable chest-strap for fall detection and prediction						US
6	6	System	Wearables and displays for fall detection and prediction						US
7	7		Wearables and dashboard for fall detection and prediction						US
8	8		Wearables and dashboard for emergency responders for fall detection and prediction						US
9	9		IoT Wearables and dashboard for physicians for fall detection and prediction						US

Example 2

Topic	Patent Description	2019				2020				2021			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sensor	9DOF and GPS sensor for fall detection												
	9DOF and GPS sensor for fall prediction												
Device	Wearable wristband for fall detection and prediction												
	Wearable armband for fall detection and prediction												
	Wearable chest-strap for fall detection and prediction												
System	Wearables and displays for fall detection and prediction												
	Wearables and dashboard for fall detection and prediction												
	Wearables and dashboard for emergency responders for fall detection and prediction												
	IoT Wearables and dashboard for physicians for fall detection and prediction												
	* First Country Filing												
	* PCT												
	* Other Country Filing												

4. How to build a patent landscape

It is important to show to your investors that you understand what patents exist out there and how they are valued. Build a few simple visual frameworks (using a tool like Google Patents and MS Excel) that clearly shows who owns these competing patent and what patents can directly challenge your claims.

Example 1

	A	B	C	D	E	F	G
1	Topic	Assignee	Assignee Percentage	Inventors	Inventors Percentage	CPC	CPC Percentage
2	fall detection	Medtronic, Inc.	4.80%	Shelten Gee Jao Yuen	3.40%	A61B	76.80%
3		Fitbit, Inc.	3.70%	Bao Tran	2.30%	G06F	17.20%
4		Bao Tran	3.10%	Lawrence A. Lynn	2.10%	G06K	11.10%
5		Illumina, Inc.	2.60%	Timothy P. Allen	1.90%	G01N	5%
6		Lawrence A. Lynn	1.70%	Charles A. Eldering	1.90%	G08B	4.60%
7		fall detection wearable	Bao Tran	7.20%	Bao Tran	3%	A61B
8	Fitbit, Inc.		2.50%	Shelten Gee Jao Yuen	2.70%	G08B	20.30%
9	Koninklijke Philips N.V.		2.50%	Subramaniam Venkatrar	2.30%	G06F	12.90%
10	Zoll Medical Corporation		2.30%	Robert A. Connor	2.30%	G16H	12%
11	Masimo Corporation		2.10%	Thomas E. Kaib	2.10%	H04W	6.10%
12	fall prediction	IBM	2.60%	Steve T. Kondo	1.90%	G06F	69.70%
13		Microsoft	1.90%	Scott D. Johnston	1.90%	A61B	32.70%
14		Digital Lumens Incorpora	1.70%	Colin Piegras	1.60%	G006	9.20%
15		Texas Instruments	1.60%	Brian J. Chemel	1.40%	H04N	7%
16		Intel	1.40%	James K. Pickett	1.30%	G16H	5.40%
17	fall prediction wearable	Osterhout Group, Inc.	6.40%	John N. Border	3.50%	A61B	66.90%
18		Bao Tran	2.40%	Bao Tran	2.40%	G08B	21.70%
19		Fitbit, Inc.	2%	John D. Haddick	2.40%	G16H	17.90%
20		Bodymedia, Inc.	1.80%	Robert Michael Lohse	2.20%	G02B	10.70%
21		Koninklijke Philips N.V.	1.60%	Ralph F. Osterhout	2.00%	G06K	9.20%

Example 2

	A	B	C	D	E	F
1	Topic	Patent Description	Number	Assignee	Claim	Relevance
2	fall detection	Wearable health monitoring device and methods for fall detection	US9179864B2	INTEGRITY TRACK	1-10	2
3					11-20	2
4					20-23	1
5					1-17	1
6	fall detection	Fall detection and fall risk detection systems and methods	US9901290B2	Biosensics	18-30	1
7	fall detection	Fall detection system	US8408041B2	Koninklijke Philips	1-9	1

5. Tips on writing a patent

There are some key points that differentiate how you write an academic paper (or a whitepaper) and a patent,

1. A patent is granted only for an invention that is novel, non-obvious and has some industrial application. So, while writing a patent you should only focus on showing that your method, process or design is different from your competitors, and not on how it outperforms your competitor's products.
2. Patents have claims. Making any claim too abstract will increase the chance that the examiner will reject it. However, you should add as many claims as you need
3. Make sure you have included professional drawings that can be used to explain elements of functionality and uses, and to help explain different aspects of the invention. These can prove invaluable in the future if you need to contest anything in court and can support you with any claims.^[2]
4. If you have submitted the idea for publication in a peer-reviewed journal you can no longer publish it.
5. Patent writing is a technical skillset that improves with practice. You should hire a patent agent or a patent attorney to revise the final draft of your patent before filing it.