

## Using IP to create value for your company

### Startup Days

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## P&TS Intellectual Property



Neuchâtel



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**Our services**

**Prosecution**  
*Filing Patents, Trademarks, Designs in more than 65 countries*

**Litigation**  
*Oppositions, nullity action, infringement actions.  
2 judges at Swiss federal patent court.*

**Patent search**  
*FTO, patentability assessments*

**Contracts**  
*NDAs, R&D contracts, License agreements, TTO agreements*

**IP due diligence**  
*IP roadmap, IP assessments*

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**The traditional role of patents**





*«To protect inventions from the competition»*



## IP for startups

Start-ups usually don't have any significant market to protect

*Why should they care about IP?*



In Switzerland, half of the start-ups will fail after 5 years.

How will IP help them to cross the Valley of Death?



How can IP help my start-up ?



Investors



IP Ownership



Marketing



Licensing



IP for your investors

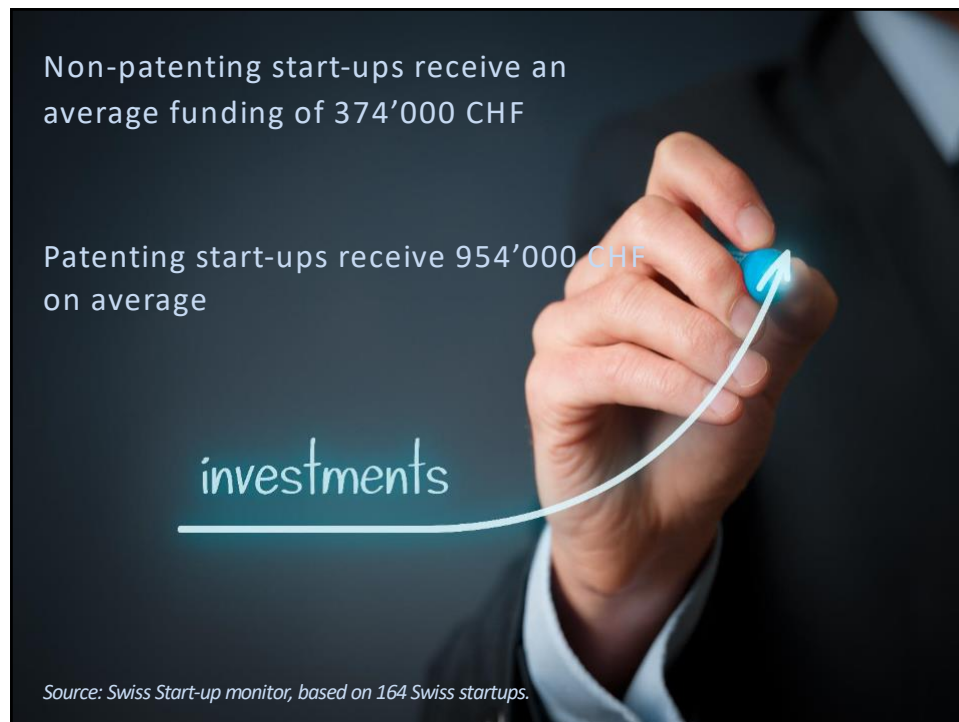


*« We don't invest in people – they can leave at any time*

*We don't invest in previous sales either – most of our early stage companies don't have any significant sales.*


*The only things that really matter are IP, IP and IP, because it is a promise of higher margins»*

*(Statement from a VC)*



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Draft your patent with your investors in mind




*IP: not merely a box to be ticked before a meeting with investors*

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Draft your patent with your investors in mind

Clearly drafted patents are easier to pitch

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Understanding your claims structure

The scope of protection is defined by the independent claims :

Claim 1:  
A device comprising:  
    feature X;  
    feature Y;  
characterized by  
    feature Z.

The combination between X and Y is known.

The claim has value only if Z is important for your business (i.e. if a product with Z will sell more/at higher price)



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Draft your patent with your investors in mind

Match your IP strategy with your business plan:

*« I have a monopoly on feature Z.  
Z is a very important USP since in my market, ... »*




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What kind of IP title do you need

What kind of company are you?

A tech company?  
A trademark company?  
A copyright company?  
A design company?

Or are trade secrets more important?

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Draft your patent with your investors in mind

If you are a tech company:

*How many patents do you need in order to be competitive in your market?*

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IP ownership



In Switzerland, inventions made by employees belong to the employer.

However, inventions used by start-ups often have external contributors who are not employees:

- Invention made by the founders before the incorporation
- Academic partner, for example in an Innosuisse project
- PhD, students, ..
- Freelancers



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IP ownership

Investors are unlikely to invest in a company that does not own its technology.

Make sure the chain of assignment is complete.

Examples:  
*Student -> University -> Start-up*

*Founder -> simple partnership -> limited liability company -> limited company*

Assignment vs exclusive licensing

Filing a patent is often an opportunity to clarify the IP ownership situation

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Patents as a marketing tool




Filing a patent application is a strong statement:

*«We are an innovative company»*

- For your investors
- For the media
- For your employees
- For your environment




Licensing your IP



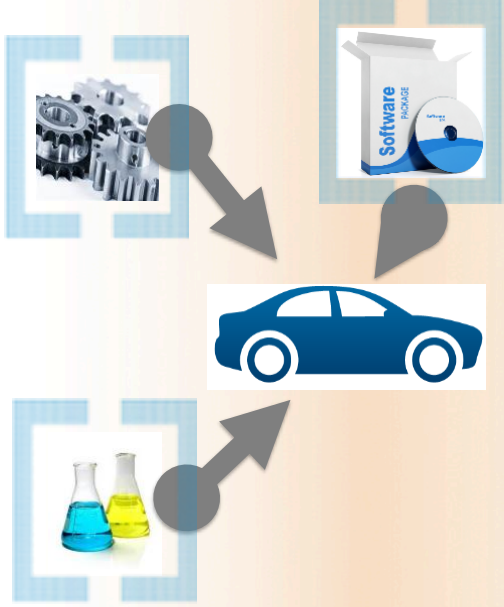
Many start-ups cannot fully exploit their inventions:

- Geographic limitations
- Use of a technology in a different field
- Integration of the technology in a complete product

*Patents could be licensed in order to get revenues from those hard to reach markets*



Complex products



Complex products often integrate many technologies.

Example: car; engine; computer; materials

It is impossible for a single company to be #1 in all those fields.

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## Tech transfer

Leading companies are no longer the ones that develop the best technology in all fields.

Leading companies are those which are the most efficient at buying, integrating and selling world-class technologies developed all over the world by various partners.

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## Licensing of technology: a huge market

A man in a dark suit and blue tie is shown from the chest up, smiling. He is holding his right hand out, palm up, and a glowing, translucent sphere of various currency symbols (dollar, euro, yen, etc.) is floating above his hand.

Worldwide between 180  
et 300 billions USD/year<sup>1</sup>

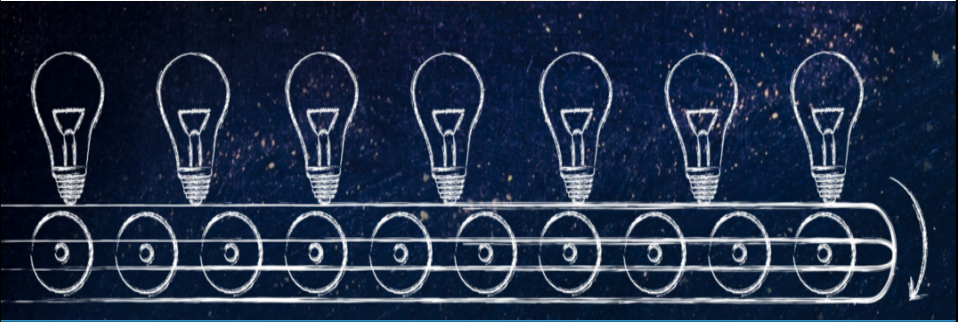
Yearly growth: 10.6%<sup>2</sup>

<sup>1</sup>Licences only; Athreye and Yang (2011); Degnan & Wickander, 2016  
22000-2010



Licensing your ideas

Become an IP factory





Common issues in IP roadmaps

- 1. Ownership**

*Not clear who owns the technology; relationships between start-ups and founders/university/third party developer...*
- 2. Lack of strategy**

*Wasting money on useless patents / failing to protect valuable inventions / mismatch between business plan and IP strategy*
- 3. Freedom to operate**

*Developing a technology already protected by some competitors*
- 4. Patent quality**

*Weak provisional patent application providing no basis for priority; poorly drafted claims; etc*
- 5. Poor management of trade secrets**

*Less sexy than patents, and often not considered as an asset*





Freedom to operate (1)




*Can I sell?*

- Even if you have a patent: this is not a right to use.


Previous patents might still prevent you from using your technology.

- Patentability search vs FTO




How to make a freedom to operate

- Start with your a search on the web ([www.espacenet.com](http://www.espacenet.com), Google patents, etc); or make an assisted search at IGE.
- Ask a patent attorneys to complete this with a professional search as soon as possible, before you invest too much in the technology
- Make a more comprehensive search once the design of your product is final

**Freedom to operate (3)**

The costs for an FTO can strongly vary, depending on the technology and on the security that you need (Risk mitigation strategy).


Only make sense if you are in a position to adapt your strategy depending on the results

**Patent quality**

Main issues

1. Limited scope
2. Lack of validity
3. Unenforceable
4. Problems with the priority date




**Patent quality (2)**

**1. Limited scope**

Maybe your claims are a good reflection of the solution you are actually using.

*Do they also prevent competitors from using an alternative, commercially equivalent solution?*

*What is the value of your exclusivity?*


**Patent quality (3)**

**2. Lack of validity**

Among the opposed patents in Europe:

- 1/3 are revoked
- 1/3 are maintained in more limited form
- 1/3 are maintained

*Be aware of yet unexamined patent applications for which no complete search has been made.*




Patent quality (4)

### 3. **Enforcement**

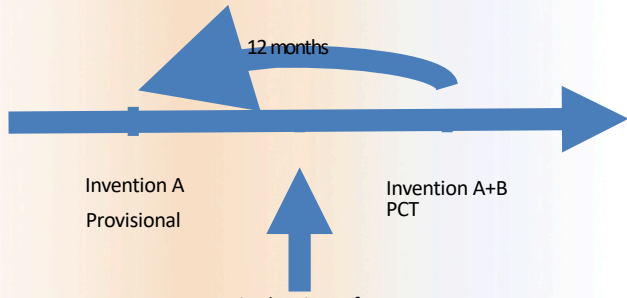
Even valid and broad patents are useless if they cannot be easily enforced, for example if:

- you cannot check whether your competitor uses the claimed solution.  
Example: method of manufacturing; hidden feature; product cannot be bought; etc.
- claims are so unclear that litigation will be a nightmare.



Patent quality (5)

### 4. **Priority date**



Novelty destroying for all claims for which the validity is not valid (for example claims on B, or claims on A+B)

Be very careful before entering into a license agreement for a provisional patent application

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Trade secrets

Secrets are protected because they are not easily available to competitors



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Trade secrets

Moreover, trade secrets are protected against unfair use.

Conditions:

- Protection only if the secret has been stolen, or otherwise misused
- The misused information is (more or less) confidential
- It has value because of its secrecy.

But trade secrets are not protected if a competitor reinvents the same independently (and possibly patents it!), or access it in a legal way (for example through reverse engineering).



Non-disclosure agreements

NDAs are commonly used:

- before filing a patent/design application when you have an idea that you need to show to a third party (e.g. potential business partner)
- to protect trade secrets



Trade secrets

Pros	Cons
Avoids the costs of patent filing	Might be expensive (drafting and enforcing NDAs, protection measures, etc)
	Employees might leave your company
	Risk of reverse engineering
	Not always possible; often a time limited solution
	Difficult to enforce
	Risk of being blocked if a third party patents your solution

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Prior use

Prior use defense: limited protection against lately filed patents.

Usually requires:

- Evidence of prior use
- good faith


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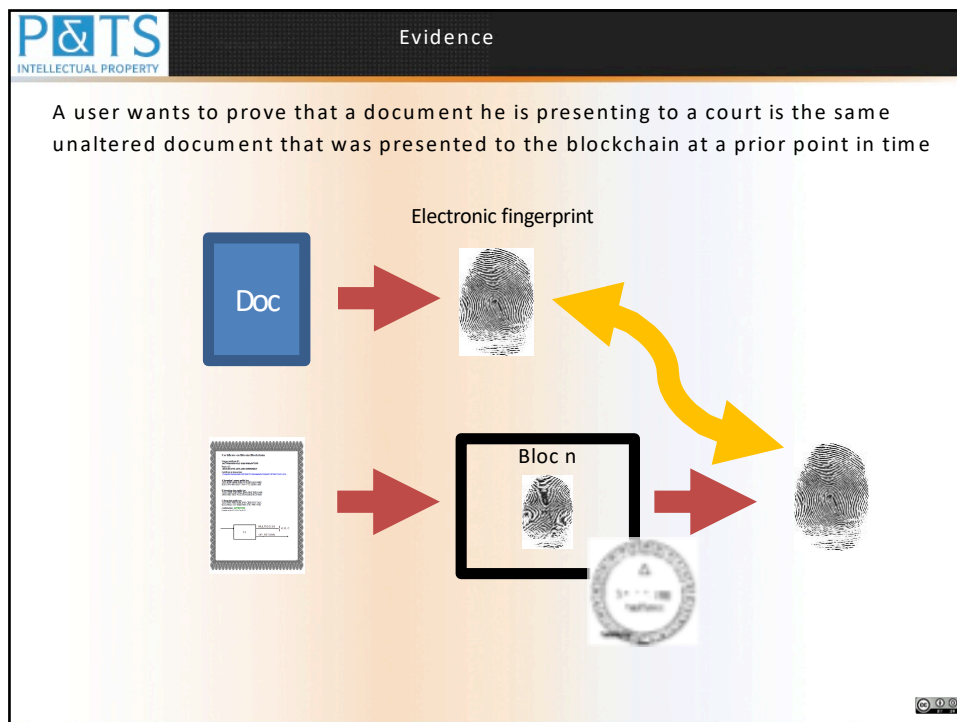
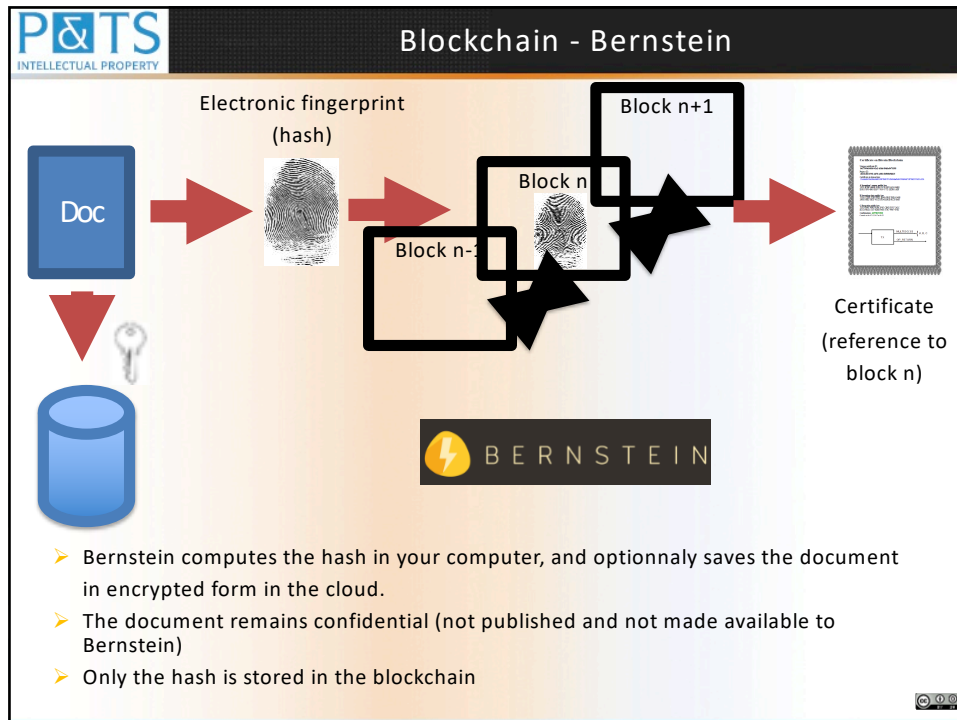
Evidence of prior use

For example lab notes, or any documents that can be presentend to a court to demonstrate prior use.

A time-stamped copy can be stored for example with:

- Notary
- Blockchains







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Legal acceptance ?




- Positive legal opinions
- Case law in China
- Strong presumption of acceptance as a lot of people are willing to invest their money in crypto-currencies
- A classic digital certificate can be ordered (Bundesdruckerei DE, etc.)



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# Questions?



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