

Best Patent Practices for Early Stage Companies

How patenting your company's inventions can set you apart from the competition

Excerpted from *The 30-minute Patent MBA*

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Best practices must start with the executive team emphasizing the importance of protecting a company's inventions with patents or trade secrets from the outset of product/service planning. We call this "Inventioneering." Great leadership teams and their companies (such as Apple, Google, Amazon, and Microsoft, to name a few), take IP very seriously. You should too, and with Inventioneering you can exceed the IP practices of each of these companies.

Summary of best practices

- Understand your company's motivations for protecting IP. Leaders regularly message these motivations to the company.
- Legal review of employee/contractor agreements.
- NDAs for interviews, partnerships, and other discussions.
- Capture inventive concepts at the outset of product and roadmap planning.
- Set regular (monthly/quarterly) meetings targeted at identifying and capturing IP.
- Executives attend IP meetings, both to emphasize their importance and to contribute. The best CEOs are also inventors.
- Use technology to identify and capture inventions and create appropriate documents.
- Engage a patent professional with domain expertise. Request proof and references.
- Begin with a provisional patent application.
- Convert provisional patent applications to non-provisional applications well before the 12-month deadline.
- Stay involved during examination to ensure claims remain aligned with company goals.
- File a continuation before or after allowance (but a must-file before grant!). Always keep a continuation open on each family.
- Utilize an employee recognition program. Recognition awards are typically more effective than cash awards.

Understand your company's motivations for protecting IP

Early-stage companies typically face tough budgetary and time constraints. It's difficult for a startup CEO to choose between spending money to develop a product or to legally protect those innovations. Before you begin pursuing patents, know your company's motives. And while there is not a single motive for all companies, we have identified several common reasons for startups:



- Defense against copycats and fast followers
- Improving odds of getting VC or strategic funding
- Improving valuation of funding or exit
- Demonstration of management professionalism and discipline
- Using the process to clearly understand differentiation for product development and market development
- Establishing “Patent Pending” or “Patented” for marketing
- Enhancing employee (inventor) morale
- Freedom to disclose and have deeper discussions with parties unable or unwilling to sign NDAs

Leaders continuously message these motivations to the company

Best patent practices start at the top of the organization. If the CEO consistently communicates the importance of protecting the company's intellectual assets, then it becomes part of the culture and a priority for the company.

Legal review of employee/contractor agreements

It is critical that each employee and contractor sign an agreement acknowledging that any intellectual property related to company business or created using company time and/or equipment belongs to the company. By law, inventions are 100% owned by each inventor. If even one inventor does not assign the invention to the company, then the company does not have sole ownership of the IP.

NDA's for interviews, partnerships and other discussion

Non-disclosure agreements (NDAs) should be signed by every employee, contractor, vendor and interviewee who has knowledge of the company's IP. NDAs are not a substitute for patenting your inventions, but are better than having no protection.

One primary need for startups is to secure funding, often in the form of meeting with venture capitalists to present the business's core ideas and differentiators. In a perfect world, a startup CEO would be able to count on the protection of an NDA for these kinds of meetings, but most potential investors won't sign them, leaving the startup to disclose its "secret sauce" without any protection. Filing patents on core ideas prior to disclosing them to potential investors allows the savvy startup CEO to protect the value of the company proactively, without relying on VCs to keep the startup's plans under wraps.

Capture inventive concepts at the outset of product and roadmap planning

The best time to capture patentable concepts is at the beginning of the productization process. Working through the patenting process can help startups develop a superior.



product and better value proposition because it requires engineering and management to introspect about their products/services.

Set regular (monthly or quarterly) meetings to identify and capture IP

To build invention protection into your culture, you should regularly take time to inspect your products and roadmaps for patentable material. Also, encourage the team to think several years into the future to imagine the path and intersection between the industry and your roadmap. Some of your best IP will be for products or features that will not arrive for years to come.

Executives should attend meetings to emphasize their importance and to contribute

Members of the management team, especially the CEO, should attend as many invention brainstorming sessions as possible to reinforce the importance of invention to the company. It should also be noted that the best tech CEOs have been inventors: Steve Jobs, Bill Gates, Paul Allen, Elon Musk, Jeff Bezos, Mark Zuckerberg, Larry Page, Sergey Brin—the list goes on. All are inventors who attended such meetings.

The best tech CEOs are also inventors: Steve Jobs, Bill Gates, Paul Allen, Elon Musk...

Use technology to identify and capture invention and create appropriate documents

One frequent question we hear is “How do we know if we have a patentable invention?” AI technology exists that can gauge the patentability of a particular technology by analyzing the product description. This technology can also help the team extract the inventive concepts in more detail to facilitate a faithful capture of the invention. Available products include Idea Journaling, Invention Discovery, Invention Capture, and the automation of the preparation and prosecution of patent applications.

Use a patent professional with appropriate experience and domain expertise. Request proof and references. Use technology to evaluate patent document drafts.

It is a frequent practice of large law firms to have inexperienced associates work on the patent matters of smaller entities, using this material as training fodder. And although patent professionals require a technology degree to become certified by the US Patent and Trademark Office (USPTO), any registered patent professional can practice in any domain,



which means someone with a Bachelor of Science degree in biology could be assigned to write a patent on your machine learning breakthrough—a clear domain mismatch. The lesson here: make sure the person helping you has deep experience in your subject matter. There are also AI tools that can automatically evaluate the technical proficiency of previous applications written by the person in charge of your case.

Begin with provisional application and make sure it is reviewed by inventor(s) before submission to ensure an accurate, high-quality application. First to File wins the race!

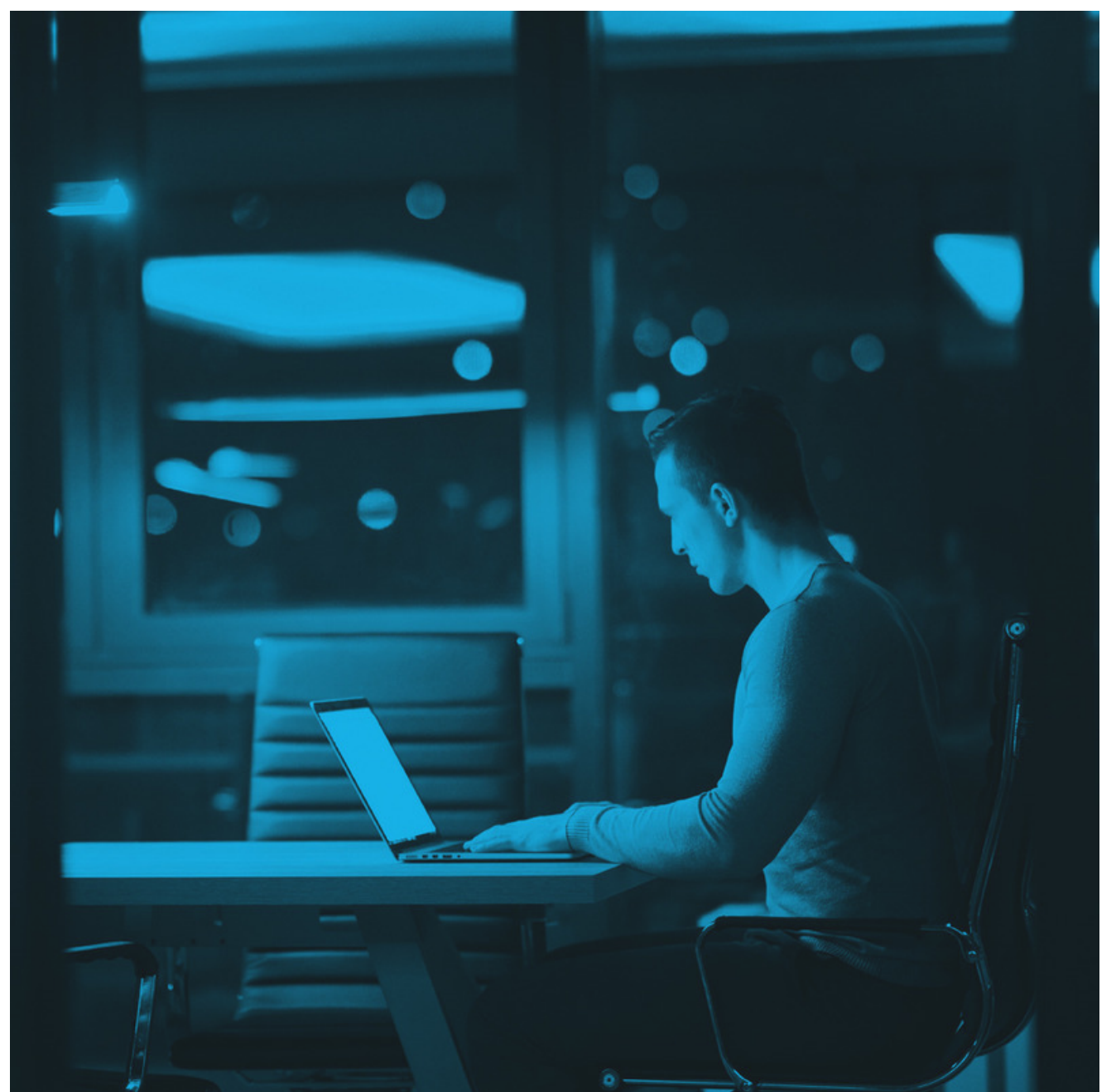
The United States is a “first-to-file” nation, which means the first person or entity to file a patent application on the inventive material has priority over anyone who attempts to file after that. Therefore, it is important to file your inventions as applications as soon as possible. Provisional applications are the fastest and cheapest way to do this.

Once you've filed, you can refer to your invention as "PATENT PENDING." Also, by going the provisional route you add up to 12 months of additional protection (for a total of up to 21 years). While speed is a primary goal of a provisional filing, it's critical to describe your invention in full even though claims and drawings are not required. Not recommended: "skinny provisionals," which contain little description and no claims or drawings. If your provisional does not fully describe your invention then you will not be allowed to claim the priority date. Worse yet, you may not discover this until your patent is tested in the courts via litigation, sale of your patent, or some other event that occurs after the patent has been granted.

Convert provisional applications to non-provisional applications ahead of the 12-month deadline. Determine Track One or standard process. File a broad specification and narrow claims. Make sure claims faithfully capture the invention. Keep your filing confidential throughout examination (unless you intend to file outside of the U.S.).

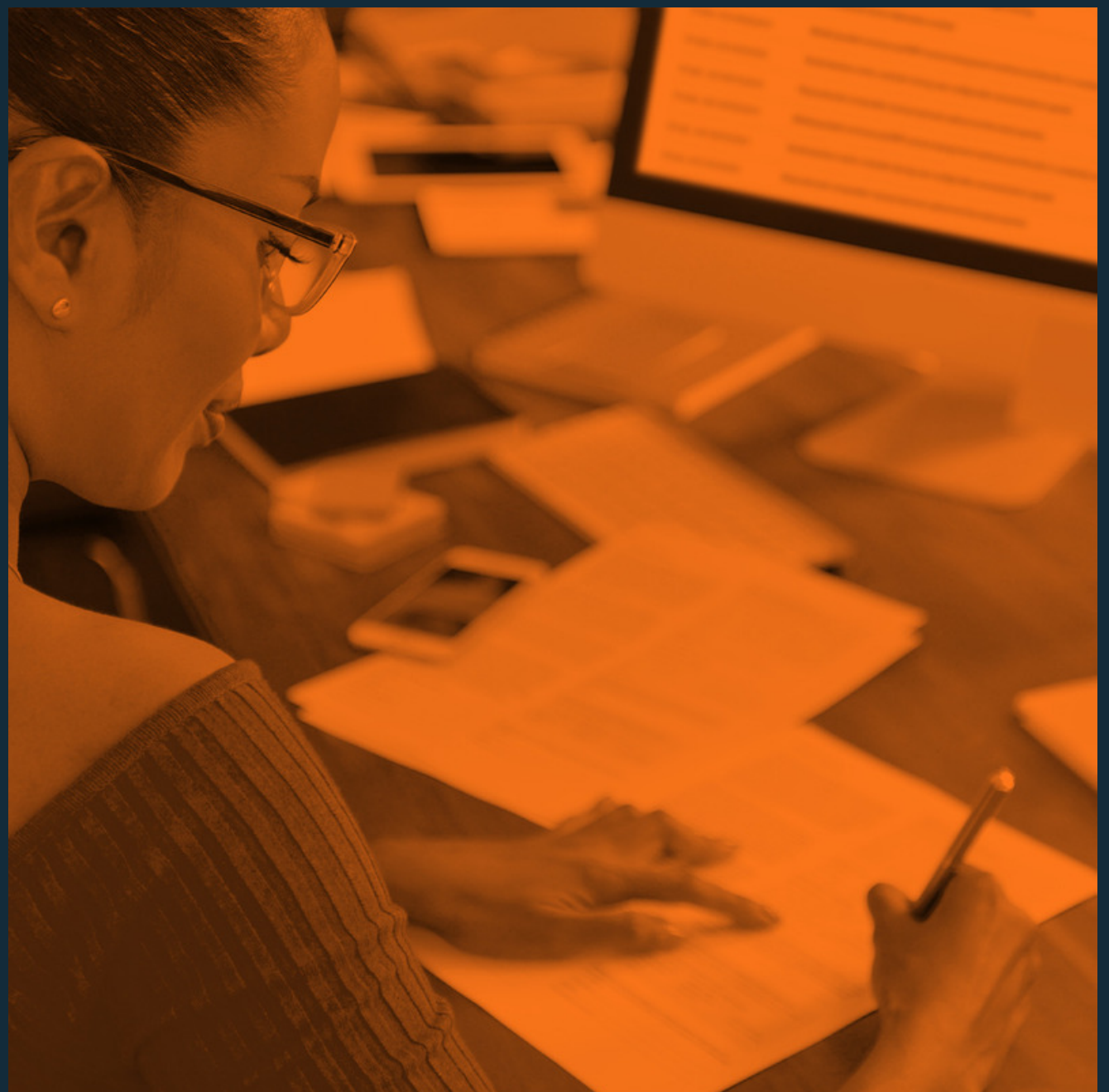
Convert your provisional application to a non-provisional by the six- to eight-month time frame. Bad things can happen when fighting a deadline. Determine if filing Track One is right for you. Track One applications cost \$2,000 more up front, but have a higher allowance rate and receive fewer Office actions, resulting in a cheaper patent.

One of the biggest problems we see is applications straying from a faithful representation of the invention. This happens when inventors are too busy to perform a meaningful review. This leaves the practitioner (most often someone minimal domain expertise) to rely on his/her own creative juices to put something down on paper.



* Select the filing option that allows you to keep your application from being published until it is allowed as a granted patent.

Use technology to monitor the examination so you can ensure claims do not stray from company goals.



You will likely receive an Office action from the USPTO within months under the Track One scenario and in about two years using the standard path. It is most common that the examiner will find some rationale to test your application with what is known as a rejection (and which usually turns out to be multiple rejections).

Your practitioner will need to respond to the rejections with well-thought-out arguments. At this point, the intended claims of your invention can “drift” or “rot,” so make sure your inventors are involved.

File a continuation before or after allowance (but must-file before grant!). Keep a continuation open on each family.

This is an advanced and nuanced part of patent strategy, but very powerful. In the provisional, you wrote a broad specification with many drawings. You converted that into a non-provisional, adding material that was consistent with the material described in the provisional in order to have good support for the priority date granted by the provisional application.

Now for the advanced stuff. You file a narrow set of claims describing very specifically the invention contained in the improvement to your product. This narrow claim set allows for a more efficient examination process, lowering the cost and time of prosecution.

Good enough; you rapidly get an allowance from your examiner establishing a relationship and positive precedent.

Part of the patent process allows for filing more claims against the non-provisional application as long as the new claims are supported in the specification of the original patent application. This is known as a “continuation.”

You can file a continuation any time prior to paying the grant fees on the previous application. It can even be years later. This future claiming process allows you to observe what has happened in the market and with your competitor’s products and then steer the new claims towards those products. The claims must be supported from the original broad specification but can also take advantage of the knowledge gleaned from years of industry progress – all while still enjoying the filing date of the original provisional application. It’s like being able to jump into a time machine!

Utilize an employee recognition program. Recognition awards are typically more effective than cash awards.

Employee patent reward and recognition programs work! It is my observation that recognition is a better motivator than rewards.

Some companies give cash bonuses for inventor contributions. A set amount split among the inventors of a provisional, with more money for a non-provisional and even more for a granted patent. Other tech companies give inventors something to display on their desk or in their office.

About TurboPatent

TurboPatent provides Automated Invention Protection services purpose-built for mid-tier companies that need to obtain patents but don’t think they have the time, capital, and patience to do so. TurboPatent’s U.S.-based patent engineers help companies source patentable ideas, then use proprietary tools to draft and file high-quality patents that receive half as many office actions as industry averages. This means clients receive higher quality patents that provide better protection in less time and for less cost.