P&TS

INTELLECTUAL PROPERTY

Using IP to create value for your company

Startup Days

25 September 2018

P&TS Intellectual Property

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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

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?

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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)

Non-patenting start-ups receive an average funding of 374’000 CHF

Patenting start-ups receive 954’000 CHF on average

Source: Swiss Start-up monitor, based on 164 Swiss startups.

Draft your patent with your investors in mind

IP is not merely a box to be ticked before a meeting with investors.

Draft your patent with your investors in mind

Clearly drafted patents are easier to pitch

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)

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, ... »

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?

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?

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

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

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

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

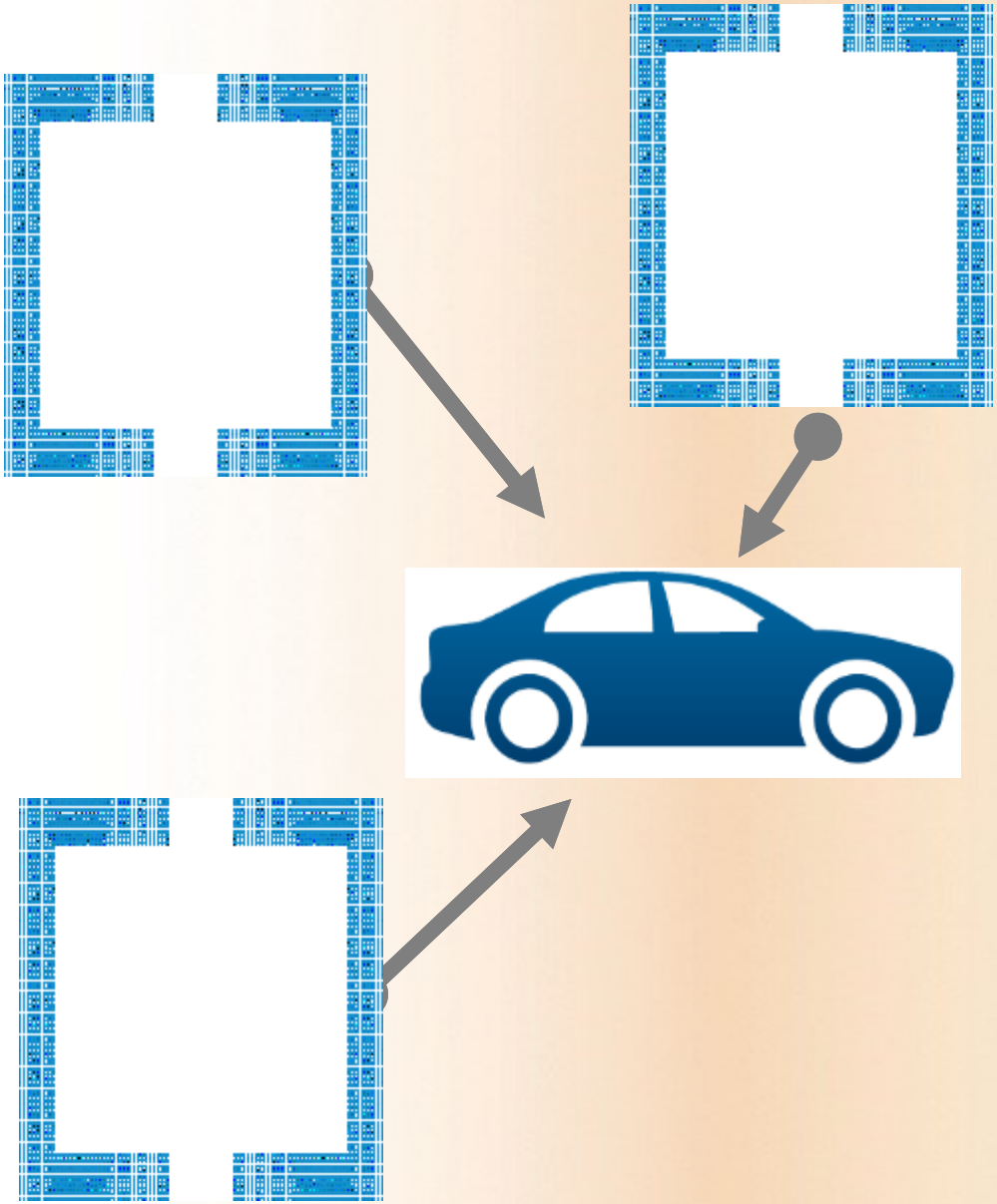
Licensing your IP

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.

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.

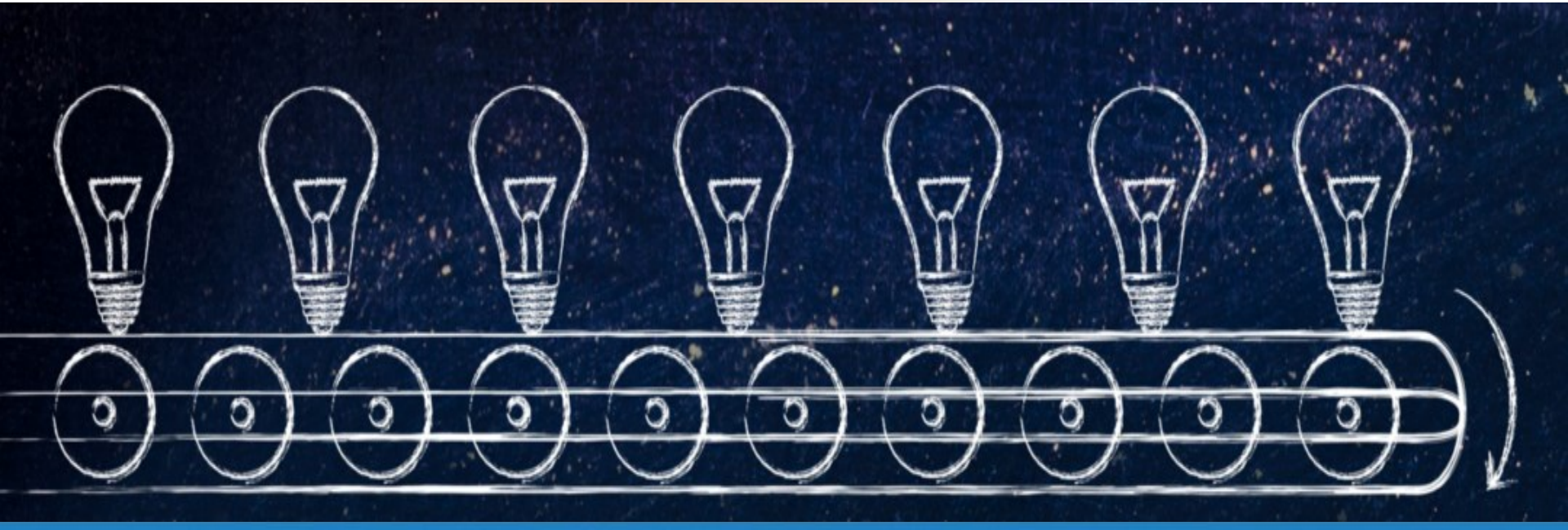
Licensing of technology: a huge market

Worldwide between 180 et 300 billions USD/year[1]

Yearly growth: 10.6% [2]

[1] *Licences only; Athreye and Yang (2011); Degnan & Wickander, 2016*
[2] *2000-2010*

Become an IP factory



Other issues in IP roadmaps

1. Freedom to operate

Developing a technology already protected by some competitors

2. Patent quality

Weak provisional patent application providing no basis for priority; poorly drafted claims; etc

3. 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 the technology.

- Patentability search vs FTO

How to make a freedom to operate

- Start with your a search on the web (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 reflectation 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. <u>Lack of validity</u>

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

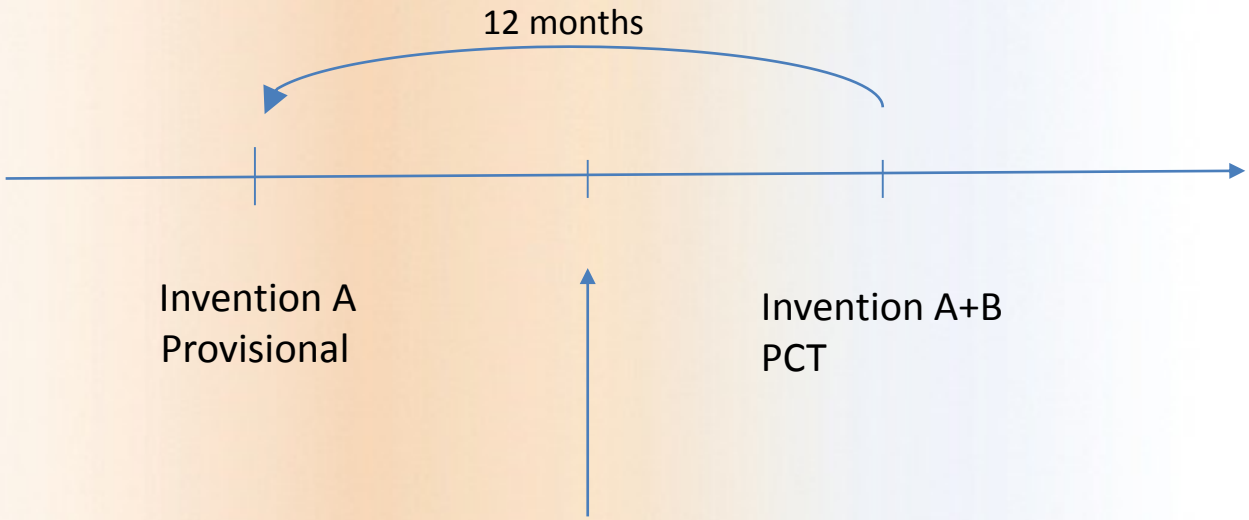
Even valid and broad patents are useless if they cannot be easily enforced, for example if:

-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

Trade secrets

Secrets are protected because they are not easily available to competitors

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

Prior use

Prior use defense: limited protection against lately filed patents.

Usually requires:

- Evidence of prior use
- good faith

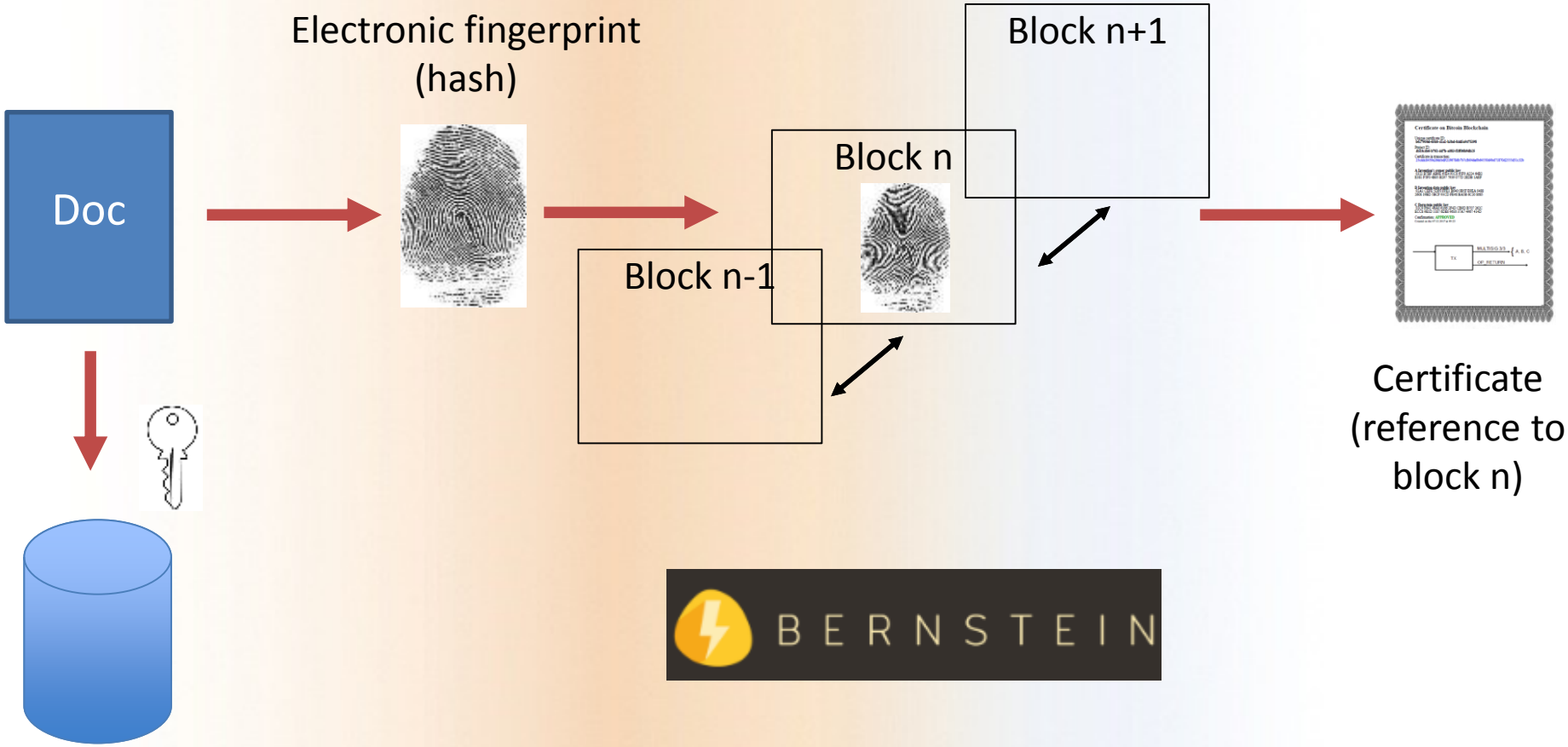
Evidence of prior use

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

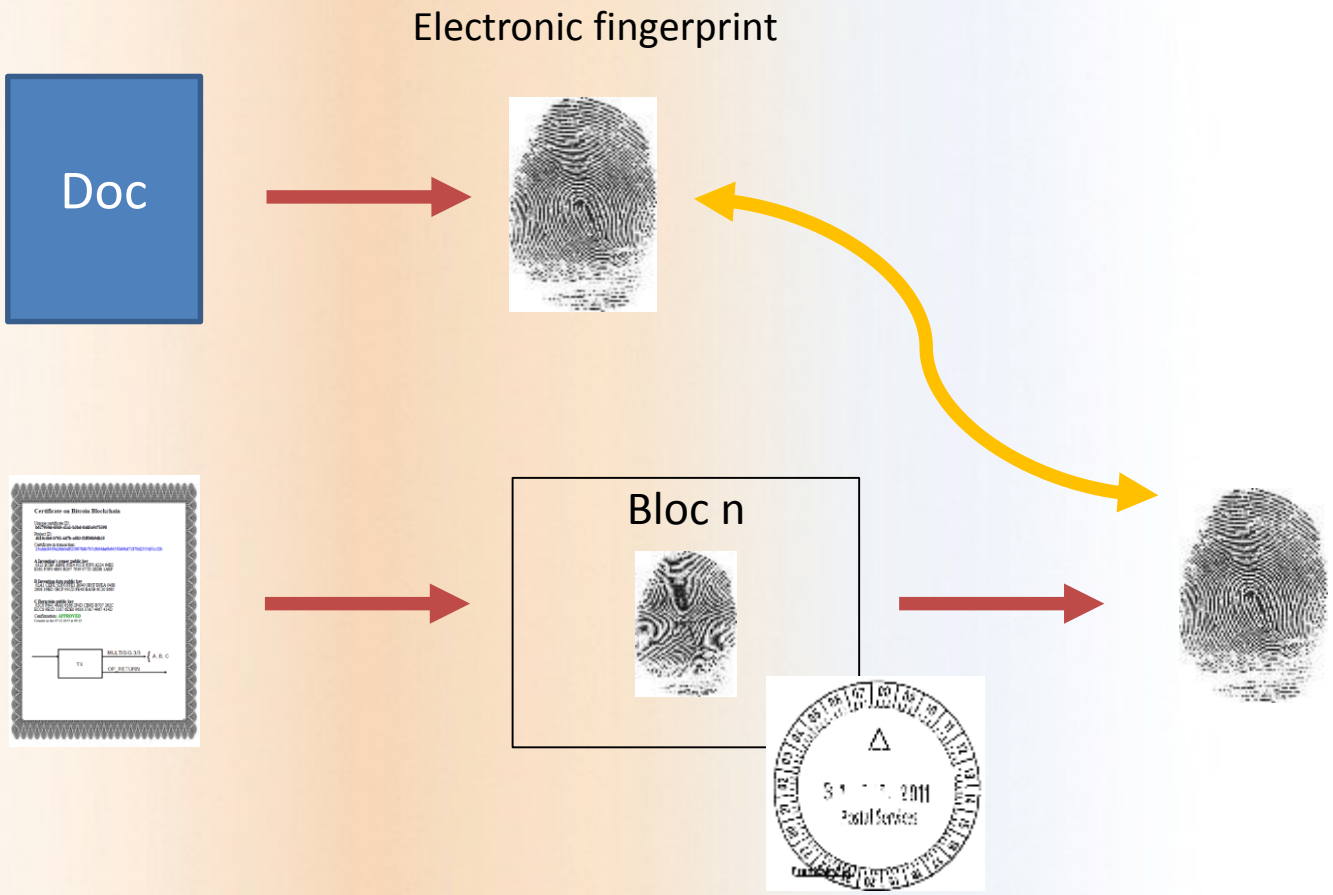
Blockchain - Bernstein



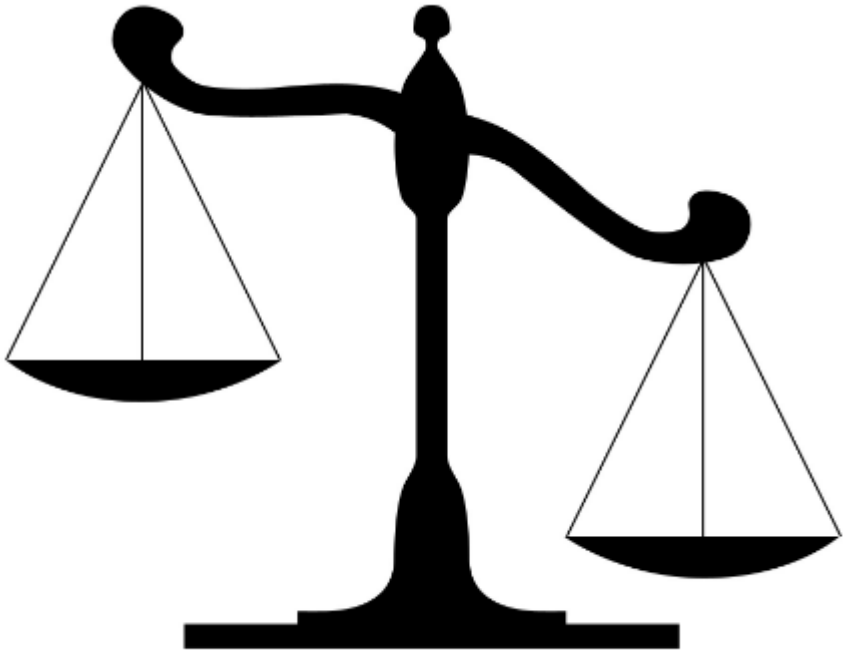
- Bernstein computes the hash in your computer, and optionnaly saves the document in encrypted form in the cloud.
- The document remains confidential (not published and not made available to Bernstein)
- Only the hash is stored in the blockchain

Evidence

A user wants to prove that a document he is presenting to a court is the same unaltered document that was presented to the blockchain at a prior point in time



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.)

Questions?

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