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Intellectual Property (IP) Do's and Don'ts for Start-Up Companies

Atlanta
Austin
Boston
Dallas
Delaware
Munich
New York
San Diego
Silicon Valley
Twin Cities
Washington, DC

#1 — Do develop an IP strategy

Work with your IP counsel in developing an overall IP strategy. Identify the goals of your IP portfolio and develop a global strategy that works toward those goals. The IP strategy should include a budget and filing schedules and should also identify those technologies to be protected. The IP strategy should also identify the types of IP (e.g., patents, trademarks, copyrights, or trade secrets) that will best protect your products and other IP assets. A company can waste time and money by randomly trying to protect IP that does not conform to a clear strategy.

#2 — Don't skimp on your IP budget

Protecting IP can be an expensive endeavor, but it is critical to develop a realistic budget for your IP, which can be the core value in a start-up company. Be sure to budget a realistic dollar amount toward protection of all types of IP within your global strategy.

#3 — Do consider all forms of IP

In addition to patents, consider trademarks, copyrights, and trade secrets as potentially valuable components of your IP portfolio. For example, a company's trademarks and service marks, and the goodwill that goes with them, can sometimes have much greater value than a company's patents. In addition, trademark rights are far less expensive to obtain and maintain.

#4 — Don't file perfunctory provisional patent applications

Provisional patent applications can be valuable components of a company's overall IP strategy. However, avoid the temptation to file provisional patent applications "on the cheap." While such a strategy may save you legal fees initially, it is far more important to carefully describe your inventions in a way that supports later non-provisional applications. An improperly drafted provisional patent application can do more harm than good in the long run. The best policy is to involve IP counsel in the preparation of any provisional patent application to ensure that your application covers the full scope of your inventions.

#5 — Do conduct trademark availability and domain name clearance searches

Some start-ups are surprised to find that they do not have the right to use their selected corporate, product, or domain names. Conduct trademark, service mark, and domain name availability and clearance searches early on, before a change in your company or product names involves significant expense and loss of goodwill. It is best to conduct these searches before you select your corporate name or embark on a marketing campaign for your first product.

#6 — Don't focus your patent applications solely on your specific technology

Start-up companies sometimes file patent applications that are narrowly directed to the company's specific technologies or on a specific commercial product or core process. However, a better practice is to draft your patent applications to cover various alternative embodiments aside from the company's specific product. It is often the case that the market ultimately adopts an alternative solution that the start-up company did in fact have in mind but which was not detailed in the patent application. Make sure that your company's patent applications cover the "big picture."

#7 — Do involve IP counsel early

Hire an IP attorney prior to launching your product and prior to any public disclosure of your technology. If you wait until after disclosures have occurred and/or barring deadlines have passed, you may have irreparably lost valuable IP rights. The bottom line: protect your IP rights early.

#8 — Don't hire the wrong IP counsel

Your IP counsel should be more than a simple contractor who sits in an office and writes patent applications. Seek an IP counsel who makes the effort to become familiar with your company's industry, technology, and competition. Your IP counsel should be a strategic partner involved with developing and implementing your IP strategy, rather than a mere scribe.

#9 — Don't ignore competitors' patents

Don't assume that your company is entitled to market and sell your product just because you own a patent or maintain a trade secret related to the product. Instead consider your freedom to operate (FTO) before you design your commercial products, and then monitor this FTO over time. Other companies may own patents on one or more features of your product. For instance, even though a company may hold a patent on the LCD screen and display driver used in a cell phone, other companies may (and probably do) hold patents that cover processor, memory, video adapters, etc. Budget both time and money to identify competitor patents that may impact your ability to sell your product.

#10 — Don't overlook the details

Make sure that the company, not the employees or principals, own the IP. This means that all patent applications should be explicitly assigned to the company as early as possible. Failing to tie down and maintain IP rights (e.g., by the proper use of assignments, nondisclosure agreements, employment agreements, and vendor agreements) can cost your company valuable IP rights.

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800 818-5070
www.fr.com | info@fr.com