

Common Myths & Mistakes to Avoid When Implementing Your IP Strategy.



How to Create an Environment of Success

For over 10 years, we've been working with organizations to build, protect and get the full value out of their intellectual property. With our unique blend of IP and business expertise we've noticed that organizations tend to make the same mistakes causing costly or irreversible errors that lead to missed business opportunities and lost investment dollars. Innovation is our passion, and we'd hate to see anyone reduce their company valuation through IP mismanagement, so we thought we'd share with you the Common Myths & Mistakes When it Comes to Implementing your IP Strategy

Your IP strategy should evolve along with the company's business plan and overall strategy.

Formal IP registration (patents, trademarks, industrial designs, plant breeders' rights, copyright) should be considered the same as products and an IP life cycle management process should be applied to these assets.

Regular review of the assets in light of the company's strategic plan is key to avoiding spending money on assets that could be monetized and making these costly mistakes!



www.IPStrategyAcademy.com



WHAT IS AN IP STRATEGY?

An IP strategy is a detailed plan on how you plan to grow, protect, and manage your IP assets. It is directly related to your business goals and should include everything from how you plan to build an innovative IP culture to how you can monetize and leverage existing IP.

Employment Agreements *without* IP Assignments

Companies that are founded by two or more trusted partners often overlook creating an agreement between founders on IP assignment. This causes issues specifically when one of the founders leaves in a disgruntled way. If this founder was involved in filing a patent application it can create a lot of issues, or even lead to abandoning the asset.



1 Employment agreements without IP assignments

The same applies to employees and contractors, however, most employment and contractor agreement templates include an IP assignment clause. It is important to note that if someone refuses to sign any IP related documents in the future, the contractual clauses should be worded such that they can be used in the patent office in lieu of the signature.

There are many other important components relating to IP to cover in an employment agreement including strong NDAs related to trade secrets. Simple employment templates found on the web may not provide sufficient IP considerations.

Also beware when hiring students or sponsoring graduate studies. Some of the work product may be considered the property of the university. Therefore it is key to check the university's licensing rules and negotiate an assignment prior to engaging with the student. It may be necessary to file any relevant thesis produced by the student with the patent office in an Information Disclosure Statement (IDS).



Related content

Blog post: "Can you afford not to protect your intellectual property?"

Do this instead



MYTH/MISTAKE


✗ Once a patent application is filed and assigned to the company, the inventors do not need to sign documents.

✗ If an inventor is not cooperating we can remove his/her name from the list.



SOLUTION

Include IP clauses in ALL employment and contractor agreements that cover ALL forms of intellectual property.



Waiting Until After Public Disclosure

To file for

Patent Protection

Since IP protection is intangible it is sometimes handled as an afterthought instead of being managed strategically. Everyone is busy implementing, marketing and selling the product and no one is thinking proactively about whether or not there is intellectual property (patents, trade secrets, trademarks, etc.) that should be protected **BEFORE** it is shown to the public.

2

2 Waiting until after public disclosure to file for patent protection

Very few countries offer a one-year grace period for public disclosures, so waiting to file for patent protection could prevent a company from getting protection in some countries (e.g. Europe and Japan).

Also, given the “first to file” rule in most countries (including USA), waiting too long to file for protection could mean that someone else has filed before you. What’s worse (and we’ve seen it happen too often) is that one waits more than a year to consider patent protection which then makes it impossible to obtain. However beware of filing quick provisionals giving a false impression of security. Also be diligent of only disclosing technical details under NDA, even with investors.



Related content

Blog post: “Provisional Filings – A False Sense of Security?”

Do this instead



MYTH/MISTAKE

✗ We can talk about our products and worry about IP protection later.

✗ It's safe to talk to investors without signing NDAs before filing a patent application.



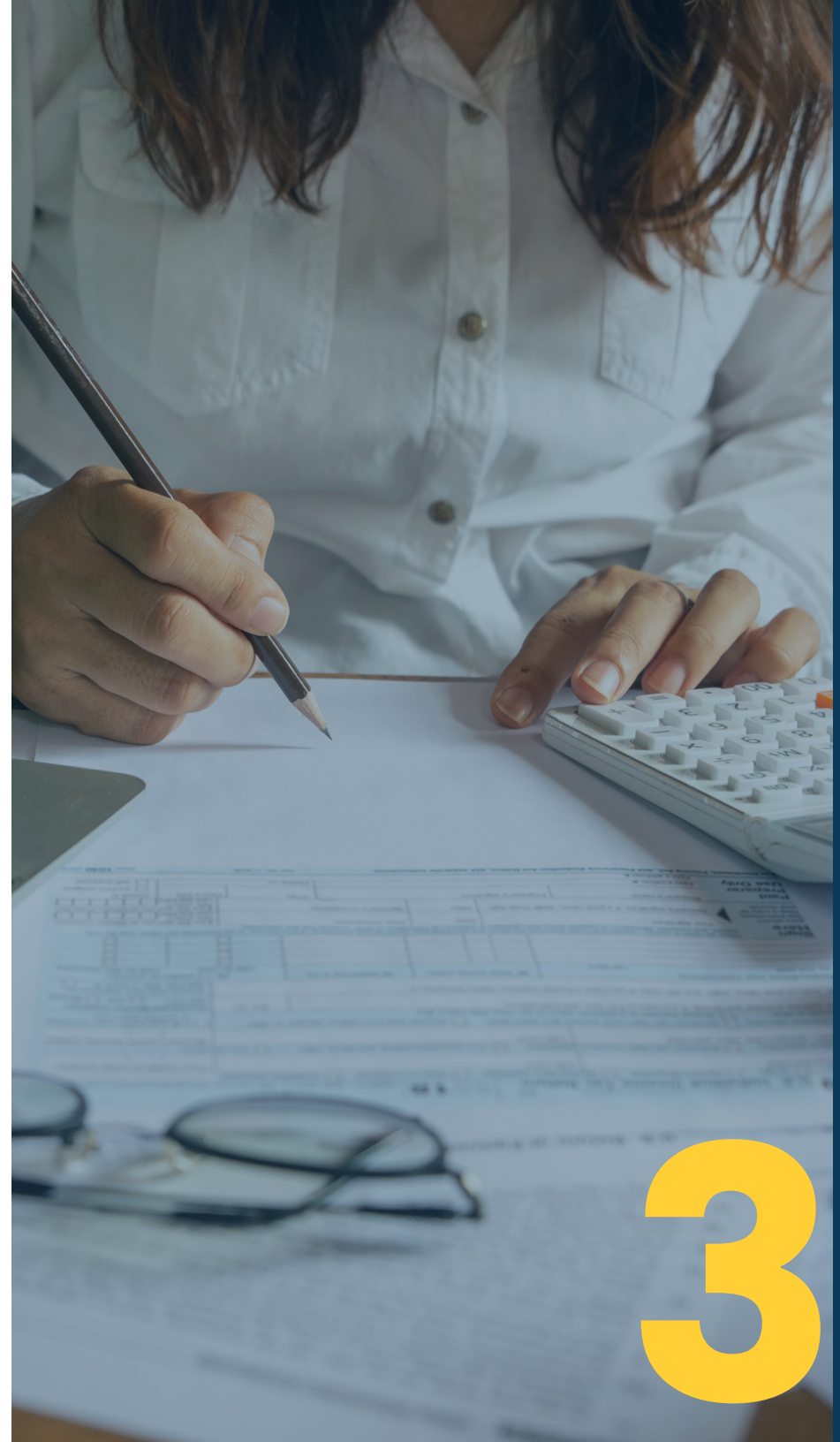
SOLUTION

Do not discuss or promote products that are in development at meetings, trade shows, or with investors that have not signed NDAs.

Growing your IP Portfolio *without a* Forward- Looking Budget *in mind*

"Beware of little expenses. A small leak will sink a great ship."

– Benjamin Franklin



3

3 Growing your IP portfolio without a forward-looking budget in mind

When a company identifies IP they want to protect, they often think of the upfront short term about cost, but IP protection (except for trade secrets) come with a significant expense, beyond the application drafting and initial filing fees.

The application will most likely be subjected to 2-3 office actions before it is allowed. Then issue fees, and recurring maintenance fees will be required to keep the patent. This is then compounded where the application was filed. The cost will easily exceed \$100K per patent family over its lifetime. The filing strategy also has a big impact on short and long term costs.

Before the initial investment is made, a long term budget should be prepared based on the filing strategy and funds should be kept aside to cover this budget. Too often companies need to abandon very valuable assets for lack of funds during the prosecution stage wasting significant money spent upfront.



Related content

Blog post: "How to control spiralling patent costs"

Do this instead



MYTH/MISTAKE

✗ We will have enough money to cover our IP ongoing costs.

✗ Once the patent application is filed, there are no other significant costs to worry about.



SOLUTION

Keep track of IP expenditures and fee deadlines with a 3 year forward-looking budget.

A woman with curly hair, wearing a grey blazer over a black top and blue jeans, is writing on a whiteboard with a blue marker. Another person is partially visible next to her, looking at the whiteboard. The background is a light blue wall.

Establishing a Brand

without

Searching or Protecting Trademarks

Brand is key to success. Too often, companies establish their brand and deploy marketing efforts without searching existing trademarks in trademark databases, in common law sources (internet, news, business and company records, etc.), and the use of domain names.

4

4 Establishing a brand without searching or protecting trademarks

Getting a cease and desist letter might mean having to do costly rebranding efforts which can have devastating effects.

Companies often forget to add the TM beside everything they may want to own as a trademark, including logos. It does not cost anything, but could help in proving the date of first use and could be essential to defending your mark in the future.

Preferably prior or simultaneous to using your mark it is advisable to register it in key jurisdictions (when registration is granted, the TM is changed to ®).

Securing domain names are just as important as the trademarks.



Related content

Blog post: "Domain Names Can Be More Important Than Trademarks"

Do this instead



MYTH/MISTAKE

- ✗ We have the right to use our corporate name as our trademark.
- ✗ We registered a trade name and we have the right to use it as a trademark.
- ✗ We have a registered trademark. We should have the rights to the domain names.

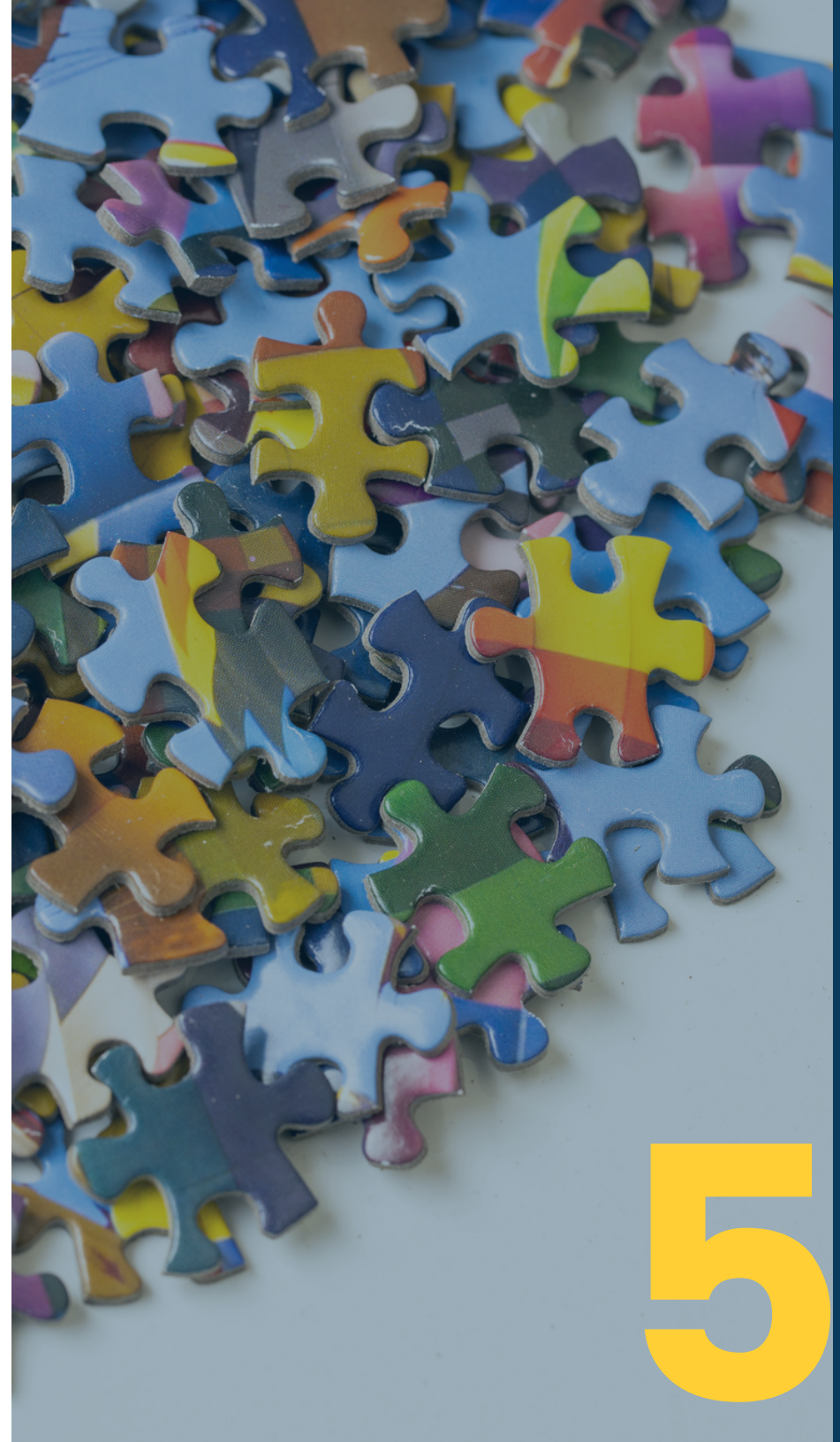


SOLUTION

Perform a trademark search in your jurisdictions of interest before bringing your product/innovation to market.

Reactive or Piecemeal Approach *To* IP Strategy *with* Lack of Accountability

Because of a lack of accountability, knowledge, time and interest, IP strategy is done in a reactive and piecemeal approach instead of managed proactively and consistently aligned with corporate goals.



5 Reactive of piecemeal approach to IP strategy with lack of accountability

There is little accountability for IP growth, other than maintaining a somewhat-up-to-date spreadsheet of IP ownership and there is no invention disclosure process to encourage employees to document their inventions.

There is no process to mine for inventions (e.g. using SRED filings or mining sessions with designers).

There is no regular review of the portfolio to assess monetization opportunities.

An IP strategy needs to be proactive and deliberate, keeping long term cost versus value in mind (see #3 above). If IP is an afterthought, it may not be identified, evaluated, and protected in a timely manner.

Executives and managers are busy and if there is no single person who has responsibility for IP it will likely lose out to high priority tasks. IP is a tool to help further the valuation. Too often, IP is done “because everyone else is doing it”



Related content

Service: 'Stratford IP Strategy Review.'
Ensure your IP assets are supported by a solid strategy by leveraging Stratford's comprehensive assessment services.

Do this instead



MYTH/MISTAKE

✗ We have a few patents pending, that is our IP strategy.

✗ We don't need an executive accountable for our IP strategy, it will implement itself.



SOLUTION

Assign an executive who is responsible for IP decisions and progress reports or create a patent committee who can handle these responsibilities.



Writing Down Personal Opinions *about* Validity or Infringement of IP

"If you know the enemy and know yourself
you need not fear the results of a hundred
battles."

– Sun Tzu

6 Writing down personal opinions about validity or infringement of IP

Writing down any type of opinion about validity or infringement of IP either your own or a third party can be very dangerous.

Lab books, paper and emails or any type of digital media, should never be used to discuss or document IP issues as this documentation is admissible in court and can adversely impact your position.

Unless you have expertise in patent law, it is very difficult to interpret the claim language to arrive at an opinion. It is best to let experts search and evaluate patents for infringement and validity instead of making uninformed opinions.

Do this instead



MYTH/MISTAKE

✗ We are a small company, we will never be involved in IP litigation.

✗ Since I'm not a lawyer, my opinions will not be considered by a judge or jury.

✗ I know exactly what the claim language means, I can provide my opinions on infringement and validity.



SOLUTION

Involve a team of experts you can trust and who have experience with patent law/IP infringement.

Closing Important Patent Families *before* You Should

The goal of a patent is to prevent competitors from implementing/selling your invention for 20 years. However, infringement may happen 8-10 years after the patent application was filed and after it was been issued.



7 Closing important patent families before you should

When a patent issues, there is no possibility to change the claims other than requesting a re-issue. In several countries (e.g. USA), it is possible to file a “continuation” application before issuance which uses the same specification but a set of claims covering a different invention disclosed in the specification or a different way of claiming the invention.

Keeping the patent family “open” allows you to write up claims that are more specific to a potentially infringing product giving a stronger case for licensing.

Do this instead



MYTH/MISTAKE

✗ I can easily change the claims of an issued patent.



SOLUTION

Utilize continuing applications to broaden protection and increase value.



Filing Patent Applications

when

Trade Secrets Would Offer Better Protection

Patent protection is useful for inventions that can be reverse engineered legally. Any product that can be legally acquired can be reversed engineered to the most minute detail. Several companies specialize in reverse engineering products to detail how they are implemented.

8

8 Filing patent applications when trade secrets would offer better protection

However, if the inventions are implemented on a secure server in the cloud, where access would be illegal, protection by trade secret becomes a possibility.

Note that trade secret protection needs to be managed carefully as involuntary disclosure gives the invention away. When protecting innovation with trade secrets, significant cybersecurity protection is needed to avoid unexpected loss.

But there are benefits to trade secret protection. It is free and by definition it never becomes public. Patent protection on the other hand is costly and requires a public disclosure after 18 months, which then becomes free to use in all the countries where patent protection was not sought.

By choosing trade secret protection, it is important to be extremely diligent in signing NDAs that do NOT have a time limit clause; otherwise, a third party will be able to disclose the secret after that period has expired. If it is not possible to log the expiry dates, make sure to renew all NDAs before they expire.



Related content

Blog post: "Sometimes it is best to keep a secret"



MYTH/MISTAKE

- ✗ Patent protection is more valuable than trade secret protection.
- ✗ Trade secrets do not need to be managed.
- ✗ Software cannot be patented so we will give it away.



SOLUTION

Record ideas in a high level disclosure form and determine how they would best be protected.

Do this instead

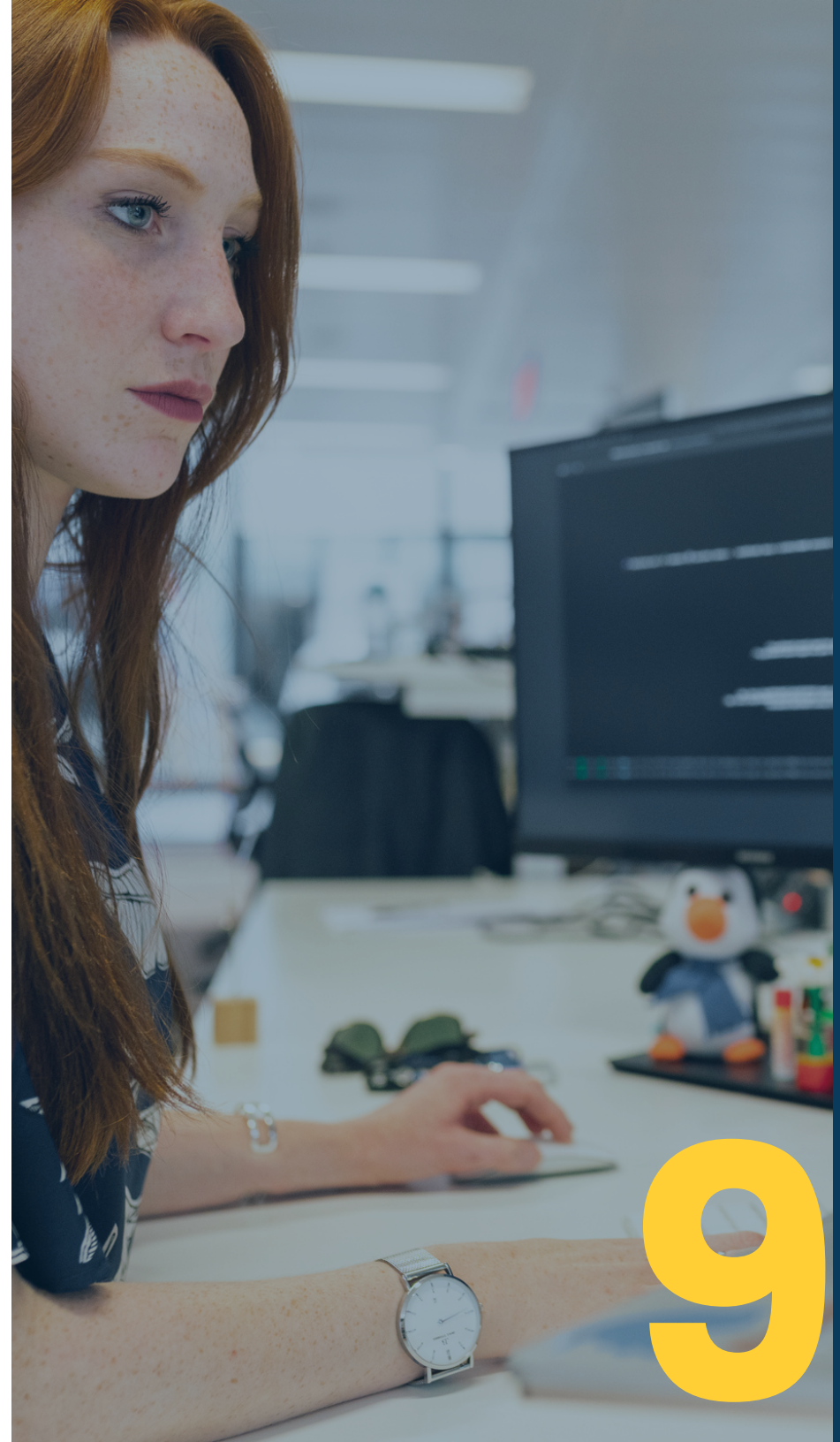
Using Open-Source Software

without

Consideration to the Licenses

Using open source software is a great way to accelerate product development.

There are different communities of open source software each giving access to the software and are subject to different licensing requirements



9 Using open-source software without consideration to the licenses

The inclusion of any open source software must be controlled carefully to make sure the different licensing rules are followed.

Note that some potential acquirers may not want any open source software in the products which may require rewriting a lot of code in order to have a successful exit.

Do this instead →



MYTH/MISTAKE

✗ We can use any open source software without worrying about process and license.



SOLUTION

Have a log of all instances of OSS and modifications made.



Thinking Someone Infringes *based on the* Specification

Patent specifications are narratives that describe an invention. Ideally it should be a broad description of existing solutions, the best mode of implementation etc. However, the protection that is provided by the patent is what is stated in the claims.

10 Thinking someone infringes based on the specification

Too often, one thinks that a product is infringing on their patent because the features of the product is similar to what is described in the specification. In reality however, their implementation must include ALL elements covered by at least one independent claim to infringe.

During prosecution (e.g. responding to arguments from the patent examiner), additional elements are added to the claims to make it more specific (e.g. narrow) to the actual invention in order to get an allowance. As they say in the business, “the name of the game is the claim”.

Do this instead



MYTH/MISTAKE

✗ My competitor's product infringes on our patent because it does the same function that is described in the patent specification.



SOLUTION

Do not make claims overly narrow. Make sure relevant features are described in the specification so you can utilize continuing applications to go after potential infringers

Not Referencing IP Indemnification *in the* Purchase Agreement

Incorporating any third party components to a product requires a purchase agreement with an IP indemnification clause. In general, infringement letters are sent to the companies making the highest revenue products to maximize licensing opportunity



11 Not referencing IP indemnification in the purchase agreement

For example, Company A's \$100K product includes a \$2 chip sold by Company B that performs a specific function that Company C believes infringe their patent. Company C will send a demand letter to Company A to get a license proportional to the 100K\$. If Company A does not have a purchase agreement with an indemnification clause with Company B, it is now left alone to defend itself or may require changing to a more expensive chip for a different vendor that is paying the license to Company C.

This can have a huge impact on a product lifecycle. Note that adding an indemnification clause to a simple purchase order does not have the same effect as the invoice may have language to negate that. The indemnification must be in a contract.

Do this instead



MYTH/MISTAKE

✗ IP indemnifications are not necessary in our suppliers' agreement. We are too small to get sued.

✗ We don't need purchase agreements with our suppliers. Online purchase orders are sufficient.



SOLUTION

Every supplier relationship should have a signed agreement on file that includes a clause on indemnification

A woman with long brown hair, wearing a mustard yellow sweater and a black watch, is standing on a train. She is holding a white coffee cup in her left hand and a yellow handrail with her right hand. The train interior is visible in the background, with other yellow handrails and a window showing a blurred outdoor scene.

Showing Off Your IP

in a

Public Area

It is easy to lose valuable IP if someone works on it in public. Think airplanes, shared work areas etc. Who is sitting beside you? What are their interests? The person may look innocuous but they may be a junior employee or someone retired from a competitor.

12

12 Showing off your IP in a public area

Think about the public or high traffic areas within your office...whiteboards, for example, are a great culprit of IP loss. They are often left covered with architecture diagrams at the end of a brainstorming session. If these are not erased, after hours staff, visitors, or the next meeting attendees (especially if hoteling) are free to take pictures with their phone and disclose the IP freely.

Privacy screens are a handy tool when working in public. Business discussions (live or phone) in public areas should always be done with a high degree of caution/secrecy.



Related content

Blog post: "Risky Business - Failing to Plan is Planning to Fail"



MYTH/MISTAKE

- ✗ I can leave technical details on a whiteboard.
- ✗ I don't need a privacy screen to work on a laptop in public.



SOLUTION

- Implement a clean desk policy.
- Decide if/when visitors should be required to sign an NDA

Do this instead



Not Fostering & Promoting

an

Innovative Culture

"Innovation distinguishes between a leader and a follower."

– Steve Jobs



13

13 Not fostering & promoting an innovative culture

IP can be a valuable asset to your company. Creating an innovation minded culture motivates your most creative employees. It gives you an opportunity to celebrate and reward your successes such as a patent being granted, or the rollout of a new product branding strategy complete with registered trademarks.

IP marking makes it clear to everyone in the industry that you are a technology and thought leader.



Related content

Blog post: "Who's Accountable for Innovation"
Blog post: "The Benefits of an IP Focused Company Culture"

Do this instead



MYTH/MISTAKE

✗ Our employees know how to protect IP.

✗ Our employees understand our invention disclosure process.



SOLUTION

Incentive programs can be a great way to motivate and reward employees to disclose the IP they create and an internal representative should have a clear mandate to devote the necessary resources and time to manage IP.

A woman with blonde hair, wearing a black coat and a bright yellow scarf, is running through the rain. She is holding a black umbrella and smiling. The background is a blurred city street with a modern building.

Filing a Quick Provisional *and thinking* Your Rights are Protected

There is often a tendency to file a quick provisional application (sometimes even just PowerPoint slides) thinking it will provide protection and the rest can be dealt within a year. However, it is important to take the time to properly write up the specification as broad as possible thinking about all the different embodiments that should be covered and the different implementations of each one.

14 Filing a quick provisional application and thinking your rights are protected

It is also important to write at least one independent claim to ensure that ALL the elements that are essential to the broadest independent claim are properly described in the disclosure along with independent claims with additional elements that may need to be added during prosecution. Remember that any text added during the conversion to conventional will bear the date of the filing of the conventional (not the priority date), so if the main claim relies on any new text, the claim date is the one of the conventional filing (basically making the provisional filing useless).

It is highly advisable to take the time to draft a “conventional-ready” application and if the strategy makes sense, file it as a provisional. The time spent is well worth the investment and will not need to be redone at the conventional conversion.

Drafting your own application, without help from an expert in IP can seem like a great cost saving solution. However, drafting a patent application is a different skill to publishing a paper or writing technical documentation. It requires careful use of words and a strategic approach in terms of what to disclose and how to write up the claims. Very few self filed patents are granted and those that are tend to have little to no value due to overly narrow claims. Self filing results in a waste of time and money.



Related content

Blog post: "Protecting Your IP – Better Safe than Sorry"

Do this instead



MYTH/MISTAKE

✗ A quick provisional application gives us proper protection for a year.



SOLUTION

File your provisional as “conventional ready” as possible

Implementing Standard Compliant Features *without* Consideration to IP Bylaws

If your product or service is required to comply with one or more industry standards (e.g. ANSI, IEEE, ITU, IETF, MPEG etc.), it is important to review the IP bylaws and periodically review the IP disclosures.



15 Implementing standard compliant features without consideration to the IP bylaws

Some standards require IP owners to offer licenses at fair and nondiscriminatory rates. Unfortunately, in most cases, there are no guidelines as to what this means. So you may be in for a surprise if the IP owner asserts it's patent based on you promoting that you are compliant to a standard.

If the standard compliant feature is located in a component that you incorporate in the product, you need to make sure the supplier is licensed by the key IP owners of the standards. Otherwise, as discussed in mistake #11, ensure that you have a solid IP indemnification clause in a purchase agreement.

If you are active in the development of the standard, it is worthwhile understanding who is contributing and whether the technical contributions are covered by patent applications. This may or may not influence the direction of the standards and in some cases, the IP owner may accept to provide free licenses in exchange for having its technical direction adopted by the standards.

If you own IP that is adopted by a standard body, also make sure to do the proper disclosures in a timely manner to maximize your chances of asserting your rights in the future.



Related content

Blog post; "Risky Business - IP Infringement is a Two-Way Street"



MYTH/MISTAKE

 We can comply to industry standards without worrying about patent licensing.




SOLUTION

If you are implementing the standard features, make sure that your business plan allocates 2-3% for possible royalties to be paid.

Include an indemnification clause for third party components.

Do this instead





Thinking Your Patents Prevent *your product from* Infringing Other Patents

You diligently filed one or more patent applications covering innovative features of your products, some of these have even possibly issued to patents. That is great news! These protections give you the exclusive right to sell, offer for sale, manufacture the innovative features only in the countries for which patent protection has been secured. In the rest of the world, anyone can take your patent application and sell, offer for sale or manufacture the innovative features.

16 Thinking your patents prevent your products from infringing other patents

However, you can't assume that because you have patent protection, you will not infringe other patents. Your product may include other essential elements or features that could infringe on someone else's patents.

Some may recommend expensive freedom to operate opinions, which have their place in an IP strategy, but they likely will not cover all features, and only include patent applications filed more than 18 months ago, so the search will have to be updated after 6 months.

In most cases, the potential for infringing features is located in components supplied by a third party, so one way to mitigate infringement risk is to make sure the supplier has the proper licenses or agrees to an IP indemnification clause (see #11).

Do this instead →



MYTH/MISTAKE

✗ We have the right to sell our products because we have patents pending.

✗ We don't need to understand what IP our competitors are protecting.



SOLUTION

Be wary of the limits of Freedom to Operate opinions and use them in conjunction with other analytics tools. Always use indemnification clauses in agreements.



The Importance of a Proactive IP Strategy

IP is an important asset that can have a real impact on the success and valuation of your organization, making it vital to develop efficient protection strategies that are both pragmatic and proactive. A robust and valuable IP portfolio will leverage the different forms of protection in ways that will not only offer protection from competitors but will serve your overall business objectives.



Implement a Better IP Strategy

Stratford Intellectual Property, a division of Stratford Group, is a full-service patent and trademark agency that offers end-to-end IP services covering all types of IP. Our virtual IP department service is offered on a monthly subscription basis where our cross-functional team of IP experts collaborate to proactively and pragmatically develop and implement your IP strategy. We work with you to ensure it stays in sync with your business objectives to maximize value and reduce risks. Equipping your team with hands-on support, Stratford Intellectual Property delivers you peace of mind as it relates to your intellectual property.

Offering a unique combination of strategic and operational experience to ensure a better implementation of your IP strategy.

Ask us how today.

How Can We Help?

At Stratford, we believe better is possible, and it's our mission to help clients get there with better strategies, better processes, better technology, better intellectual property and better leadership. Our teams have years of practical business experience and deliver customized solutions that help clients realize value, achieve results and build enduring capabilities. Capabilities that leave our clients in better positions to thrive and contribute to the prosperity and vibrancy of their organizations, their teams and their communities.

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