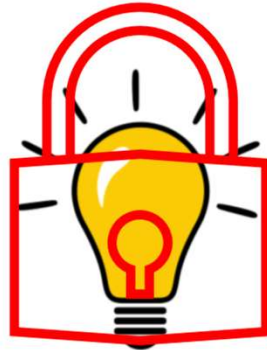




PROTECTING INNOVATION • SEED TO EXIT®

IP STRATEGIES FOR EARLY-STAGE START-UPS

A journey of a tech founder



INTELLECTUAL PROPERTY IS ...

❑ Patents

- A right to exclude others from using an invention
- Time is limited to generally 20 years from filing
- Utility Patent Applications:
 - Provisional application
 - PCT Application
- Design Application

❑ Trademarks

- Names, symbols, marks & the likes uniquely identifying a product, a firm, a service etc.
- Unlimited time as long is in active use

❑ Copyrights

- Human creations in writing, printing, drawings, etc. ©-2022 & copyright owner
- Firms 75-95 years, individuals for a lifetime + 70 years

❑ Trade secrets

- IP kept in confidence within a firm
- Limited internal exposure and no external exposure
- No time limitations for as long as it is a secret

INTELLECTUAL PROPERTY IS ...

A business asset to be monetized

REVENUE STREAMS OF AN IP PORTFOLIO



INTELLECTUAL PROPERTY BRINGS VALUE BY ...

- Creating market exclusivity
- Providing negotiation tools in potential infringement disputes
- Attracting investments
- Generating licensing revenue
- Increasing shareholder value
- Positioning company for M&A

INTELLECTUAL PROPERTY BRINGS VALUE BY ...

- Enabling collaborative relationships
- Generating goodwill
- Incentivizing innovation
- Rewarding engineers

SOME EXAMPLES

❑ **Facebook's portfolio acquisitions prior to IPO (circa 2012, USA)**

- Facebook acquired patent portfolios from IBM, Microsoft, AOL, HP, and Walker Digital prior to IPO to defend against a Yahoo lawsuit
- The acquisitions include 1,400 patent assets - growing the portfolio from 46 patent assets

SOME EXAMPLES

❑ **BlackBerry portfolio sold for \$600 million (2022)**

- BlackBerry announced plans to sell its mobile and messaging patent assets for \$600 million
- The patent sale agreement is with Catapult IP Innovations
- BlackBerry's portfolio can pose a litigation threat to approx 2000+ companies

MAIN PATENT STRATEGIES

□ Going Defensive

- **Protecting** your proprietary technology
- Market control - defending your market
- Requires developing a “massive” patent portfolio covering aspects of your technology
- Requires significant capital to support litigation
- Timeline for collecting royalties starts only as patent applications are granted (2-5 years after filing)
- Should I adopt this strategy in my early-stage start-up?
 - **NOT RECOMMENDED**

MAIN PATENT STRATEGIES

□ Going Offensive

- Creating value for the company
- Requires developing a “sizable” patent portfolio protecting core technology assets and hedge for potential acquisitions
- Increase valuations for an M&A transactions - acquiring companies will look at the value of their technology and the ability to use the patents against their competitors
- Build confidence with inventors that your technology is novel
- Use as bargaining tools in potential litigation brought against your company
- Timeline for collecting royalties starts only after patent applications are granted (2-5 years after filing)
- Should I adopt this strategy in my start-up?
 - **HIGHLY RECOMMENDED**

MAIN REVENUE STREAMS FOR START-UPS

❑ **Attract Investments**

- VCs and investors would like to see some IP assets prior to investing
- A filed patent application can help in the due diligence process
- Ensure that core assets stay with the company

❑ **Collateral**

- IP assets can be used to secure loans (banks or SAFE)

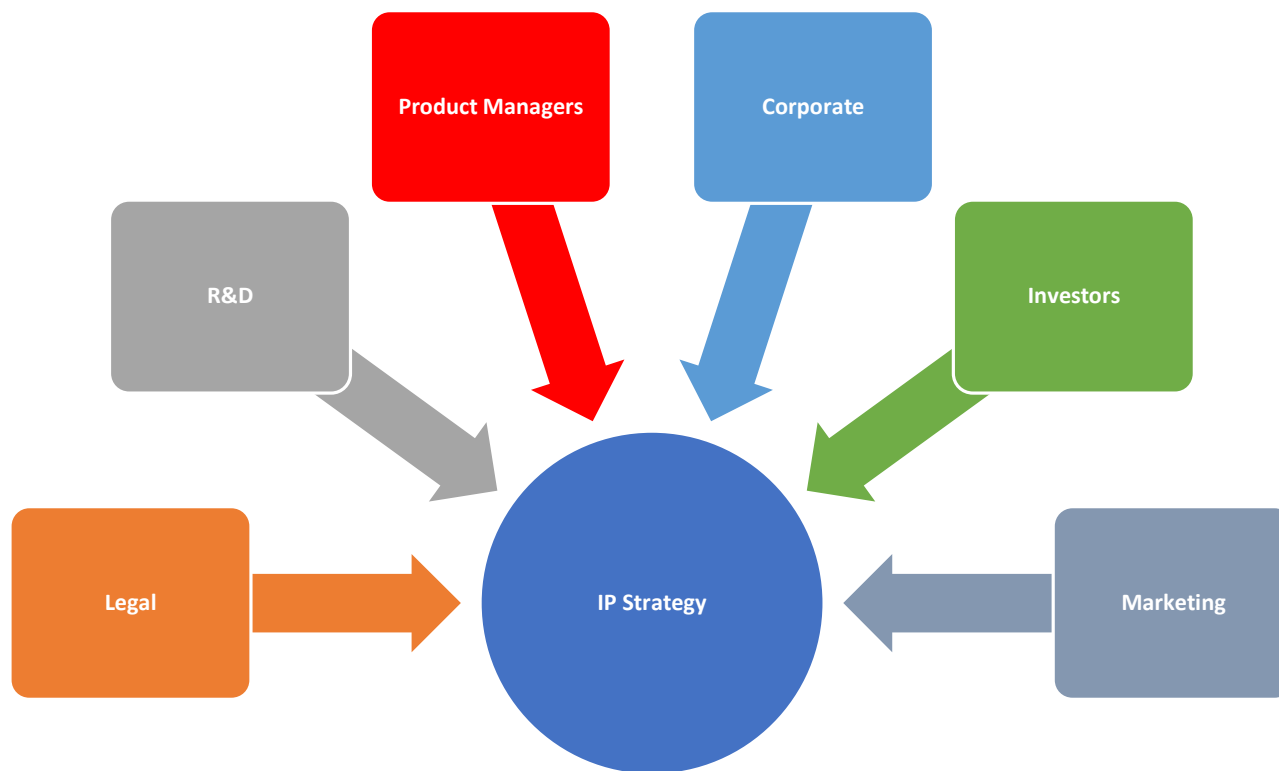
❑ **M&A**

- Negotiation leverage in M&A transactions
- Increase valuations for acquisition
- Potential write-offs for the acquired company

❑ **Reduce risk for potential infringement disputes**

- Countersuits
- Join patent alliance groups

STRATEGIC INPUTS



BEST STRATEGY FOR EARLY-STAGE START-UPS

❑ **Go offensive**

- Adopt an offensive strategy (even in later stages of your company)
- Define as a strategy for **1-5-10-20-year horizons**
- File provisional applications to cover the main aspects of your technology

❑ **Wisely plan your budget**

- Establish an IP budget based on R&D spending
- Have a mining session to identify valuable patent applications
- Start patenting only when you are ready to raise funds or grants

❑ **File before showing your technology off**

- File a provisional application before you disclose to investors or customers
- Adapt your initial filing based on feedback from customers
- Consider publishing white papers on technologies not protected using patent applications

WHY DO YOU NEED A PATENT PORTFOLIO

**A patent portfolio is
business asset to be monetized**

WHY DO YOU NEED A PATENT PORTFOLIO

like a stock portfolio...
you must have a patent portfolio

OUR **SME** METHOD FOR DEVELOPING PATENT PORTFOLIOS

□ **S**trategy

- We study the short-term and long-term business goals of the company.
- We define an IP portfolio and a plan to be executed over the years to meet these business goals.

□ **M**ining

- We brainstorm with the technical teams to identify valuable IP assets and innovation by conducting patent mining sessions periodically.

□ **E**ducation

- We educate inventors on the patenting process, so they focus on developing products and not reviewing legal documents.
- We also coach management on how to encourage innovation within the company and position as an innovation leader.

THANK YOU!

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