



Economic Uncertainty?

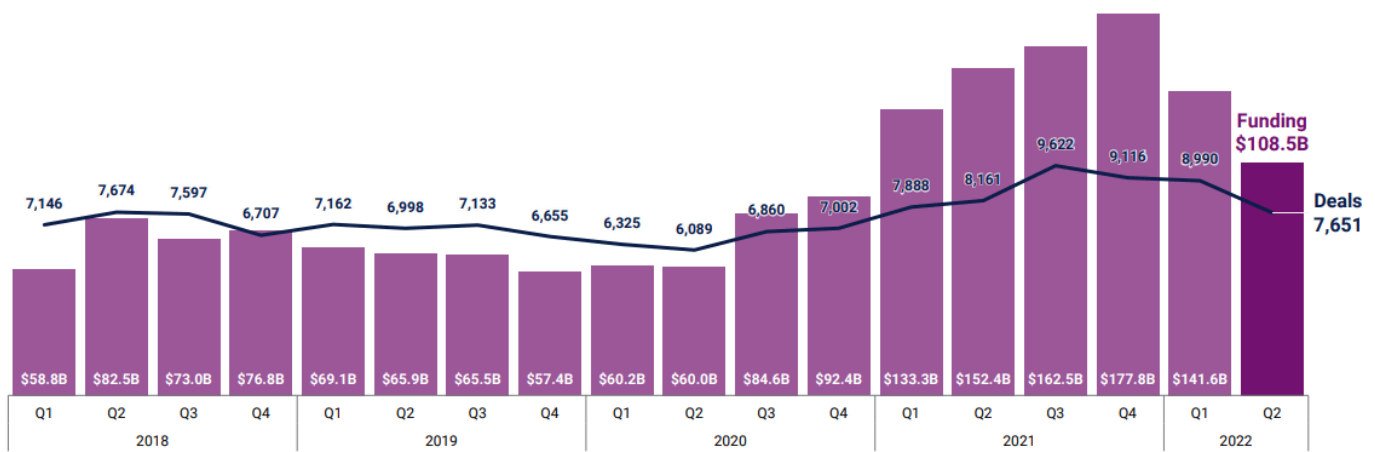
5 Ways to Effectively Weather the Storm with Patents



Background: Global Trends in Funding

State of Venture | Global Trends | Investment Trends

Funding drops by 23% QoQ in Q2'22, deal activity slows



CBINSIGHTS

24

Image by [CBINSIGHTS](#)



For the second straight quarter of 2022, venture capital funding fell more than 20%.

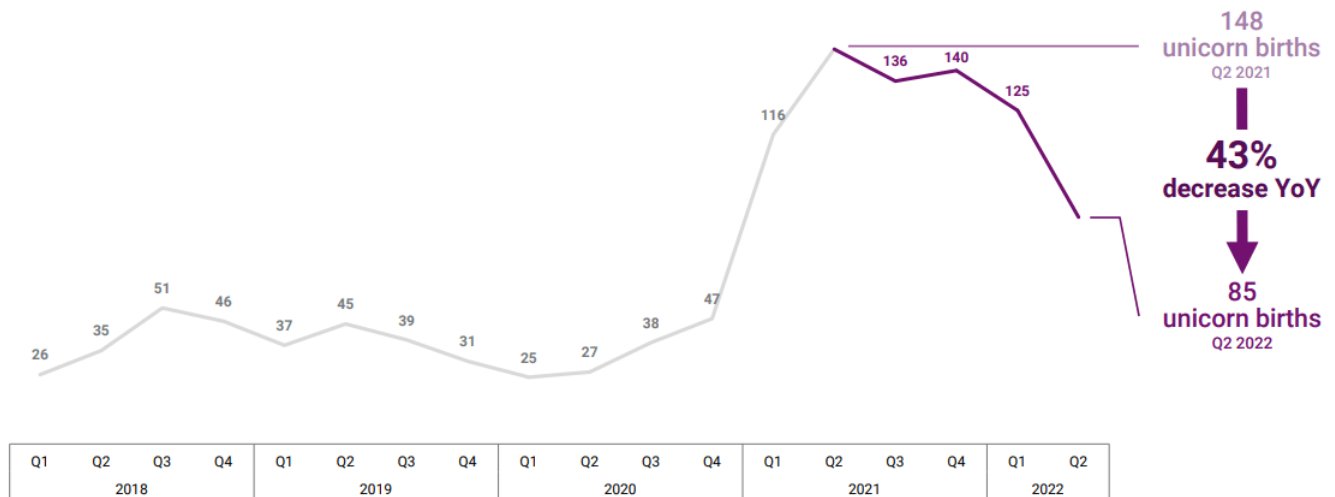


Investors have pulled back on deals by as much as 15% in the first quarter of 2022, especially for startups.

Background: Decline of Unicorn Births

State of Venture | Global Trends | Unicorns, Valuations, & Multiples

New unicorn births fall significantly in Q2'22



CBINSIGHTS

12

Image by [CBINSIGHTS](#)

Births of unicorn companies have declined 43% from their peak in 2021.

Increasing Cash Flow and Runway

- ▶ All startups are trying to increase their runway by removing non-essential expenses
- ▶ Patents, which take a long time to mature, are commonly delayed in response to an economic downturn
- ▶ However, decades of experience and data show that this is incorrect and can hurt a company in the long term
- ▶ Instead of rushing to slash the patent budget, founders should focus on optimizing their patent spending to maximize the impact of a more limited budget.

4 Risks of Abandoning Your Patent Portfolio

1- Limiting Cash flow:

IP can be leveraged to raise capital

2- Limiting Valuation:

Strong patent portfolios tend to improve valuations of startups during fundraising

3- Disclosure:

Disclosing inventions without any patent protection can potentially make your invention unpatentable

4- Competitive Advantage:

Delaying patents may allow competitors to gain a competitive advantage in your industry

5 Ways to Effectively Manage Patent Costs

1 Align spending with your current strategy

- ▶ Consider cleaning up your patent portfolio invention-by-invention
- ▶ For pending patent applications, consider how much more prosecution might cost, especially the number of office actions
- ▶ Consider letting a patent go abandoned if it is far from being granted or not important enough to justify continued spending
- ▶ Similarly, granted patents have ongoing maintenance fees, which could also be abandoned depending on the circumstances

5 Ways to Effectively Manage Patent Costs

2 Scrutinize foreign filing expenses

- ▶ Reevaluate each market is and how useful patents are in those markets
- ▶ The US is one of the most important markets to have patent protection in, but companies may file foreign applications without much consideration
- ▶ Patents may provide little return for investment in certain markets and these markets may not be worth continuing to spend money on patents in

5 Ways to Effectively Manage Patent Costs

3 Manage your attorney time wisely

- ▶ Consider cost management solutions for your current representation
- ▶ Ask whether costs can be capped and/or if flat fees can be charged for activities like filing office action responses or information disclosure statements
- ▶ Make sure that all documentation is filed on time to save on unnecessary fees

5 Ways to Effectively Manage Patent Costs

4 Delay prosecution costs

- ▶ Conserving resources while waiting for the economy to rebound can allow you more time to pay for prosecution costs like office actions
- ▶ US provisional patent applications must be converted within one year of filing, but during that year, the US patent office will not issue office actions
- ▶ Similarly, filing a PCT/international application allows you to delay filing in specific countries for a total of around 30 months from the initial filing

5 Ways to Effectively Manage Patent Costs

5 Look for hidden costs of obtaining patents

- ▶ The opportunity cost of inventors spending time on patent disclosures can be significant if you aren't careful
- ▶ Seek out practitioners who can effectively draft accurate patent applications without lengthy disclosures
- ▶ A slightly more expensive patent professional who saves your engineers a lot of time can help to minimize the true cost of your patents in the long run

Most importantly, INVEST IN THE FUTURE!

Even if things look uncertain today, don't abandon
your company's long-term plans



[CONTACT US](#)

**Any information in this document is not legal advice. No reader should act or refrain from acting based on information provided herein without seeking appropriate professional advice based on the particular facts and laws that may apply. Nothing in this article is intended to, and nothing herein does create, an attorney-client relationship with M&B IP Analysts, LLC.*