

# Deciding Which Inventions to Patent

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In the early stages of development, inventors and their employers are often confused about what to patent. When faced with a dizzying array of new products and feature enhancements, it may be tempting to select the flashiest one, or fall back on a patent strategy from a prior product, a different company, or an earlier time. Be wary: These are poor proxies for determining what is valuable. In fact, what is valuable may be easily overlooked and may morph over time as the competitive environment and customer needs change. What is valuable to you depends on your goals for your patent strategy.

Companies typically have several patent strategy goals that drive decisions related to implementation of their strategy. The selection of one or more of these as primary goals may influence how to weigh the indicators of patent value discussed below.

**Goal 1: Achieve marketplace prestige.** Patent applications can signal to market stakeholders that a company has developed proprietary technology. Those who focus on Goal 1 use patents primarily to showcase a company's contributions to the state of the art and reassure investors that the company is taking appropriate steps to protect their investments in research and development.

**Goal 2: Stop imitators/copycats.** Imitators are those who seek to swoop in and steal your customers by copying your technology rather than developing their own. This shortcut saves the imitator development time and effort, increasing their profitability at your expense. Imitators may particularly prey on industries where products can be easily reverse-engineered and/or have low barriers to entry. Contrary to conventional wisdom, those who focus on Goal 2 find imitators a source of annoyance rather than a source of flattery.

**Goal 3: Build an arsenal for use against business competitors.** A stockpile of patents can have a significant deterrent effect on a competitor looking to pick a fight. Even if a patent war breaks out among

competitors, those who focus on Goal 3 can use a common fear of mutually assured destruction to broker a cease-fire in the form of a patent cross-license. Those who focus on Goal 3 will patent features that are not even in their own products if it is likely that a competitor will want to add those features in the competitor's products.

**Goal 4: Monetize for revenue.** The rights granted by a patent to exclude others from making, using, selling and importing an invention does not necessarily mean that the patentee wants to be the only party engaging in these activities. Those who focus on Goal 4 look forward to sharing their patented technology with others, for the right price. Although monetization is an often discussed goal, few operating companies make this goal a high enough priority to be meaningful.

After selecting one or more goals from the list above, companies should then turn to indicators used to value inventions and their corresponding patents. The following criteria can be used to assess the value of the likely outcome of the patenting process at the outset. Thus, these indicators of patent value can be used to select which inventions to pursue in patent applications.

**Detectability.** This indicator is critical for offensive use of patents to enforce your rights (e.g., Goals 2, 3 and 4), but much less important for achieving prestige (Goal 1). Would you be able to tell if a competitor was practicing the patented invention? What would be observable? Typically, detectability of external-facing features (those shown to customers/users) is higher than the detectability of internal mechanisms or algorithms. A higher level of detectability leads to a higher value of the patent. Note that if the invention is hard to detect, it may be better protected as a trade secret, and exposing the invention in a published patent application may well ruin trade secrecy protection.

**Availability of suitable alternatives.** This indicator is crucial for arsenal building (Goal 3) and monetization (Goal 4), but relatively less important in achieving prestige (Goal 1) or stopping strict imitators (Goal 2). If you lock up one way (or one category of ways) to solve a problem by patenting it, how good is the next best alternative that remains available to competitors? This concept is also referred to as the availability of “design-around options.” The absence of reasonable alternatives strongly increases the value of the patent.

**Likelihood of use by others.** This indicator is important for stopping imitators (Goal 2), building an arsenal (Goal 3), and monetizing for revenue (Goal 4), but may not be important for achieving prestige (Goal 1). Is the invention something that others would reasonably like to do? If the invention solves a business problem that others are likely to face, the answer is probably yes. If the invention is narrowly applicable to a specific set of circumstances that is likely to arise only in your product, the answer is probably no. A higher likelihood of use by others leads to a higher value of the patent. This indicator can be used to weed out inventions that are too narrow in scope to be worth pursuing in patent applications.

**Scope of claims likely to be allowable.** This indicator is more important to building an arsenal (Goal 3) and monetizing (Goal 4) as compared to achieving prestige (Goal 1) or stopping imitators (Goal 2). Assessment of this indicator requires background knowledge of how crowded the field of technology is and how actively others are pursuing related technology. In relatively new technology areas, broader claims are more likely to be allowable than in well-developed technology areas where only narrowly tailored claims are likely to be allowable. Sometimes, companies rely on their chief technology officer and other technical specialists to outline the contours of the intellectual property landscape as they have observed it. Other times, companies request IP landscape studies in order to learn where the white space is between the IP holdings of competitors. A greater scope of claims likely to be allowable leads to a higher value of the patent.

**Longevity.** Patent applications are typically published 18 months after filing, and typically take

between two and four years to issue as patents. Under any patent strategy (Goals 1-4), the value of the patent is greater if the useful life of the invention exceeds the time consumed before the patent issues. The most valuable patents according to this indicator are those that are still relevant until the end of the patent’s 20-year term.

Equipped with an understanding of your patent goals, you can use an appropriately-weighted combination of these five indicators of patent value to score your inventions that are patent possibilities. Then, based on the scores, you can rank the patent possibilities. The final decision is how many of the top-ranked patent possibilities you can fit into your IP budget. Whatever the number may be, you will be prepared to implement your strategy with confidence in the true value of what you are pursuing.

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