

Patent Bricks and Stones

Jonah Probell

Patenting is an esoteric subject. Many professional legal advisors use analogies to guide their clients' thinking. A frequent analogy is to compare patents in a portfolio to bricks or stones that build a wall to protect a business. The more, the better.



A law firm is a business. One that handles patent prosecution makes money when clients file patent applications. The more, the better.

The lawyer's argument is that it is impossible to know which inventions will be valuable in the distant future under the uncertain arc of technology. Ironically, lawyers giving such advice typically advise against predictive research before attempting to patent inventions. Specifically, they scare clients by exaggerating negligible legal risks from having knowledge of state of the art publications. Many such lawyers can only vaguely articulate criteria for making patent filing decisions.

Three considerations matter.

1. What aspects of the invention are not obvious in view of a thorough prior art search of patents and non-patent literature.
2. Whether a reasonable royalty rate on the industry's profit increase from those patentable aspects in the geographical market that the patent covers is greater than the time-value of the money required to procure and enforce the patent. That typically means that the non-obvious aspects must increase industry profits by at least \$5 million over 20 years to be worth patenting on a rational financial basis.
3. What is the opportunity cost of spending that time and money on patenting in comparison to other business activity.

Whereas the lawyer's advice would have their client spend its last penny on as many patents as possible, a smart business looking to apply its capital most efficiently to creating business value will patent a comparatively small number of innovative, high-value inventions.

Ignore the bricks or stones analogy.

About the author

Jonah Probell develops a high-value patent portfolio for a small company. He also organizes a free monthly meetup in Silicon Valley for inventor-entrepreneurs to learn about patenting.