

## 5 Reasons Viable Startups Require Patents

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Obtaining a patent is complex and expensive. Moreover, the process has recently come under attack and court cases have caused startups to question the ROI of seeking patent protection for their innovations. But patents continue to be a vital, if not critical, phase of ensuring a startup's success. Here are five reminders to pursue patents for your business:

1) **MONEY** – Investors love them. Patents reflect innovation that helps investors value the startup and gain confidence that the enterprise possesses more than a mere dream. In a recent study, 40% of all startup filed for or held patents. By comparison, 80% of those startups receiving venture capital had sought or held patent production. Thus, despite the recent attack on the patent system, investors clearly continue to value startups that possess patents.

2) **SECURITY** – Patents provide defensive ammunition. Large incumbents often use their patent arsenal to run upstart competitors out of town by simply exhausting them and their limited resources. Building a patent portfolio provides ammunition to fight back. By gaining a toehold with respect to new innovation, a startup can position itself to refute such an attack and often weather the storm.

3) **FREEDOM** – Patents provide autonomy to operate and even a single patent can make all the difference. In the early days of Google-before it had a business plan, venture financing, or even had its domain name-it had U.S. Patent 6285999 for its page ranking methodology. Without that patent, Yahoo, Microsoft and other dominant players in the market would have trampled Google. Because of the patent, however, Google thrives today.

4) **GROWTH** – Patents foster partnerships and increased market share. They provide a certain degree of notoriety but they also enable a company to license its technology and gain other technology via cross-licensing.

5) **SUCCESS** – Patents are directly related to and predict success. While not all startups with patents survive, the vast majority of those that are successful possess patents to protect their innovations. Firms without patents are much less likely to last. Some patents are indicative of success and well known, but other successful companies can also be tied to key patented innovations such as GoPro's patented harness system, Dropbox's folder synchronization patent and more.

Patents should be considered as an integral component of an overall IP strategy. Ignoring their ability to protect innovation may be a startup's most costly mistake.

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