

# Rochester firms work to protect intellectual property

Bennett J. Loudon, Staff writer 6:41 a.m. EDT September 27, 2013



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There are two key ingredients to the success of a high-tech startup: Sufficient capital and intellectual property safeguards.

But getting a patent can be expensive — easily \$10,000 to \$50,000 or more— making the need for capital even more important as entrepreneurs budget for other expenses too.

So, unlike a large established company with its own legal staff and lots of experience maintaining an intellectual property portfolio, startups need a well thought out plan for IP legal services.

Although not as enthusiastic about taking startups as new clients, local experts say law firms in the Rochester area offer adequate IP services. Attorneys here recognize the financial limitations of new ventures and are willing to work within those limitations, often with the expectation that getting in on the ground floor can mean a lucrative business relationship down the road.

## Educating entrepreneurs

"There's no question that there are IP firms upstate and that they do good service, but because of the economics of working with startups, their bread and butter is really larger companies and it's much harder for them to work with startups," said Andrew Scheinman, a patent attorney specializing in high technology startup companies.

Rami Katz, COO of [Excel Partners](http://www.excellny.com/index.php) (<http://www.excellny.com/index.php>), a venture capital firm, said Rochester has an advantage in IP services relative to other upstate cities, such as Syracuse and Buffalo.

For patent attorneys, working with a university or large company that already has many patents is less cumbersome because the people you are working with have lots of experience and are familiar with the research and information needed. That often is not the case with a startup.

"You need to make the inventor aware of a lot of different pitfalls, a lot of different dates going on, a lot of decisions to be made along the way. The small startups just can't afford to pay an attorney to educate them and to do the substantive work. It's a tough tension there," said Brian Shaw, a partner at [Harter Secret & Emery](http://www.hselaw.com/) (<http://www.hselaw.com/>) law firm.

But law firms say they are creating solutions.

"We understand some of these startups are going to turn into thriving companies and mature companies, and we would like to be along for the ride, understanding it's a crap shoot," Shaw said. "If you get a good relationship with them and you're there from the start, the future business is typically a good enough deal."

For instance, a law firm may handle billing differently.

"We will be flexible and not bill them like a traditional company, but maybe go easier at the beginning to help get established with a graduated payoff later after they catch on and after they grow. We try to be flexible at the beginning, said Jay Quinn, director of marketing and client services at Harter Secret.

In for the long haul

In the boom days of the 1990s, it was not unusual for law firms to accept a stake in the startup in exchange for part of their fees. But that practice is rare today, said Jeremy Wolk, counsel at the [Nixon Peabody](http://www.nixonpeabody.com/) (<http://www.nixonpeabody.com/>) law firm.

Nowadays, law firms working with startups often double as business counselors.

"In today's day and age, when dealing with a startup it's very important that the attorney assist the business folks in trying to prioritize what they need. In the days of old, if they wanted to write a check, I don't think there was much concern about the survival of the company. I think you take a much more vested approach these days in the success of the company, and want to see it grow and believe that as it grows it will create additional opportunities for the firm to represent," Wolk said.

Jennifer Indovina, CEO and founder of Tenrehte Technologies (<http://www.tenrehte.com/>), said she would advise startups to choose a law firm based on their specialty and personal relationships. Tenrehte uses a Boston law firm for to secure patents and trademarks, partly because of its expertise in consumer electronics and a previous connection with Indovina's father, Mark Indovina, the company's COO. Tenrehte uses a separate local law firm that she declined to name to defend their patents.

"As a startup, if you're spending all of your time and effort trying to get your patent you will have no money left and no customers to support you in the event that you have to defend your patent in court," Indovina said.

Although funds are tight, Katz suggests getting the best legal services you can afford.

"Look for an attorney from a high caliber firm that will believe in you and say, 'I see the potential, I know I'm going to get less money up front, but hopefully you're going to remember my services to you when you become big and powerful' and you'll produce a very hefty retainer in return. That's really the relationship you want to build," Katz said.

Part of the reason a patent for a startup can be especially expensive is that the invention may change several times during development and patent documentation may need to be updated many times. It can be risky, but sometimes a startup may put off their patent application in the very early stages of testing to buy time and money.

"The advice is, let's keep it secret as long as you can and make an affirmative decision of when you want to disclose it and when to time the patent application process," Shaw said.

An alternative

Fairport-based IP.com (<http://ip.com/>) offers an online and print service that can help businesses, in some cases, save money on intellectual property expenses. The company maintains an online database of invention disclosures that prevent others from getting a patent for an idea.

Under patent law, when something is in the public domain it can't be patented, IP.com COO John Bonin said.

"If you have a new discovery you can patent it, which prevents anyone else from using that concept, or you can publish the concept, which prevents anyone else from patenting it, but puts it in public domain so anyone can use it," said Bonin.

IP.com's largest customer is IBM.

"Their strategy is to patent a core concept. Worldwide patents can easily cost \$50,000. To avoid that expense they publish all around the core patent, the concepts that surround it to prevent others from patenting them," Bonin said.

IP.com charges \$400 to publish a disclosure. It appears at IP.com and in a journal that is distributed to about 25 libraries and patent authorities around the world.

"When you patent something you have exclusive rights to that concept; no one else may use it without your consent. When you publish a concept anyone else in the world can use it but no one may patent it," Bonin said.

Publishing your idea as a disclosure also can help delay the expense of a patent because you still have a year after publishing to file for a patent, and it still prevents others from patenting the idea, Bonin said. You can also use publishing a disclosure to add to the scope of your patent at less cost.

"If you're a startup and you have a core concept that you want to build from, you would patent that core concept, but then to make sure no one else patents around you, you would publish the disclosures around the various iterations of that patent," Bonin said.

"If you're an innovative company you simply can't afford to patent every new idea that comes up, but if you want to protect your rights to pursue that idea and you don't care if others pursue it as well, you purposely want to publish it or get it out in the public domain to preserve your rights to use it in the future yourself," Bonin added. "Because if you don't someone else can patent it and then you're precluded."

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Jen Indovina of Tenrehte Technologies Inc. and Jon Paul Boucher of Ashly Audio team up to manufacture the PICOWatt®, a wireless device designed to monitor energy consumption.

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