How to Avoid the Patent Trap That’s Quietly Draining Your Startup’s Budget

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Patents are often filed early, before a startup knows what the market really wants. That’s smart, but it comes with a challenge: Not every idea turns out to be worth protecting.

Markets shift. Products pivot. And eventually, founders ask: *Should we keep paying for this patent or cut our losses?*

It’s a tough call. Abandoning a patent midway can feel like giving up. But continuing just because you’ve already spent money? That’s the sunk cost trap, and it quietly drains your budget.

Many startups keep prosecuting every idea, paying rejections, annuities and attorney fees. But a smart IP strategy means knowing what to keep and what to walk away from.

Here’s how to make that call strategically.

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Built-in checkpoints in patent lifecycle — use them

Roughly, you can split a patent’s entire lifecycle cost into three parts. The first third goes to drafting the application, another third is for arguing the patent through issuance, and

the final third covers patent maintenance fees for the next 20+ years.

In a way, these financial checkpoints are decision checkpoints, too. When drafting, consider whether the invention aligns with your core business or is just a side experiment that may never get to market. During prosecution, evaluate whether it's still worth the legal wrangling, as each round of argument is costly. And when renewal fees come due, ask if the patent still supports your product, blocks competitors or adds leverage against others in the market.

Unfortunately, many startups treat these pivotal stages as administrative formalities. Instead of evaluating whether continued investment is justified at each stage, many companies default to pushing forward — whether by extending prosecution unnecessarily, filing continuations without a clear purpose, or simply paying maintenance fees — without assessing strategic alignment.

That's how portfolios get bloated with low-impact patents. The only solution here is patent pruning: Abandon some patent filings at the right checkpoints.

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What are the signs that it's time to abandon a patent?

Every dollar spent defending or maintaining a weak patent is a dollar not spent protecting something truly valuable. Therefore, you must look for the signs at different checkpoints to spot a patent to discard.

Here are some signs to look for:

1. No market validation

A patent is only valuable if the protected product actually sells. If your invention fails to gain customer traction, the patent will be a failure. Experts emphasize focusing on “high-impact” problems with real demand. Without that market pull, even a granted patent is a dead weight. For example, Google Glass – once hyped as the future of AR eyewear – never found a viable consumer market. It was pulled from sale in 2015 (and again in 2023) due to poor adoption, illustrating how patents tied to unvalidated products offer no return.

2. Shifting industry direction

Industries evolve, and a patent can lose value if the tech horizon moves on. In practice, companies are advised to ask whether their invention still aligns with “the target industry and market.” If adjacent innovations eclipse your solution (for example, cloud services replacing old networking hardware), the patent’s relevance vanishes. In that scenario, it makes little sense to keep paying maintenance fees. Better to refocus on protections for innovations that fit the new direction of your field.

3. Prior art kills the novelty

Sometimes, what initially feels like a breakthrough ends up being something others have already attempted or fully disclosed. If prior art eclipses your claims, the chances of securing meaningful protection drop significantly. At that point, even if you receive a patent, it may be so narrow that it offers little real-world value. Continuing to prosecute a case like this can quickly become a drain on time and legal budget.

4. Weak business use case

Every patent in your portfolio should earn its keep through business impact or the potential to do so on your current roadmap. If it’s not protecting a revenue-generating product, blocking a competitor or supporting licensing efforts, its

value is questionable. Startups often hang on to patents without a clear path to monetization or strategic use. But unless a patent strengthens your market position or serves a legal or commercial purpose, it's just another expense on the books.

To actively prune your patent portfolio, just looking for signs isn't enough. As the portfolio grows, you need a deliberate, repeatable process for patent abandonment assessment.

Build a patent pruning system: Health checks and ranking framework

An effective patent pruning system should take two things into consideration: 1) lifecycle stage and 2) multiple perspectives.

For the first one, you want to start by ranking each patent across key lifecycle stages:

- **At the idea stage:** Is this innovation aligned with your product roadmap or market differentiation?
- **Post-filing:** Has the landscape shifted? Is the application still strategically relevant?
- **Pre-renewal:** Is the granted patent still supporting revenue, blocking competitors or enhancing leverage?

The higher a patent scores at a certain stage, the more you want to invest in it. Please note that not only your legal counsel team but also others, such as product, technology, marketing and finance, must contribute to this ranking system, as pruning cannot be undone.

The goal is to ensure that patents are evaluated through a business lens, not just a legal one. Consider using patent

management tools that provide full portfolio visibility and enable seamless collaboration as part of your patent pruning process.

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Pruning a patent portfolio isn't just about saving money; it's about fueling what's next with the reclaimed budget.

In 2020, IBM stepped back from chasing patent volume. "We're no longer pursuing patent leadership," they said. "We're being more selective." The result? Fewer filings, stronger focus and more investment in high-growth areas like AI and quantum computing.

That's the lesson: Pruning isn't cutting back. It's reallocating toward where your business is growing. Because IP should follow your future, not fund your past.

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