

Leveraging intellectual property rights in cleantech innovations

Cleantech companies should leverage patents to secure ownership, protect innovation, and address potential barriers to market entry, ensuring they are prepared for investment or acquisition due diligence.

By Josue Villalta

Cleantech companies should utilize intellectual property, in particular patents, to protect their innovation and attract investors. Among the important questions that cleantech companies can anticipate in investment or acquisition due diligence are: (1) Does the company own all rights to the innovation? (2) How has the company protected the innovation? (3) Are there barriers to market entry for the company's technology such as, for example, third-party patents? Cleantech innovators should be prepared to take the following steps to address these questions.

Securing ownership of relevant intellectual property rights

Ownership of a U.S. patent initially vests in the inventors who are listed on the patent, each of whom owns an undivided interest in the entire patent. As a co-owner, each co-inventor can separately license the patent to a third party. This is the case unless and until the inventors assign their rights in the patent. To assign their rights, the inventors must sign a suitable assignment document to transfer their entire right, title and interest in and to the patent. By having such assignment documents executed promptly, companies can best protect their rights. Companies should also recognize that obligation-to-assign provisions in employment and consulting agreements, while helpful, do not necessarily effect a transfer of ownership. Care should be taken to obtain signed assignments from all of the inventors.



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Protecting your intellectual property rights

Securing a patent is the first step in protecting an invention. Public disclosures of the invention prior to filing a patent application may restrict (or even preclude) the ability to protect the invention. Public disclosures include those made to recipients/audiences that are not bound by a proper non-disclosure or confidentiality agreement. Examples of public disclosures include: showing a prototype at a tradeshow, disclos-

ing information on a website or via social media, making a presentation at a conference, and simply using the invention in public. The U.S. has a grace period of one year for filing a patent application following an inventor's initial public disclosure of an invention. Public disclosures that trigger the grace period must be made by the inventor, joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or joint inventor. However, most other coun-

tries do not have a grace period. Therefore, while an eligible public disclosure within the one-year grace period may not bar U.S. patent protection, such a public disclosure may preclude foreign patent protection. Additionally, public disclosures more than one year prior to the filing of the patent application would preclude U.S. patent protection.

To preserve the ability to pursue foreign patent protection for inventions, and to avoid any issues with the ability to pursue protection in the U.S., innovators should ensure U.S. patent applications are filed prior to any public disclosure of the invention. Additionally, companies should consider conducting patentability searching prior to filing patent applications, as such searches can identify potentially relevant prior art, allow assessment of the relative difficulty in pursuing patent protection, and can be useful in preparing patent applications in a way that avoids the prior art. Prior art includes all disclosures (e.g., commercial products, published patent applications, issued patents, technical papers, information available on the internet, or displayed at a trade show, etc.) that existed prior to the filing of a patent application.

Navigating the patent application and examination process

Patent applications are typically examined in the order they are filed with the U.S. Patent and Trademark Office (USPTO). It may take approximately 20 months (on average) before the application is examined under such "normal examination." See First Office Action Pendancy (<https://www.uspto.gov/dash->

[board/patents/#first-office-action](#)). The Climate Change Pilot Program, which allowed the expedited examination of patent applications directed to innovations that mitigate climate change was suspended on Jan. 28, 2025. However, cleantech inventions may still benefit from free USPTO programs for examining certain applications out of turn, granting them special status, and expediting their examination. Patent applications eligible for such special status include those directed to enhancing the quality of the environment (e.g., directed to restoration or maintenance of air, water, and soil), and those directed to the discovery or development of energy sources (e.g., hydrogen fuel technologies, nuclear energy, solar energy, fossil fuels, etc.) or directed to more efficient utilization and conservation of energy resources (e.g., reduction of energy consumption in combustion systems, industrial equipment, etc.). See 37 C.F.R. § 1.102;

Manual of Patent Examining Prosecution, §§ 708.01-708.02.

Additionally, examination of patent applications can be pursued under the prioritized examination program, under which (for an additional fee) examination of an application may be conducted faster than under the normal examination route. See Patent Track One Data (<https://www.uspto.gov/dashboard/patents/track-one.html>). Because patent rights generally do not exist unless and until a patent issues, and because of the long pendency of patent applications under normal examination, companies should consider whether to request expedited examination of their patent applications.

Mitigating barriers to market entry

A common inquiry in investment or acquisition due diligence is whether there are barriers that would impede the commercialization of the com-

pany's technology. One important type of barrier exists when another party has patents that are sufficiently broad to cover the company's technology. A useful way to identify such potential barriers to commercialization is to search for patents owned by competitors. Additionally, searches can be conducted that focus on the company's planned commercial products to identify potentially relevant third-party patents, and the patents evaluated to gauge the potential risks they pose. Such evaluations can result in developing positions explaining why the third-party patent is not a concern (i.e., non-infringement positions), why the third-party patent is invalid, or how the company should pursue design around options. Performing such third-party patent searching and developing such positions early can prepare the company to answer barrier to entry questions in due diligence.

Conclusion

Cleantech and other innovators can take the steps noted above to secure ownership of their technology, protect their innovation, identify and mitigate potential barriers to entry, and be ready to answer common questions that arise during acquisition or investment due diligence.

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