How IP holds back fundraises and how to make sure yours doesn't

IP due diligence used to be a box-checking exercise. Assignment chains, prosecution status, lien searches — the basics. Investors who weren't in biotech or pharma didn't look much further. A patent pending was enough to signal that the company was thinking about it.

That calculus has shifted, and the shift is happening faster than most in-house teams realize. AI has made it cheap and fast for investors to run their own read on a company's filing history, map the competitive landscape, and assess whether a portfolio supports the business it's supposed to protect. By the time a sophisticated investor sits down with a management team, they often already have questions the company hasn't prepared for.

This guide covers what investors are now looking for, what a portfolio narrative requires, and what to do in the six to twelve months before a raise to make sure IP is a valuation driver rather than a liability. It draws on a panel discussion featuring Bennett David, Senior IP Counsel at Ohmium; Cory McAnelly, in-house IP counsel at Principal Financial Group and advisor to early-stage companies; Sam Garcia, partner at Amplo VC and instructor at Harvard Law School and Penn Law School; and Tim Young, co-founder and GP of Eniac Ventures and former patent attorney at Morrison Foerster. Alec Sorensen, CEO of Tradespace, moderated.

You can read this guide alongside the webinar replay or independently.

Watch the webinar replay →

Why investors are paying closer attention

The change isn't that investors have become more interested in IP. It's that they now have tools that make an assessment feasible in the time a diligence process allows.

Tim Young at ENIAC described what used to happen with large patent cross-licensing negotiations: portfolios with massive numbers of patents wouldn't even get reviewed — a few representative patents would be pulled, and the deal would proceed on that basis. A thorough read wasn't possible in the time and at the cost available. Today, a well-built LLM focused on a portfolio can assess with reasonable confidence which patents are most valuable, which might be vulnerable to re-examination, and what freedom to operate looks like. That analysis used to be cost-prohibitive. Now it happens before the first meeting.

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Sam Garcia at Amplo VC described the other side of that change: earlier-stage companies are now arriving at fundraising conversations with meaningfully more IP than they would have had a few years ago. Seed and pre-seed companies that would previously have had nothing on file are showing up with provisional applications on core technologies. That's generally a good development — but it creates a new challenge. Investors are now evaluating those portfolios more rigorously, and a weak or superfluous application is no longer just neutral. It's a signal.

Cory McAnelly at Principal Financial Group was direct about the shift: companies used to be able to get away with filing patents that didn't clearly add value. A pending application was a gesture that satisfied the question. That's no longer true when investors can quickly assess the quality of what was filed, the field it covers, and how it connects — or doesn't — to the business. A poorly considered patent at this stage can speak to the decision-making of the business more broadly, which is the last thing a company wants going into a raise.

What investors want to see — and what trips companies up

The investor question that matters most isn't how many patents a company has. It's whether the portfolio makes a clear case for why the company is hard to copy.

Bennett David at Ohmium framed it that way directly: a portfolio should answer one question — why is this company hard to copy? If the company is telling investors it has a novel technology platform, defensible margins, and a first-mover advantage, the portfolio should support that story. Which patents cover core technologies? Which represent defensive positions? Which are experimental? When investors can see how those categories map to the company's actual commercial roadmap, they can build confidence in the direction.

Sam at Amplo described what he's doing when he evaluates a portfolio in an IP-intensive space like energy: figuring out what value the IP holds, what the use cases are, and whether those use cases support the business the company says it's building. For companies that don't have revenue yet — and in some spaces, that means large public companies — the IP portfolio may be the only concrete basis for valuation. Getting AI to help map use cases and assess value has become a standard part of his diligence process.

The competitive landscape question is the one Sam uses most often to filter early. Who are the competitors? How are they positioned? How does this company's IP relate to theirs? If a founder is hearing that question for the first time in the meeting, that's a meaningful signal. If the answer is weak, it's nearly as bad. Investors aren't looking for a perfect portfolio — they need confidence: the ability to clearly explain what the company owns, why it matters, and how it supports growth. Bennett said this plainly: don't wait until the fundraise to figure out what your IP story is. By then, you're reacting.

How IP changed one founder's trajectory — and what he'd tell early-stage companies now

Jerry Ting, founder of Evisort (acquired by Workday), describes how building a strategic IP position early enabled his company to go to market indirectly — becoming a partner to larger companies rather than competing with them head-on. His advice on when to start thinking about IP, and why, is grounded in what happened.

[Read the article →]

What to do six to twelve months before a raise

Bennett's advice on preparation is the clearest framework the panel produced, and it starts well before diligence begins.

The first step is a full portfolio assessment: map every existing asset to the business, identify which patents cover current products, and determine which cover future product lines investors will want to see addressed. Investors aren't just looking at where the company is — they want to see that the portfolio is preparing for where it's going. Assets that no longer map to the roadmap need a plan, whether that's maintenance, pruning, or monetization.

The second step is portfolio segmentation. Investors will ask who else is in the space and what room the company has to operate. Organizing the portfolio into categories — core technology protection, defensive positions, experimental filings — gives the IP team a narrative to present rather than a list to defend. That narrative is what allows investors to feel confident, not just informed.

The third step is hygiene: assignment records, maintenance fees, prosecution status. These aren't strategic, but gaps here undermine confidence in everything else. A sophisticated investor who finds a clean portfolio narrative built on top of sloppy ownership records will question both.

Cory's framing for early-stage companies that don't yet have a large portfolio: get good advisors, and answer the hard questions before you walk into the room. His observation from sitting on early-stage investment boards is that companies who can't answer the basic diligence questions aren't just unprepared — they're signaling something about how the business is run. The IP question is a proxy. If the answer is vague or reactive, investors wonder what else hasn't been thought through.

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The quality problem: why more isn't better

One of the clearest shifts the panel identified is that filing volume no longer functions as a proxy for IP strength — and in some cases, a weak filing actively hurts.

Cory described the pattern he sees at early-stage boards: a company with a patent pending mentions it as though the existence of the application answers the IP question. When investors can now quickly assess the quality of that application, the field it covers, and whether it connects to anything the company is building, a superfluous or poorly crafted application becomes a liability. It raises the question of why the company spent the money on it.

Tim's observation extends this forward: as filing costs drop and AI tools make it easier to match patents to potential infringers, the volume of patent rights in most technology areas is going to increase significantly. Companies that have built portfolios of marginal patents will find those portfolios scrutinized in ways they weren't before. A portfolio that can't survive that scrutiny will become a problem at the exact moment the company needs it to be an asset.

The counterpoint — which Alec raised and Bennett developed — is that lower filing costs free up budget that might previously have gone to production work. Spending that budget on better strategic advice rather than more filings may produce a stronger result: a smaller, more coherent portfolio with a clear narrative, rather than a larger one that requires explanation.

> ### What licensing giants' portfolio strategy can teach every IP team about building for value
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> Dolby, Nokia, and others have built portfolios that essentially market themselves — because every filing maps to a business priority. This piece covers the principles behind that approach and how IP teams at growth-stage companies can apply them, even without a dedicated licensing function.
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> Read the article →

Building the portfolio narrative when the roadmap keeps moving

Building the portfolio narrative when the product roadmap is still in flux is something every early-stage company deals with. The audience question that surfaced was practical: how do you build an IP strategy around a product that changes every quarter?

Cory's answer was honest about the limits of a clean framework at this stage. Early-stage IP strategy is as much art as science. The questions that matter — what's the point of novelty, what's the beachhead market, what's the differentiator — are the same questions that define the business strategy, and they're often still being worked out. The goal isn't to patent everything as quickly as possible. It's to understand the factors around differentiation well enough that when the right moment comes, the protection strategy is ready for it.

Bennett's approach from a later-stage perspective: keep the lines of communication open between IP, R&D, and sales. Technology moves fast. Customers have needs that push R&D in directions that aren't always visible from the IP seat. Understanding where the portfolio sits at the intersection of what R&D is building and what sales is seeing from customers is what keeps the filing strategy aligned with the business rather than behind it. Outside counsel who knows the business well enough to receive that context and translate it into claim strategy is the third leg of that conversation.

Tim's closing observation on where all of this is heading: he expects IP and patent law to become more like cybersecurity within the next twelve to eighteen months — something companies can't ignore without consequences. The proliferation of patent rights, combined with AI tools that make it easier to identify and assert them, means that a weak or non-existent portfolio will increasingly pose a risk rather than just a missed opportunity. The companies building coherent portfolios now will be in a different position than the ones that wait until the question is forced.

Test Tradespace on your own IP to see how you can save time, develop stronger disclosures and filings, and maximize value for the business.

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