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At these companies, it's patents before product

By JOHN PLETZ | [Twitter](#) [Google+](#)

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Photo by Manuel Martinez
NuCurrent Chief Technology Officer Vinit Singh, left, and CEO Jacob Babcock made antennas for wireless charging thinner and more efficient.

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Even before it built a finished product or lined up a customer, NuCurrent applied for a patent.

The Chicago-based startup, which makes **antenna technology to wirelessly charge** mobile devices such as cellphones, was awarded 14 patents last year. It had just five employees.

That is the highest per-capita output of any company on Crain's Eureka Index of the area's most innovative companies. Chicago-based **Cleversafe, which developed a new type of data-storage software**, is second with 116 patents issued last year, or nearly one for every two employees.

The closest rival had 1 patent for every 3 employees.

Companies are seeking patents earlier in their lifecycle because of a recent shift in regulations to "first to file" a patent from "first to invent," says James Malackowski, CEO of **Ocean Tomo**, a Chicago-based merchant bank that does the analysis behind the Eureka Index. Patents also make it easier to raise money and value a startup company, he says. (Read how the Eureka Index is created below.)

Started six years ago, NuCurrent now has 17 total patents. Cleversafe, founded in 2004, has about 200. Both companies began thinking about patents and **protecting their intellectual property** from the outset, hiring advisers who had worked at large companies, such as Motorola, that developed sophisticated patent strategies over decades.

NuCurrent traces its origins to a medical innovation class at Northwestern University that involved students from the law, engineering, business and medical schools coming up with a prototype product. Groups were required to draft a provisional patent application as part of the process. After beating 55 competitors in a business-plan competition on campus, a couple of members of one team decided to launch NuCurrent and follow through with the patent, co-founder and CEO Jacob Babcock says.

"A software startup doesn't necessarily need patent protection early on. They need eyeballs," says Babcock, a Northwestern law school graduate. "With hardware companies, when you know you won't come out with a product for five or six years, you need IP."

Contrast that with Chicago online-deal company Groupon, founded just two years before NuCurrent, which went public and had reached more than \$3 billion in annual revenue by the time it received the first four patents last year on its original business idea and technology.

After six years, **NuCurrent has begun shipping**

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Photo by Manuel Martinez
Andrew Baptist, vice president of technology at Cleversafe, which produced about 200 patents in its first decade.

products but declines to offer details on volume or revenue.

Cleversafe , founded by an MIT-trained engineer named Chris Gladwin, specializes in massive storage, measured in multiple petabytes. (It's estimated that about 25 petabytes of data are created each day across the entire Internet.)

Cleversafe's approach has proven cheaper, more secure and more reliable than conventional storage technologies. It's particularly well-suited to large, "unstructured" data, such as video. It, too, declines to disclose revenue.

"We have so many patents because we're in a space that really nobody has done before," says Andrew Baptist, Chicago-based Cleversafe's vice president of technology, who joined the company nearly eight years ago. "It wasn't obvious you could have done Web-scale storage 10 years ago. When I joined, there were three or four patents and 20 to 25 people. The developers we hired early on were really talented. Almost all those people are still here."

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A very important point that is tangential to this article is that these are Chicago based companies, with local talent. The ideas were incubated and developed in the Midwest. Too often, everyone thinks that innovation only happens elsewhere. This is a textbook case and point that it can happen anywhere, and it happens every day in Chicago.

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