Entrepreneurs and Intellectual Property: Avoid these 13 mistakes to protect yourself (Part 3 of 3)

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In the third and final entry of this three-part article series, we share with you the last set of intellectual property (IP)–related mistakes (mistakes #10 to #13) that we regularly see with startups. We hope you will find it useful for your business.

Please be sure to read our first and second entries in this series, where we go over mistakes #1 to #5 and #6 to #9, respectively.

Happy reading!

Part 3 of 3

Mistake #10: Assuming that your invention is unpatentable

One common mistake we see business owners make is that they assume their technology is not patentable. This frequently applies to computer-related inventions, such as software. Even though there is no outright ban on patenting software in Canada, many inventors are under the impression that software is unpatentable. This is most likely due to the fact that many patent applications for computer-implemented inventions are initially refused because the Patent Office determines that the

invention in question is merely a disembodied series of mental steps and/or a mathematical formula (both of which are not considered patentable subject matter).

However, it is important to remember that, while certain types of subject matter are not patentable in Canada (e.g., disembodied mental steps and mathematical formulae, as mentioned above), that does not mean that technology involving such unpatentable subject matter (e.g., computer software) is completely void of patentability. Often, it simply means that another aspect of the technology should be the focus of the patent application.

For example, with regard to computer-implemented inventions, one strategy to increase the likelihood of patentability is to draft the patent application in such a way so as to emphasize that the computer hardware is essential, or to draft the application in such a way that it is clear that the invention creates an output comprising discernible effects or changes (e.g.: this can be as simple as generating distinct groups in a classification method).

It is also worth noting that many inventors are under the mistaken impression that a new piece of technology has to be all but revolutionary in order to be patentable. However, improvements over existing technology are also patentable as long as they are sufficiently new and inventive.

Accordingly, it is important to speak to a patent agent to properly determine if and how your invention may be patented.

Mistake #11: Believing that your patent automatically gives you the right to use and/or commercialize your invention

One common misconception regarding patents is that they give the owner thereof the right to use and/or commercialize the patented technology without fear of infringing third-party patents. However, what a patent actually does is allow its owner to exclude others from using and/or commercializing their patented technology. It is not a shield against potential infringement of third-party IP rights.

For example, if you obtain a patent for a piece of technology you developed, that does not necessarily mean you have the right to use or commercialize that technology. Specifically, if your technology incorporates patented technology owned by another company, then that company can actually prevent you from using or commercializing your own invention.

This is an important aspect of “patent protection” that all entrepreneurs should be aware of.

Mistake #12: Not informing yourself about the criteria for recognition as an inventor or owner of an invention, and not training your employees on these criteria

Many types of intellectual property disputes can arise within a business. Most of the time, they are the result of misconceptions, such as:

An employee believes they are the inventor of an invention, when they are not;
An employee believes that as the inventor of an invention,
- they are necessarily entitled to consideration (monetary or otherwise);
- the invention belongs to them rather than to the company;
- they are free to use the invention, for example upon leaving the company to become a competitor; or

An employer believes that their company can use the specific results of a researcher’s work obtained from a previous job.

It's easy to imagine how messy such issues can get!

An ounce of prevention is certainly worth a pound of cure. Get informed! Also, clarify these issues with new employees as soon as you hire them, and set down in writing who will own the rights to intellectual property developed during the course of employment. A quick training session before such problems arise can set the record straight and avoid conflicts based on unrealistic expectations.

Mistake #13: Not having an intellectual property protection strategy

After reading this three-part article, we hope you now have a better understanding of the importance of developing an intellectual property strategy for your company. While such strategies can be very complicated, we have provided three broad questions that you should consider at all times (not just when starting out).

What intellectual property is my company using?

This first question tasks you with identifying intellectual property that your company uses. This would include any technology that you are using or selling; any brand names/logos; and any works you are currently using (e.g., logos, slogans, website layouts, website texts, pictures, brochures or computer programs).

Is there a risk that I am infringing a third party's IP?

Once you have identified the above intellectual property, you should ask yourself if your activities might infringe a third party's IP rights. Obtaining a response may involve the following:

> Hiring a patent agent to perform a freedom to operate search for any technology you plan on using.
> Hiring a lawyer specialized in IP to perform a trademark search and opinion for any brand names/logos you use, as well as to negotiate and prepare an assignment of IP rights.

How can I expand my own IP portfolio?

This question involves determining, for each piece of IP you have identified, if and how it can be protected. This can include asking yourself the following additional questions:

> Is any of the technology I use or commercialize worth protecting?
> If so, should I file a patent application or keep the technology a trade secret?
> In which countries do I want IP protection?
> Are any of my company's brand names or logos worth protecting by filing a trademark application?

What's important is not necessarily that you protect each and every piece of intellectual property your company owns, but that you have properly evaluated your company's IP and have come up with an effective strategy that suits your business. In order to properly optimize your company's IP portfolio, we naturally recommend speaking with your IP professional, whether it be a patent agent, a trademark agent, or a lawyer.

Conclusion

Lavery's intellectual property team would be happy to help you with any questions you may have regarding the above or any other IP issues.

Why don't you take a look at our Go Inc. start-up program? It aims to provide you with the legal tools you need as an entrepreneur so you can start your company on the right foot.

Click on the following links to read the two previous parts. Part 1 | Part 2