The perils of premature disclosure

Word for the wise: protect your ideas by developing them quietly

Einstein's best ideas came to him while he was shaving. DaVinci's surfaced when he painted. Darwin got many of his from working on barnacles. And then there was René Descartes, who came up with his scientific method in a dream. Regardless of how or where ideas originate, innovation is found at the intersection of ideas. The challenge for most inventors, whether they're entrepreneurs, engineers, or professors, is to move the idea from concept to innovation to commercialization without getting blindsided along the way. How can we do that? One way is through the patenting of new inventions.

Protect your ideas

The problem is that our right to protect ideas by patent, like ideas themselves, can be lost just as easily or quickly as they can be acquired. Imagine having "discovered" a new way to achieve a particular commercial, scientific, or mechanical result; a new environmentally friendly way of manufacturing an industrial product; or a new and useful business process that no one has ever thought of before. You probably would have worked many long months or even years on the idea, developing it through proof of concept to prototype and investing substantial time, effort, and capital in the process.

Then the time comes to take it to the local trade show, or one of your associates decides to publish it in a trade magazine or peer-reviewed journal. The good news: It's an instant hit! You decide to do a little more market testing, to add a few minor refinements, or to raise some additional capital before getting it patented. Then, 14 months later, you decide that it's time to retain a patent agent to prepare and file the patent application. There's only one problem: he tells you you're too late. You lost your right to file a patent application not only in Canada and the United States but also around the world.

That scenario happens every day. In fact, it almost happened to one of our clients who had developed an innovative software program and invested a great deal of time, energy, and capital in developing the idea and paying developers to finalize the program. He decided to take it to a trade show in the U.S., where he demonstrated its feature functionali-

ties. Eleven months later, he retained us to prepare a licence agreement.

During due diligence, we asked whether he had filed a patent application. He hadn't; instead, he had decided to wait until the business model was more fully developed. The problem: He had already disclosed the invention 11 months earlier at the trade show. We had to reluctantly tell him that he had lost his right to patent the application everywhere else in the world as soon as he had disclosed the invention at the trade show, and that he had little more than three weeks to file a patent application for Canada and the U.S. if he wanted to secure exclusive patent rights in those countries. Needless to say, we pulled out all the stops to file the application on time.

The rule is simple: Any sale or public disclosure of an idea or invention—whether it's at a trade show, in a magazine or scientific journal, in a PowerPoint presentation at a public meeting, or on a sales call—without first filing a patent application means you risk losing your right to patent the invention everywhere in the world except, perhaps, in Canada, the U.S., and Australia, where there is a qualified 12-month grace period. If you miss the 12 months by even one day (depending how detailed the disclosure is), it's all over. Anyone who wants to challenge the validity of your patent later can point to the disclosure to invalidate it. There is no grace period in other countries; you'll lose your rights to patent there immediately if you disclose before filing.

There's another important reason you should apply for your patent sooner rather than later. Ours is a "first to file" system; until you have filed your application, anyone else with the same idea or invention, however acquired or developed it might be, can file first. If they do, your right to file for the same patent protection is gone. In other words, you need to win the "foot race" to the patent office to protect your patent rights before the competition does.

Simple steps

The lesson here is to not take chances with your ideas. Keep them secret. If you believe they have commercial potential—if they are new, useful, and not obvious to someone skilled in the art or trade—develop them sufficiently and quietly to the point where you can file a patent application. Meet with your patent agent or legal advisor, and resist the urge to talk about them in public.

If you must talk about your idea to solicit technical expertise, to raise capital, or to refine your business plan, say as little as you can about how it works and ensure you have a signed non-disclosure agreement before revealing anything to those select few individuals. Taken early, these small measures might mean the difference between losing and protecting that most valuable of assets: your idea.

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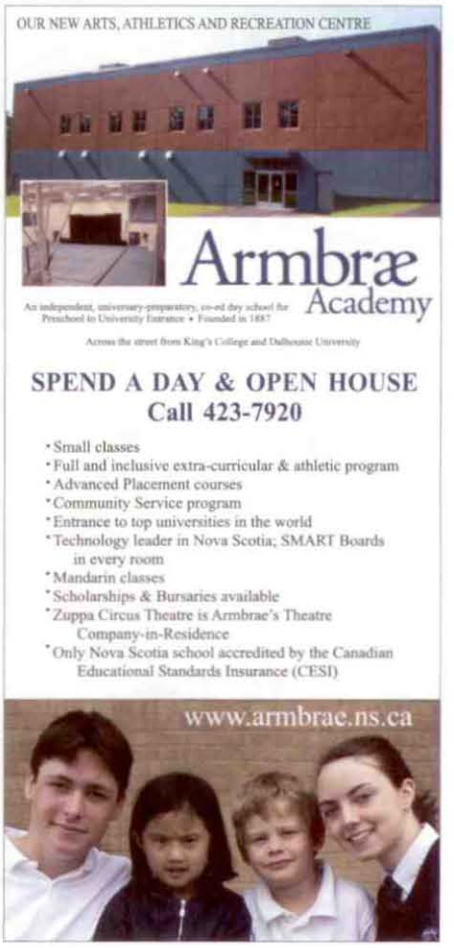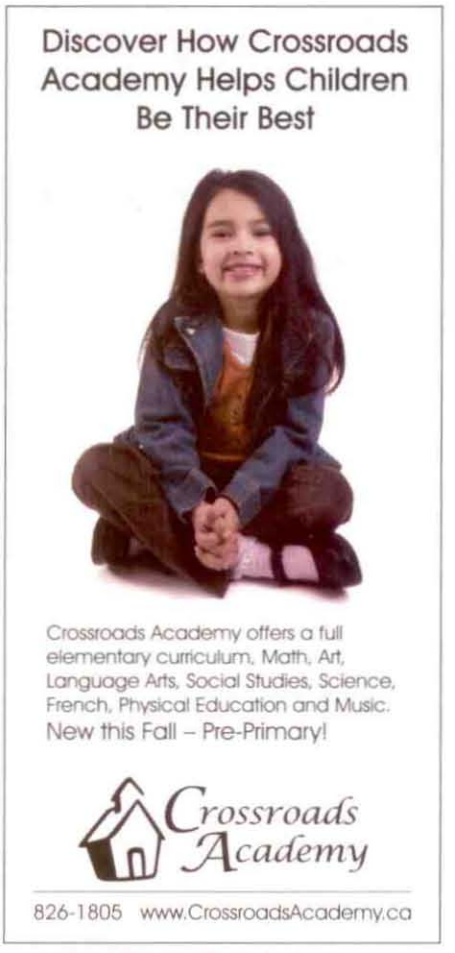
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