

Protecting IP in your startup

Starting your own business can be one of the most exhilarating and challenging times in your life.

Cultivating an idea that you have kicked around in your head and turning it into a bona fide business is something that many people dream about.

The UK startup scene is one of the fastest growing sectors in the economy and is seen globally as being at the frontline of innovation.

However, entrepreneurs occasionally overlook some of the basics of intellectual property (IP) and the importance of getting things right at the outset.

Protecting and commercialising your IP can be the difference between being a startup and transforming into a household name.

Why file a patent application?

Patents are, in principle, available for any technical innovation and there are various reasons for obtaining patents, including the following:



Patents can protect your technological innovations, allowing you to prevent others from using your ideas.

Patents (and even pending patent applications) can have a deterrent effect on competitors – especially if you have a portfolio of multiple patents or patent applications covering technology that competitors might be interested in using to their advantage.



Patents can be a useful negotiating tool e.g. for cross-licensing if you wish to use another's patented invention.

Patents and patent applications are also often useful, and sometimes essential, in **attracting investment** from venture capitalists and private equity firms.

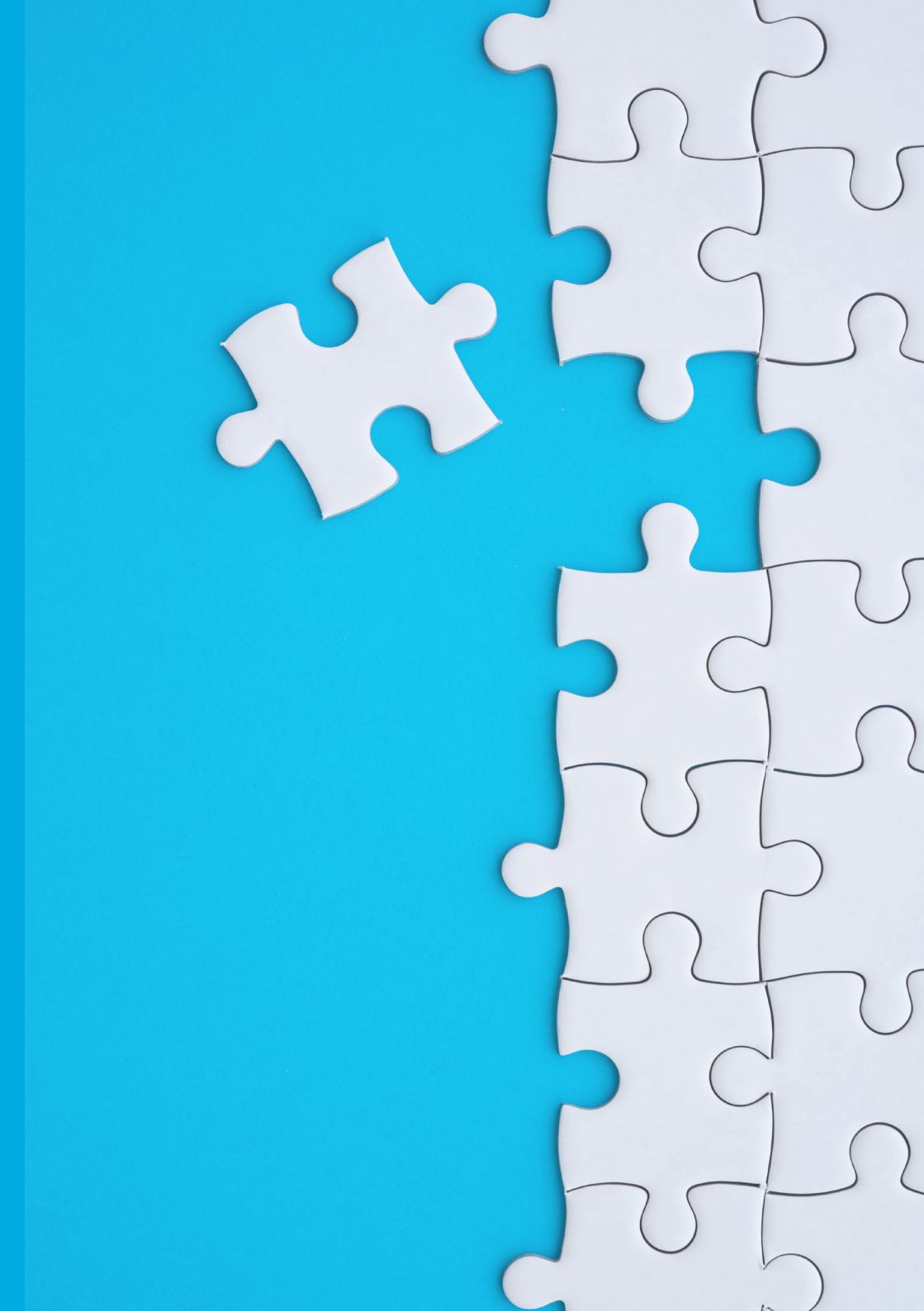


Patents can be licensed to others and you can generate income through licensing fees.



Patents can add value to your business, e.g. in the event that the business is sold.

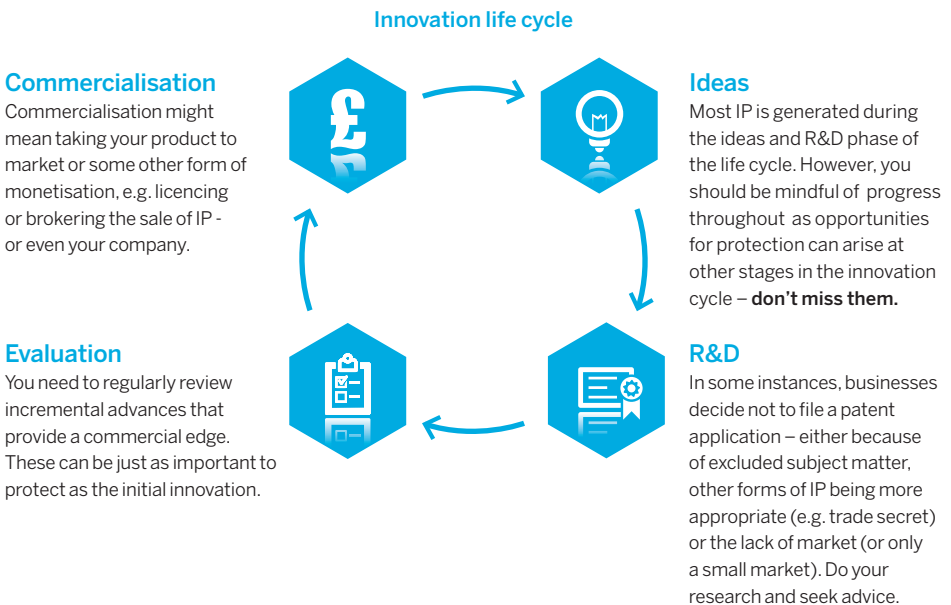
Corporation tax savings may be available by way of the Patent Box regime and research and development grants.



What can be patented?

To be patentable your invention must be new i.e. not have been disclosed before, and must be non-obvious, i.e. more than just a very straightforward adaptation of a known idea.

On top of being new and non-obvious, it is important to file at the right time: too early and there may not be enough data or information to enable the invention; too late and there is the risk of third parties disclosing or even filing their own application. Patent attorneys can help you with IP protection queries at any stage of the innovation life cycle.



What is excluded from patenability?

There are some things the law specifically excludes from patentability, for example, inventions that relate purely to methods of doing business. Patent attorneys can tease out which elements of your inventions might provide promising subject matter for a patent application and help you navigate the time frames and fine lines of applicable patentability criteria.

How does the patent application process work?



Your patent attorney will work with you to understand your technology and identify potentially patentable innovations, and put together the patent application.

This involves drafting a patent specification that describes how the invention works and defines the particular concepts that you are hoping to protect by way of the patent.



A patent granted by the UK Patent Office is valid in the UK only, but gives you an opportunity, up to a year after the initial filing, to file corresponding applications in other territories (e.g. the US and China) whilst retaining the benefit of the original filing date.

Any such further applications are examined independently by the relevant patent offices for those territories.



After the application has been filed at the UK Patent Office, the Office carries out a search and examination of the application, which involves searching for relevant prior publications and assessing patentability along with various formal requirements.

During examination, your patent attorney has the opportunity to make amendments to address the examiner's objections or argue against the objections. If the objections can be overcome, the Office then grants a patent.

Why not file by yourself?

Getting an invention patented can be complicated. A patent application is a legal document in which the boundary of the invention - in technical terms - is defined in a sentence or two. Strict rules are in place governing the changes that may be made to an application after filing. It may not be possible to rectify mistakes or omissions.

What other things should you consider before filing a patent application?

Confidentiality

One of the key criteria for patentability is that the invention is new and non-obvious. As a general rule, a patent application is judged against anything publically available prior to the filing of the application.

Thus, any prior publications (academic papers, other patents, marketing material, etc.) and even oral disclosures count against your application – even if they are your own.

It is vitally important to ensure confidentiality of any innovations you wish to protect until after a patent application has been filed.

Your ideas should therefore remain in-house as far as possible; where information needs to be shared, confidentiality should be explicitly agreed with the other party by way of a non-disclosure agreement (NDA).

Ownership

It is also important to consider who owns the IP in your innovations. Inventions made by employees will in most cases automatically belong to the company employing them, but the same is not true for contractors or work commissioned from outside parties.

Therefore, if your development work involves external parties (or even 'in-house' contractors), IP ownership should be set out clearly in a contract – ideally this should be settled before any work begins so as to avoid disputes later.

The same applies where IP is developed in a collaborative project (e.g. with a university) – parties commonly have different ideas as to IP ownership and it is important to settle this as early in the process as possible.



Why do I need to protect my trade mark?

Brands are an integral part of a company's identity. Without legal protection in the form of registered trade marks, companies have very limited ownership of their brands and will struggle to stop others 'riding on their coat-tails' and potentially damaging their brand reputation.



Trade mark protection provides you with the legal right to stop others from using the brand in which you have invested. Moreover, it is a company asset that can grow in value significantly. Over time, the goodwill in a brand can be the greatest asset a company owns. When managed carefully, that asset can be used to generate significant value in terms of revenue, market dominance and repeat product sales. The right protection may also provide a company with the ability to extend its offering by way of licensing, allowing it to generate a further source of income from its registered rights and reputation.



Counterfeit goods can make a serious dent in a business's finances. Not only do they divert sales away from the business, they can affect a company's reputation and the loyalty of its customers particularly when the quality of goods is poor. A registered trade mark enables you to effectively enforce against unauthorised use of those brands.

Why not file yourself at a reduced cost?

Once registered, the trade mark becomes intangible property and can be licensed, franchised or assigned; thereby generating revenue. It is critical to register early and properly to maximise the owner's exclusive rights and potential revenue. Trade mark attorneys will work to ensure your trade mark management and protection aligns with your commercial objectives.

What is a registered design?

A registered design is a form of intellectual property that protects the aesthetics of a product and/or its get-up. Where appropriate, this can cover the shape, texture and/or finish of a product as well as graphical designs and packaging. Once a design is validly registered, it can generally be used to prevent others from using the same, or very similar design.



Registered designs offer a cost-effective method of protecting your intellectual property for the relatively long term. In the UK and EU, registered designs can last for up to 25 years.



Many may not be aware that registered designs can also be used to protect the aesthetic elements of digital products, such as icons and aspects of a graphical user interface (GUI). They are not therefore limited to protecting the



Registered designs are relatively inexpensive and the registration process is generally straight-forward and quick. This makes them well suited for the fast-paced product life cycles associated with many sectors. Furthermore, they can offer a valuable level of protection for digital products that may be difficult to protect using other means, such as patents.

What can be protected by a Registered Design?

The appearance of any new three-dimensional (3D) product, or an aspect thereof, including parts of a larger product, two-dimensional designs, typographic type-faces and/or surface patterns, may be the subject of a registration.

Maximising IP value with Mathys & Squire

IP can provide your business with competitive edge and can be important in increasing business finance. Unless assets are protected, why would a third party invest if there is nothing to stop rivals copying your ideas and innovation? We have a wealth of expertise working in the start-up community, and are well-connected with investors, accelerators and incubators in this market.

Being an active part of the startup and SME community is important to us. Many of our clients do not have in-house IP expertise and we therefore work alongside them to advise on the best intellectual property strategy to fit in with their wider commercial objectives.

Our clients in this space value our honesty and our collaborative approach. As such we are well-known for the robust and practical advice that we give.

A strong and well managed IP portfolio is key to the success of a new business, and can prove fundamental to growth, further investment, or acquisition.

Our team will build close and longstanding relationships with you to establish defensive and offensive intellectual property portfolios that generate commercial value to help you take your business to the next level.

For further information, or any questions, please contact us at info@mathys-squire.com.

“Mathys & Squire LLP’s ‘absolutely first class team’ is ‘proactive with advice, but responsive to clients’ needs and requirements’. The group is ‘very knowledgeable, both from a scientific as well as a business point of view’ and ‘proactively safeguards clients’ interests’.”

The Legal 500



