

# EDGE: Wealth Creation Strategies from Doyletech

## To Patent or Not to Patent

By Keith Belinko, Doyletech Corporation



### BACKGROUND

Canadian companies, universities, and government labs spend many millions of dollars each year on filing and maintenance fees for patents. The Canadian Intellectual Property Office receives on average over 30,000 patent applications annually and grants about 20,000 patents per year.

Patents are granted based on technical merit and not on their commercial potential. Hence, many of the patents granted may have little or no commercial value. In fact, according to the World Intellectual Property Organization, only 5-7% of all patents ever reach the commercialization phase – and much less than that by other estimates.

Many organizations fail to recognize that a patent is only useful as long as there is a willingness to enforce it. Patent protection in itself is no guarantee that the invention will not be copied or stolen by someone else. The legal costs associated with fighting an infringement action can be exorbitantly high, and often well beyond the means of most SMEs or organizations.

Given the high cost associated with patenting and fighting possible infringement actions, it is incumbent on companies and organizations to assess the business and market opportunities associated with their inventions before seeking patent protection.

### TRADE SECRETS

Trade secrets can be any confidential information that gives an enterprise a competitive advantage – e.g., manufacturing and industrial processes; business methods such as sales, distribution, and marketing strategies. Since there are no registration requirements for a trade secret, it offers a less costly alternative to patenting. This also means that a trade secret can be protected for an unlimited period of time, unlike patents that have a specific lifetime.

For a trade secret to be enforced, it must be kept confidential, must have commercial value, and must be subject to reasonable steps to be kept a secret (e.g., through confidentiality agreements). None-the-less, there is nothing preventing someone from independently discovering the subject matter and applying for a patent or publishing the information.

### PROVISIONAL PATENTS

Canada, like the U.S. has a simple inexpensive way of securing a filing date for a patent without having to file a complete patent application. In the U.S., this is called a *provisional patent*. The cost of filing such an application in Canada is just \$400 and only requires a description of the invention, along with the applicant's name and address. This gives the applicant 12 months to decide whether to submit a complete patent application. During that time, the applicant can determine whether there is a market for the invention and hence whether to proceed with a complete patent application.

In both Canada and the U.S., the filing date only applies to the subject matter contained in the original application. New matter may be added to the original application, but would be subject to a new filing date.



## THE TECHNOLOGY SCORECARD

Doyletech Corporation has developed a Technology Scorecard designed to provide a cost effective way of assessing the commercial viability of a new invention or technology. It can be applied to a new invention to determine whether patent protection is warranted; or to a portfolio of patents or technologies to assess their commercial potential.

The Technology Scorecard is an interactive tool that uses a set of criteria based on a number of critical attributes of a technology. The objective is to arrive at a score for each of the following criteria, typically from 1 to 5:

- Competitive Advantage – improvements over existing technologies.
- Receptor Capacity – the number of Canadian companies that would be interested in and capable of commercializing the technology.
- Benefits to Canada – anticipated benefits resulting from commercialization of the technology.
- Technology Maturity – the length of time a technology has been sitting on the “shelf”.
- Technology Readiness Level – how close a technology is to commercialization.
- Fields of Application – the number of industrial applications for the technology beyond its intended use/market.
- Availability of Resources – the amount of resources (financial and human) available for on-going R&D and technology transfer.
- Personal Involvement – the level of personal commitment from the inventor(s) to participate in the commercialization process.
- Timeliness/Market Readiness – the length of time before there is likely to be a market for the technology.
- Capital Intensity – the amount of capital investment required to bring a technology to market.

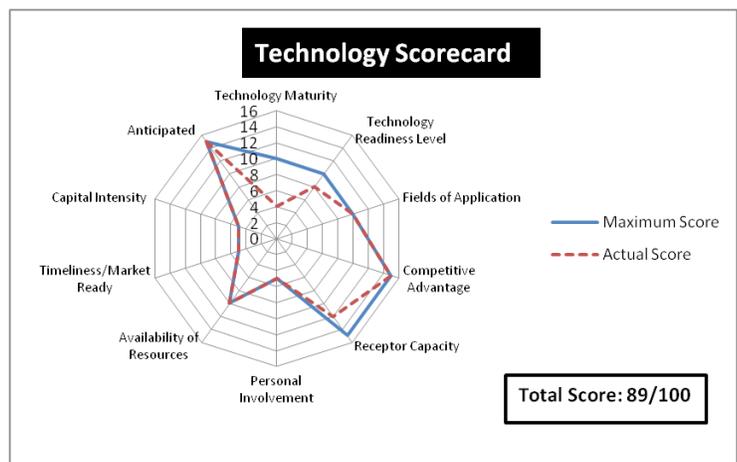
Since some criteria may be deemed to be more important than others, a weighting factor is applied to each criterion – for example, 3 for high importance, 2 for moderate importance, and 1 for low importance. The scores can be plotted on a Spider Diagram to demonstrate the strengths and weaknesses of a technology. The maximum score for each criterion can range from 5 to 15 depending on the weighting factor. The example shown is for a technology that scored 89/100, demonstrating strengths under most of the categories.

Technologies which receive a high rating based on their overall scores are deemed to have good potential for commercialization. Likewise, a high score for an invention may justify patent protection.

This tool is intended for universities, government laboratories, and R&D organizations in both the public and private sector. It has been shown to be a cost saving tool that can be used to:

- identify technologies that have potential for commercialization;
- assess new inventions to determine whether patent protection is warranted;
- determine whether patent protection continues to be justified for technologies that have already been patented;
- screen technologies that may be worthy of an in-depth commercial evaluation.

The analysis provides an overall score for the technology indicative of its commercial potential. The individual scores can also be depicted in a spider diagram as illustrated in the diagram. Such an analysis reveals both the weaknesses and strengths of the technology.



This approach has been successfully used in screening and evaluating close to 100 inventions/technologies to date. It was also used in helping make the decision to abandon certain patents that were deemed to have low commercial potential.

### EDGE BY DOYLETECH CORPORATION

is a series of articles that explore how technology is reshaping the economy and serves to better inform decision making in business and government.

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Contact: Glenn McDougall

613.226.8900 x13

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