HVCO

Headline – to be written

**1 How not to lose your idea – a guide to the top 4 ways to safeguard your idea when you start a business.**

**You Must read this before you start selling anything or even start talking to anyone.**

1.1 STOP! First things first, Do Not tell anyone anything yet. Not even your wife…

Not only because might you lose your idea by someone else taking it, you might lose the IP rights that will protect you when you do come to tell people (more on this later).

**Number 1 Best Form of Protection: Keeping your idea completely secret and to yourself.**

But at some point you will need to tell someone to get the help you need to turn your idea into a business.

1.2 Write a list of who you need to talk to. This could include:

* Investors, including friends and family, about funding;
* Partners involved in your product or service development, for example co-founders, engineers, software developers, product designers or Universities.
* Your bank about getting a business loan;
* Your accountant about your business finance;
* Grant funding bodies about getting financial support for research and development;
* Lawyers about setting up your company;
* Patent attorneys about protecting your idea.

1.3 Go over this list and write down how much you need to tell each of them and when.

Some people on this list only need to have a general understanding of your concept to be able to help you; they only need to know what your idea achieves rather than the details of how it works. Identify these people. These could be investors, your bank or lawyers.

**Number 2 Best Form of Protection:**

**Only tell selected people the result that your idea achieves, not how you do it.**

But, some people will need to know the specific details of your idea before being able to work with you, such as anyone involved with researching and developing your product or service. Identify these people.

Still don’t tell them anything yet! Because you need to make a choice between the next two best forms of protection:

**Number 3 Best Forms of Protection:**

**A Confidentiality Agreement, or a Patent, or Both**

At this stage, you are faced with a choice because there are two options that may be available to you:

Option 1. A Confidentiality Agreement. Also called a Non-Disclosure Agreement or NDA or Confidential Disclosure Agreement or CDA.

* You can ask anyone to keep your idea a secret if you tell them about it.
* Make sure they agree to this before you tell them about it.
* It is best to get their agreement in writing to avoid any doubt.

|  |  |
| --- | --- |
| **Pros** | **Cons** |
| An NDA can protect any idea, as long as it has value to you and is not publicly available already. | An NDA is only enforceable against the person who you made the agreement with. This can be a problem if they have no money because you will not be able to get compensation from them for a breach and your idea will then be in the public domain and free for all to use. |
| A confidentiality agreement can last forever. |  |
| Very low cost; it can be free, but it is advisable to have an expert review your NDA, which may cost one or two hundred pounds. |  |

Option 2. Patent Protection

If your idea is technical then you have the option of obtaining patent protection.

* Your idea must also be new and inventive, i.e. it, or anything like it, must not be known and in the public domain. See the “Searching” section below for more information about how to determine whether an idea is new and inventive.
* Some types of software can be patented, especially if it is technical in nature, for example it controls the operation of equipment.

|  |  |
| --- | --- |
| **Pros** | **Cons** |
| Patents provide exclusivity. This is the right to prevent others from operating in the same space as you, even if they came up with their ideas themselves, independently of you. | The process is expensive if you do it properly. See below “How patents work”. |
| Patents give investors confidence in your business. | You will lose protection if you don’t do it properly. It is possible to navigate the patent process yourself, but there is only a 10% chance of getting a patent granted if you do it yourself. You need a qualified patent attorney to help you. See below “Choosing a patent attorney”. |
| Patents protect ideas that would be available to the public by selling your product. | Patents are published 18 months after filing, so everyone will know exactly how your idea works at that stage. |

NDA vs Patents

NDAs work well in the initial stages of discussions with partners, while you are evaluating your idea.

Then, as soon as possible and when your budget allows, a patent application should be submitted with the help of a patent attorney.

So NDAs and patents can work well together. Remember though that a patent will be published after 18 months, so any confidentiality will be lost.

Other ways of obtaining exclusivity is to be the first to the market and be the best at what you do. Some businesses don’t bother about obtaining protection; they conserve their resources and focus on this strategy instead.

2 How to search

If you wish to obtain a patent, your idea has to be new and inventive, i.e. not known already in the public domain.

3 Protection needed when talking to partners and advisors

4 How do patents work?

Infringement

5 What Other IP Rights are there: a guide to confidently talking to sophisticated investors about IP

6 How to choose a patent attorney

The rest of this guide addresses how to strike this balance.