

Ridout & Mayb

CANADA'S INTELLECTUAL PROPERTY AND TECHNOLOGY LAW FIRM

Ridout & Maybee LLP

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THOUGHTS ON OWNERSHIP FOR START-UP WEEKEND

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STEVE LEACH

it all starts somewhere

A white pen with a gold-colored tip is positioned diagonally across the bottom right of the frame. The background is a soft-focus image of a piece of paper with a sketch of a person's face and some handwritten notes. The overall color palette is warm, with orange and yellow tones.

DISCLAIMER

The following is intended for informational purposes, only.

The information contained in this document and statements made by the presenter are not legal advice. Seek legal counsel for your specific situation.

it all starts somewhere

Christiani v. Rice, [1930] S.C.R. 443

... it is not enough for a man to say that an idea floated through his brain; he must at least have reduced it to a definite and practical shape before he can be said to have invented a process...

Gerrard Wire Tying Machine Co. of Canada v. Cary Manufacturing Co. [1926] Ex. C.R. 170

... Nor is a patent to joint inventors invalidated by the fact that one of them only first perceived the crude form of the elements and the possibility of their adaptation to complete the result desired. In fact the conception of the entire device may be attributed to one, but if the other makes suggestions of practical value, which assist in working out the main idea and making it operative, or contributes an independent part of the entire invention which helps to create the whole, he is a joint inventor even though his contribution be of minor importance...

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Take-Home

- *If Participant A in the course of Start-Up Weekend shares an idea that, prior to the weekend, had previously floated through his or her brain, and Participant B takes that idea and adds to it, Participant B may not only be a co-inventor, but could be the sole inventor: this would depend upon the nature of the idea of Participant A and the contribution thereto by Participant B*
- *If Participant A makes a statement which results in the formulation of an idea and a reduction to practice of that idea by Participant B, which acts of formulation and reduction collectively amount to an invention, Participant A may have no rights to the invention of Participant B, notwithstanding that, but for Participant A, the invention would not have been made*

Forget v. Specialty Tools of Canada Inc. (1995), 62 C.P.R. (3d) 537

- A co-owner may sell that owner's full interest without the consent of the other owner
- A patent is not infringed by the manufacture or sale of the patented invention by a co-owner without the consent of the other owner
- A co-owner cannot license rights to an invention without the consent of the other co-owners.
- A co-owner need not account for profits from his own acts to another co-owner
- At least in certain circumstances, a co-owner may be obliged to account for license revenues to a fellow co-owner

Take-Home

If Participants A, B, C, D and E jointly create an invention in the course of Start-up Weekend, and at the end of the weekend, Participants A-D wish to pool resources and launch a business together, they

- *cannot exclude Participant E, at a later date, from practising the invention*
- *cannot expect compensation from Participant E, irrespective of the amount of funds earned, provided that Participant E generates those funds otherwise than by licensing*
- *might be forced to cut Participant E in on any profits earned by licensing, even if Participant E has contributed nothing to the business since its inception*

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Novelty

In many economically important jurisdictions, such as Europe and Japan, disclosure of an invention renders it impossible to subsequently obtain patent protection.

Take-Home

If Participants A, B, C, D and E jointly create an invention in the course of Start-up Weekend, and at the end of the weekend, Participant E discloses the invention to others, Participants A-D can no longer obtain patent protection in Europe, Japan, China, Brazil and many other economically important jurisdictions.

WHAT ARE YOUR EXPECTATIONS ABOUT START-UP WEEKEND?

- that anything [ideas, inventions] you bring with you to Start-up Weekend remains yours?**
- that any IP created in the course of the weekend by a group [Group IP] is the property of that group?**
- that each group will operate on democratic principles?**
- that the group will not make any decision intended to give preference to a portion of the group?**
- that, in the event that the group reasonably determines that it is unable to commercialize the Group IP on its own, the group shall be entitled to transfer the Group IP to a transferee, which may include all or part of the members of the group, that puts forth a reasonable plan to commercialize the Group IP, provided that all members of the group are provided the opportunity to participate in the transferee on equal terms?**

THEN PUT IT IN WRITING



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