**ENTREPRENEURSHIP**

**Lecture No: 11**

Once entrepreneurs come up with innovative ideas for a product or service that has market potential, their immediate concern should be to protect them from unauthorized use. For many businesses, the value of their intellectual property exceeds the value of their tangible assets.

**Sharing a New Idea**

Investors need to see a venture with a unique product niche. Stockholders will challenge a corporation's investment of its resources in a program that can be easily copied once it is introduced to the market. All the time, effort, and money people invest in perfecting a product, as well as advertising and promoting it, may be wasted if imitators can enter the market easily. Moreover, the imitators can cut prices, because they have not incurred the startup expenses the company had to endure to bring the idea from conception to a mass-producible, reliable, and appealing product or service.

Entrepreneurs must understand how to protect their intellectual property using three common tools—patents, trademarks, and copyrights.

**Patents**

Patent is an official document, recognized by law that confers a right or a title especially the sole right to make, use or sell some invention or process, hence protecting the said invention or process.

**Examples of Patentable Items**

* Chemical inventions include new compounds, new methods of making old or new compounds, new methods of using old or new compounds, and new combinations of old compounds.
* General/mechanical inventions include everything from gears and engines to tweezers and propellers.
* Electrical inventions include everything from lasers to light switches
* Computer software is also patentable in various forms:
* Application programs such as the software that runs in a computer used to control a chemical-processing plant.

**The steps to a Patent:**

To receive a patent, an inventor must follow these steps:

1. **Establish the invention novelty:**

An invention is not patentable if it is known or has been used.

1. **Document the device:**

Inventors should document a device by keeping dated records of their progress on the invention and by having knowledgeable friends witness these records.

1. **Search existing patents:**

To verify that the invention truly is new, not obvious, and useful, an inventor must conduct a search of existing patents on similar products. The purpose of the search is to determine whether the inventor has a chance of getting a patent.

1. **Study search results:**

Once the patent search is finished, inventors must study the results to determine their chances of getting a patent. To be patentable, a device must be sufficiently different from what has been used or described before and must not be obvious to a person having ordinary skill in the area of technology related to the invention.

1. **Complete a patent application:**

If an inventor decides to seek a patent, he or she must file an application describing the invention. The patent application must include specific *claims*, which describe the invention—what it does and how it works—and any drawings that are necessary to support the claims.

1. **File the patent application:**

Before the PTO (Patent trademark office) will issue a patent, one of its examiners studies the application to determine whether the invention warrants a patent.

**Benefits of Obtaining Patent**

1. A patent gives the inventor the right to stop others from manufacturing, copying, selling or importing the patented goods without permission of the patent holder.
2. The patent holder has exclusive commercial rights to use the invention.
3. The patent holder can utilize the invention for his/her own purpose.
4. The patent holder can license the patent to others for us. Licensing provides revenue to business by collecting royalties from the users.
5. The patent holder can sell the patent any price they believe to be suitable.
6. The patent provides protection for a predetermined period (20 years) which keeps your competitors at bay.
7. Patents are partially responsible for advancements in medical science, biotechnology, drug chemistry, computers etc.
8. Patents reward inventors with the aforementioned advantages and hence, create bigger and better discoveries.

**Cases in which Patent will not be Granted**

1. For an invention, the commercial exploitation of which would be injurious to public order, morality, environment or the protection of human, animal and plant life.
2. For plants and animals other than micro-organisms
3. For biological processes for the production of plants and animals.
4. For diagnostic, therapeutic and surgical methods for the treatment of humans and animals.
5. For a new and consequent use of a known product or process.
6. For a change in the physical appearance of a chemical product where the chemical formula or process of manufacture remains the same.

**Protecting Your Ideas**

* **Trademark** – any distinctive word, symbol, design, name, logo, slogan, or trade dress a company uses to identify the origin of a product or to distinguish it from other goods on the market.

A trademark serves as a company’s “signature” in the marketplace. A trademark can be more than just a company’s logo, slogan, or brand name; it can also include symbols, shapes, colors, smells, or sounds. For instance, Coca-Cola holds a trademark on the shape of its bottle.

May by more valuable to some companies than patents e.g., Ben & Jerry’s, Microsoft

Don’t be misled; Trademarks do not protect products and services but the names of product

Should be prevented from becoming generic e.g., Surf, Zip, Aspirin

* **Service mark** – the same as a trademark except that it identifies the source of a service rather than a product. E.g. Zong.

**Benefits of Trade Mark Registration**

Entrepreneur can

* Use registered trade mark as a brand name for the goods and services specified in the registration
* Authorize other people to use registered trade mark for the goods and services specified in the registration
* Have a registered trade mark that is personal property and can be sold.
* May give them a notice objecting to the importation of goods that infringe your registered trade mark
* Can be in a stronger position to stop other people from using your trade mark as their brand name.

**Protecting Your Ideas**

* Copyright – an exclusive right that protects the creators of original works of authorship.

Works covered by the copyright include, but are not limited to, novels, poems, plays, reference work, newspapers, computer programs, databases, films, musical compositions, choreography, paintings, drawings, photographs, sculpture, architecture, advertisements, maps, and technical drawings.

**Benefits of Copyright Registration**

1. Sell the copyright
2. License your copyright for use by others but retain the ownership.
3. Object if your work is distorted or mutilated.

**Case Study**

**The Spirit of Entrepreneurship in the Olympics**

Throughout history, Olympic athletes have pushed back the frontiers of their sports by developing new techniques, improved training methods, and innovative solutions to existing problems. Two of the best examples of applying creativity to their sports are figure skater Sonja Henie and high jumper Dick Fosbury.

Before Sonja Henie came along, figure skaters performed a series of precise, routine moves that emphasized accuracy and control. Henie transformed the sport into the graceful combination of motion, music, and muscle that it is today. Even her costumes proved to be an exciting innovation. Trained in both dance and ballet as a child, Henie cast aside the existing paradigms of what ice-skating was as she recognized the possibilities of transferring dance movements onto the ice. Today, other skaters like Nancy Kerrigan and Katarina Witt continue her legacy of creativity and change by injecting elements of gymnastics and performing triple jumps and axels.

In the 1968 Olympics in Mexico City, Dick Fosbury forever changed the sport of high jumping. He approached the bar at a different angle and then curved his body over the bar face up, kicking his legs over the end of the jump. “Fosbury Flop,” as the style became known, transfers the weight of the jumper over the bar in stages. He broke the world’s high jumping record by 6cm, but also had the satisfaction of creating a new style used by athletes all over the world today.

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1. What is a paradigm? How does a paradigm stifle creativity?
2. Work with a small group of your classmates to identify a local business that is bound by a paradigm.
3. What impact is this paradigm having on the business? Identify the paradigm and then generate as many creative suggestions as you can in 20 minutes that would change the paradigm.

*Reference: Essentials of Entrepreneurship & Small Business Management, Zimmer, Scarborough &*Wilson*, 5th Edition*