

## **Start-up Provisional Patent Application Strategy**

### **What is a provisional patent application?**

It is a preliminary application with the US Patent and Trademark Office (USPTO) to establish a US filing date for an invention which may be relied upon for claiming priority rights of **US and foreign** non-provisional patent application. According to the USPTO, a provisional patent application does not require a formal patent claim.<sup>[1]</sup> Application documents will be maintained confidentially by the USPTO. The office will not review whether the application has met the requirement, nor will it conduct any prior art search over the application.

### **When should you consider filing a provisional patent application?**

Filing a provisional patent application permits some disclosure of the start-up's invention to third parties without forfeiting the intellectual property ownership to the public domain. Second, provisional applications can be used to secure a "priority" filing date for applications, and the applicant can file a non-provisional (regular) patent application within twelve months (12 months) of the provisional application date.

### **Why should start-ups consider applying for a provisional patent?**

Start-ups usually need to talk to investors or collaborators about their inventions to grow their businesses. Disclosing ideas and inventive works to a third party may later jeopardize the inventor's IP rights, which would impact the value of the start-up corporation. Because of the lower filing fees and fewer formalities requirements, provisional applications can be prepared quickly to preserve the confidentiality of their invention. Second, the high degree of uncertainty of the start-up's product offering justifies the utilization of provisional patent application. Provisional patent applications let start-ups use the "patent pending" label on products and publications that could deter competitors from entering the targeted market.<sup>[2]</sup> Furthermore, a well-written provisional patent application may secure investors or licensing opportunities.

### **Pros and Cons of provisional patents vs. non-disclosure agreements?**

A well-written non-disclosure agreement is a legally enforceable contract that prevents a partner or investor from disclosing your confidential invention to others, but also from using the confidential information for unauthorized purposes. However, third parties may be reluctant to sign an NDA for many reasons, and NDA is only effective when agreed upon. Furthermore, NDA does not establish a filing date, which is critical for "first-to-file" patent applications adopted by most jurisdictions. The priority filing date of the provisional application will supersede any invention with the same or highly similar inventive idea in the US. Furthermore, many foreign patent offices consider the filing date of US provisional patent as a valid date for claiming priority in their countries. <sup>[3]</sup>

### **What must be included in a provisional patent application?**

In a provisional application, the non-formal structure allows applicants to disclose the invention in an “economically feasible yet business responsible manner.” The disclosure shall be as complete as possible to secure a useful priority date. A high-quality drawing that explains the functionality of the invention is highly recommended.

According to the USPTO[4], the application requires the following:

1. Form SB/16 – a cover sheet
2. A written description that meets the legal requirements, which states that the description should provide enough detail that would allow a skilled person in the same technology field to make and use the invention
3. Drawings (if necessary)
4. A fee (see cost below)
5. A skilled person in the same technology field would recognize that the invention claimed in a later-filed regular application relies upon the submitted provisional application.

### **How much does filing a provisional patent application cost?**

For most start-ups in Nova Scotia, it costs **\$70 USD** as the corporation will likely qualify as micro-entities. Otherwise, it costs **\$140 USD** for small-entities that have 500 or fewer employees. Additional requirements are: the applicant and any inventor should not have a gross income exceeding \$189,537 USD [5], and any third party with an ownership interest (i.e., by assignment, license, or contract) to the patent application cannot have a gross income exceeding \$189,537 USD.[6]

The applicant may pay the fee late together with a surcharge (\$15 USD for a micro-entity, and \$30 USD for a small entity)[7] at date set out by the USPTO letter. However, this practice should be discouraged.

### **References:**

[1] <https://www.uspto.gov/patents-getting-started/patent-basics/types-patent-applications/provisional-application-patent>

[2] <https://www.henrypatentfirm.com/blog/should-we-file-a-provisional-patent-application>

[3] <https://www.heerlaw.com/nda-or-provisional-patent-application>

[4] <https://www.uspto.gov/learning-and-resources/newsletter/inventors-eye/provisional-patent-application-what-you-need-know>

[5] <https://www.uspto.gov/patent/laws-and-regulations/micro-entity-status-gross-income-limit>

[6] <https://www.neustel.com/micro-entity-status-uspto/>

[7] 37 CFR 1.53(g) <https://www.uspto.gov/web/offices/pac/mpep/mpep-9020-appx-r.html#d0e318681>