

# Intellectual Property

## IP Primer and Protection Strategies



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# What is IP?

- ⑥ “intellectual” – efforts/achievements that are different under each of CR, TM or Patents:
  - ⑥ Writing of books, screen plays, software
  - ⑥ Logos, product or company names
  - ⑥ Business plans, formulae, recipes, business processes
  - ⑥ Inventions, such as new drugs, electronics goods, manufacturing processes
- ⑥ “property” - bundle of rights to the owner:
  - ⑥ right to sell a product or service
  - ⑥ right to prevent others from doing so
  - ⑥ right to license others to use your rights



# What is IP? Statutory IP Rights

- ④ Four pillars of intellectual property
  - ④ Copyrights
  - ④ Trade-marks
  - ④ Trade secrets
  - ④ Patents



# Copyright

- ⑥ Copyright protects the expression of idea, not the ideas themselves
- ⑥ Copyright is the sole right to produce or reproduce a work, or a substantial part of a work
- ⑥ “Work” includes books, songs, computer programs, instruction manuals and website designs, artistic works (paint, sculpture, photography)



# Copyright cont'd

- ⦿ Requirements to get the rights:
  - ⦿ Originality: the exercise of skill and diligence, but not necessarily creativity
  - ⦿ Fixation: must be expressed to some extent at least in some material form



# Copyright cont'd

- ⦿ As a general rule, the author (or creator) of a work is the first owner of copyright
- ⦿ Freelancers or independent contractors are considered the “author” or their creations
- ⦿ Employment is an exception to the general rule
- ⦿ Moral Rights



# Trade-mark law

## ④ Introduction

- ④ A trade-mark may consist of any sign capable of being represented graphically, like:
  - ④ words, designs, letters, numerals, the shape of goods or their packaging, combinations of colours
- ④ The goodwill associated with products and companies reside in their respective trade-marks
- ④ Consumers make decisions based on trade-marks



# Trade-mark law

- ⑥ Two types of trade-mark rights
  - ⑥ Common law rights
  - ⑥ Statutory rights
- ⑥ Requirements for registration –
  - ⑥ Mark must be capable of distinguishing the goods or services from those of others by:
    - ⑥ not being like other trade-marks
    - ⑥ not being descriptive



# Registration process

- ⦿ Registration is by country (except EU)
- ⦿ Canada:
  - ⦿ One and a half years average for registration
  - ⦿ \$2,000 (no objections, oppositions)
  - ⦿ 15 year renewable registration period
- ⦿ Searching is strongly recommended



# Rights arising from registration

- ◉ Exclusive use of trade-mark throughout Canada with the registered wares and/or services
- ◉ To prevent others from using an identical or confusingly similar mark in Canada in same field
- ◉ To prevent others from using the trade-mark in a manner that is likely to depreciate the goodwill attached to the trade-mark (doesn't prevent them from trying)



# Pitfalls: loss of distinctiveness & non-use

- ⑥ A trade-mark may lose distinctiveness if it becomes a product description:
  - ⑥ KLEENEX for facial tissues
- ⑥ S. 45 of the Trade-marks Act allows trade-mark registrations to be challenged and expunged on the basis that the registrant is not using it
  - ⑥ ICE CAPADES



## Pitfalls: unlicensed use

- ⦿ Trade-marks Act requires anyone using the mark of another must do so under license
- ⦿ Owner must control character and quality of wares and services
- ⦿ If not, the mark is subject to being expunged
- ⦿ Use by a licensee is considered use by the licensor – control licensees



# What is a patent?

- ⦿ A societal bargain between the government and inventors:
  - ⦿ Patent owner gets a temporary monopoly
  - ⦿ Public gets disclosure of the invention and the right to exploit invention after expiry



# What does a patent grant?

- ⦿ The court enforceable right to prevent others from making, using, selling the claimed invention in the particular jurisdiction for 20 years from filing date
- ⦿ What doesn't a patent grant?
  - ⦿ The right to make, use or sell the claimed invention.
  - ⦿ Government enforcement of patent rights (only through courts)



# Requirements for Invention to be Patentable

- ④ Novelty
  - ④ The invention is “new”
- ④ Non-obvious
  - ④ Invention not a minor tweak on what has been done before
- ④ Utility
  - ④ Invention does what it is described to do
- ④ Subject Matter



# Patents & Secrecy issues

- ⦿ Disclosure of invention prior to filing may be used against the application
- ⦿ Use NDAs etc., prior to filing
- ⦿ Canada and US give one year grace period
- ⦿ Most countries don't



# Process of obtaining a patent

- ⑥ Identify invention – how it works, why it is better
- ⑥ Prior art search
- ⑥ Prepare and File an application
- ⑥ Application is examined and prosecuted
- ⑥ Application issues
- ⑥ Maintenance fees are paid



# Business Uses of Patents

- ⦿ Are an asset – have value
- ⦿ Can be used to create monopoly
- ⦿ Licensing revenue
- ⦿ Defensive portfolio
- ⦿ Patent role varies widely in different industries and size of company



# Practical and Contractual Protection for All Types of IP

- ⑥ Non-statutory or non-registration protection essential
- ⑥ Contracts are key
  - ⑥ Nondisclosure Agreements
  - ⑥ Employment Agreements
  - ⑥ Licensing Agreements
  - ⑥ Non-solicit Agreements
- ⑥ Corporate Culture



# Trade secrets:

## Can you keep a secret?

- ⦿ In order to be considered confidential, or a trade secret, information must:
  - ⦿ Be used in business
  - ⦿ Not be generally known (not publicly available information)
  - ⦿ Derive its value from being unknown
  - ⦿ Be subject to reasonable efforts to keep it secret



# How can you keep trade secrets confidential?

- ④ Non-disclosure agreements with employees and independent contractors, and outside the company
- ④ Educate employees on confidentiality issues
- ④ Identify confidential information
- ④ Limit access to information on an as needed basis
- ④ Corporate confidentiality policy and culture



# Employment/ Consulting Agreements

- ⊙ Protect *existing IP* – confidentiality
- ⊙ Protect *future IP* – confidentiality, assignment of IP and waiver of moral rights to IP created in the course of employment/ services



# IP Commercialization

- ⦿ Ensure clear precise descriptions of the *permitted* license activities
- ⦿ Ensure clear precise descriptions of *non-permitted* activities with IP



# Incorporation

- ⦿ All the IP in a single entity
- ⦿ No one plays “Its my ball...”
- ⦿ Valuation and financing are much easier with a single owner –
- ⦿ Corporations live forever – sort of



# Business Model

- ⑥ The business model defines the IP strategy
  - ⑥ Services business often function without owning IP that they created
  - ⑥ Combination services/product typically create/retain core IP or IP that is material to the core IP
  - ⑥ Products business insist on IP ownership
- ⑥ Know your model before negotiating



# Summary

- ⑥ Protecting IP depends on your IP and your strategic goals
- ⑥ Willingness to defend the IP
- ⑥ Continuously assess and use the statutory, contractual and operational tools available
- ⑥ David Vaver, Intellectual Property Law: Copyright, Patents, Trade-Marks, Irwin Law Books, 1998 (dated but useful intro to IP law in Canada)

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