



Managing Intellectual Property

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▼ Disclaimer

- *The information contained in this presentation is of a general nature. It is not legal advice and should not be construed as such.*

▼ IP Management Overview

- Main types of IP
 - identification
 - ownership
 - protection
- Top 10 takeaways

▼ What is Intellectual Property?

- Intangible
- Creations of the mind
 - Inventions, such as new chemicals, mechanical machines, manufacturing processes
 - Software, books, art, screenplays
 - Brands, logos, product or company names
 - Formulae, recipes, business plans, business processes

▼ What is Intellectual Property?

- “property”
 - usually has commercial value
 - gives a bundle of rights to the owner:
 - right to sell a product or service
 - right to prevent others from doing so
 - right to license others to use your rights

Quiz

- What types of IP protect software?



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▼ Intellectual Property

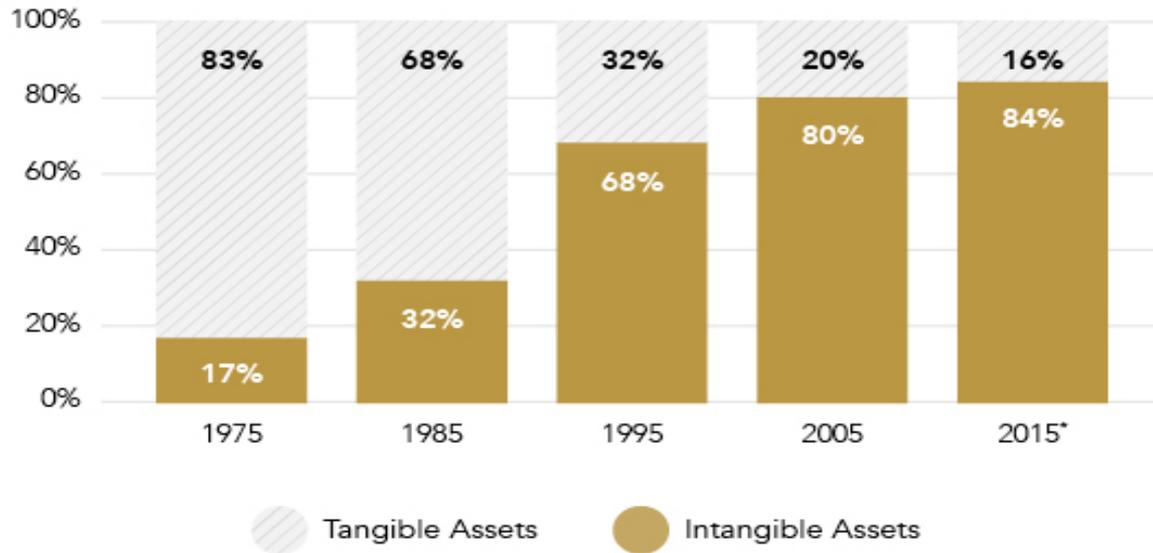
- Main types of intellectual property
 - Copyrights
 - Trademarks
 - Trade secrets
 - Patents
- Other forms
 - Industrial designs
 - Plant breeders rights
 - Integrated circuit topographies

▼ Why IP Protection is Important

- Provides a competitive advantage
- Can be key in corporate / financing transactions
- IP is a commercial asset (valuation/royalties)
- Protects and justifies R&D and investments
- IP portfolio as a shield
- Company Culture
- Digital info is easy to copy

▼ Intangible Assets-Relative Value

COMPONENTS *of* S&P 500 MARKET VALUE



SOURCE: OCEAN TOMO, LLC
*JANUARY 1, 2015

▼ Copyright

- Copyright is the sole right to produce or reproduce a work, or a substantial part of a work
- Protects the expression of idea, not the ideas themselves

Copyright

- “Work” includes articles, photographs, graphic designs, study protocols, data, computer programs, website designs



▼ Requirements

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



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▼ Ownership

- As a general rule, the author of a work is the first owner of copyright
- Employment is an exception to the general rule
- A freelancer / independent contractor is the “author” of his creations and owns it
- In the absence of agreement to contrary

▼ Moral Rights

- Give the author of a work the exclusive right to be associated with the work and to the integrity of the work
- Can only belong to people
- Moral rights cannot be assigned, only waived



▼ Copyright Protection

- Arises automatically
- © notices should be used
- Registration enhances rights
 - Simple and inexpensive to register
 - Registration in US is more significant

▼ Copyright Management

- Focus on ownership and rights
- How are works developed?
- What do your contracts say about copyright?
 - Employment agreements
 - Service contracts
 - Licenses

▼ Copyright Questions?

Trademarks

- Trademarks are used to indicate the origin of goods and services

- They can be:

- Words
- Designs
- The shape of goods or their packaging
- Combinations of colours
- Sounds



Trademarks

Interbrand's most valuable brands (2015):

	\$170B		\$49B
	\$120B		\$45B
	\$78B		\$42B
	\$67B		\$40B
	\$65B		\$38B



Why are Trademarks Important?

- The goodwill associated with products and companies reside in their respective trademarks
- Consumers make decisions based on trademarks

Ownership

- Owned by first user or person that registers the trade-mark
- Use is most important
 - Goods: “use” means use on the goods, packaging or otherwise associated with the goods, such that notice of the association is given
 - Services: “use” means use or display in the performance or advertising of those services



▼ Trademarks

- A. Picking a good trademark
 - I. Distinctiveness
 - II. Searching and Clearance
- B. Registration
- C. Enforcement

▼ A. Picking a good trademark

I. Distinctiveness

- The key to choosing an effective trademark
- The purpose is to distinguish your goods and services from competitors. To do so, it must be distinctive.
- Distinctiveness requires that your trademark:
 1. Does not describe your goods and services
 2. Is not confusingly similar to your competitors trademarks
- Distinctive marks: GOOGLE, APPLE (for computers)

▼ Descriptiveness

- Trademarks law generally prohibits obtaining rights to and registering trademarks that describe the character or quality of the goods and services with which they are used
- Reason: trademark owners should not monopolize words that describe goods or services
 - E.g. “safe” cars, “fresh” bread
- It is tempting to choose trademarks that are somewhat descriptive
- However, the more descriptive your trademark is, the less you will be able to claim rights to it and protect it

▼ Confusion

- Not allowed to use and register trademarks that are confusingly similar with those of your competitors because:
 - it creates confusion in the marketplace
 - it infringes the rights of others
- It is tempting to choose marks that are somewhat confusing with established marks or that contain common elements

▼ Trademarks



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▼ Trademarks

II. Searching and Clearance

- Prior to choosing a trademark, search the trademarks **register** and **marketplace** to ensure that no identical or confusingly similar marks are already used, registered or applied to be registered for the same goods or services
- **Tip: come up with more than one potential trademark at the start of the searching process and rank according to preference**

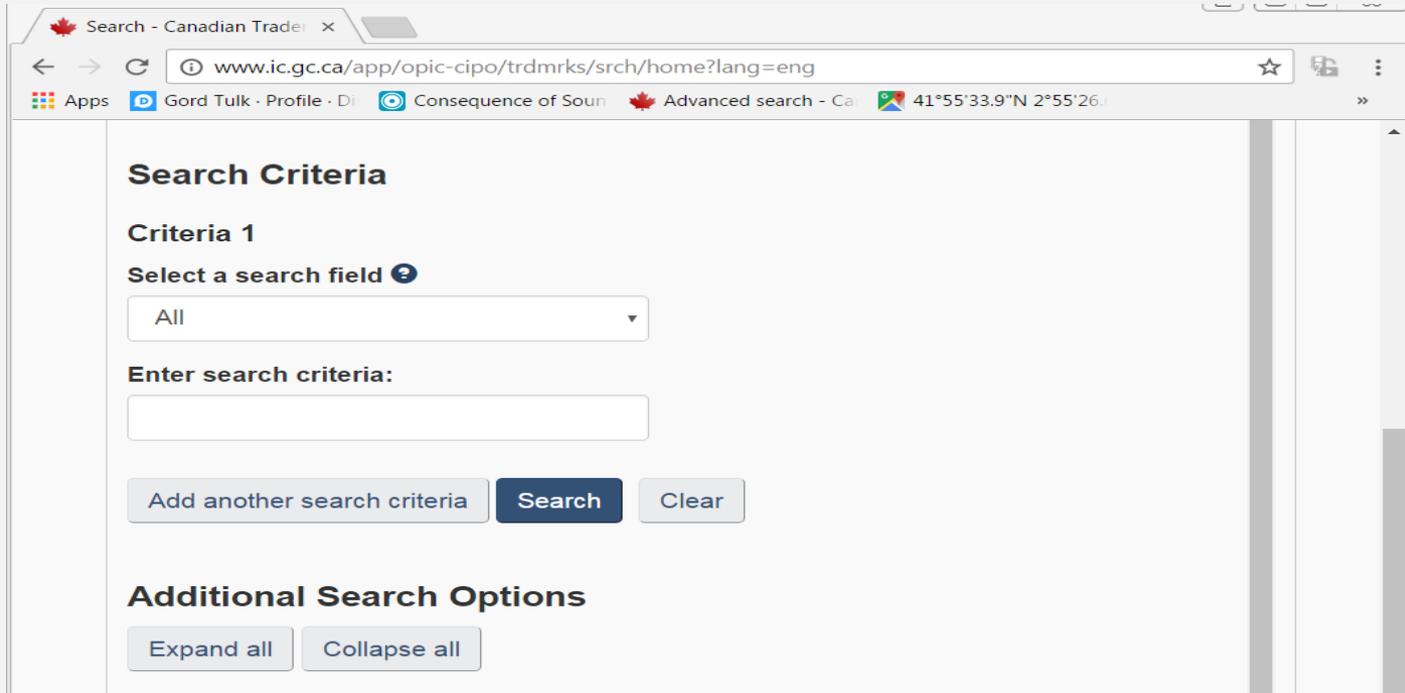
▼ Trademarks

- Two types of trademark rights to search for:
 - Statutory rights
 - arise from registering or applying to register a trade-mark
 - need to search the CIPO Trademarks Registry to find them
 - Common law rights
 - arise from use of a trademark in the marketplace
 - need to search the marketplace to find them
 - more limited than statutory rights

▼ Trademarks

- Trademark search tools
- The main search tools are:
 - Knock-out searches
 - Full availability searches
 - Investigations

▼ Knock-out Searches - Canada



Search - Canadian Trademark

www.ic.gc.ca/app/opic-cipo/trdmrks/srch/home?lang=eng

Apps Gord Tulk - Profile - Di Consequence of Soun Advanced search - Ca 41°55'33.9"N 2°55'26.0"W

Search Criteria

Criteria 1

Select a search field ⓘ

All

Enter search criteria:

Additional Search Options

Knock-out Searches - US

Trademark Electronic Search System (TESS) - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Refresh Print Mail Stop

Address <http://tess2.uspto.gov/bin/gate.exe?f=search&state=vc0j1r.1.1> Go Links

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Trademarks > Trademark Electronic Search System (TESS)

TESS was last updated on Wed Apr 9 04:10:56 EDT 2008

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WARNING: AFTER [SEARCHING](#) THE USPTO DATABASE, EVEN IF YOU THINK THE RESULTS ARE "O.K.," DO **NOT** ASSUME THAT YOUR MARK CAN BE REGISTERED AT THE USPTO. AFTER YOU FILE AN APPLICATION, THE USPTO MUST DO ITS OWN SEARCH AND OTHER REVIEW, AND MIGHT [REFUSE TO REGISTER](#) YOUR MARK.

View Search History:

Plural and Singular Singular

Live and Dead Live Dead

Search Term:

Field:

Result Must Contain:

Please logout when you are done to release system resources allocated for you.

This **New User (Basic)** search form allows for searching of the most commonly searched fields: word marks, serial or registration numbers, and owners.

The **Combined Word Mark** is the default search field and includes the **word mark** and **translation**.

Start | Fasken Martine... | Inbox - Micro... | 7 Reminders | Microsoft Word | Microsoft Powe... | Trademark EL... | Internet | 2:17 PM

▼ Trademarks

B. Registration

- 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
- **Tip: prioritize countries by value of market and likelihood of sales**

▼ Trademarks

C. Enforcement

- Watch out for infringement of your rights
- Take action against infringements and potential infringements
 - Cease and desist letters
 - Litigation
 - Opposition
- Failure to act can weaken your trademark rights

▼ Trademarks

- Pick the right trademark
 - Consider more than one potential trademark
 - Avoid trademarks that are descriptive or similar to other trademarks used in your industry
 - Search the marketplace
 - Assess risks before proceeding
- Register trademarks
- Use it or lose it
- Keep an eye out for infringers
- **Bonus tip: use fewer trademarks**

▼ Trademark Questions?

▼ What are Trade Secrets? Examples

- Formulas, know-how
- Business plans & strategies
- New product names
- Marketing plans, unpublished promotional material
- Cost & pricing information
- Financial projections and sales data
- Customer lists
- Info re: new business opportunities

Advantages of Trade Secrets

- Never expire – as long as the secret remains secret
- No filings or government approval required
- Can be very successful



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▼ Disadvantages of Trade Secrets

- Once trade secret is no longer secret, it is gone
- Cannot prevent independent creation or reverse engineering (subject to contractual provisions)

▼ Three Essential Legal Requirements



1. The information must be secret
2. Has commercial value because it is secret
3. Reasonable efforts to maintain secrecy

▼ Reasonable Efforts

- Most TS regimes require you to have taken reasonable precautions to keep the information confidential
- “Reasonable” → case by case
 - reasonable security procedures
 - Non-disclosure agreements (NDA)
 - such that the information could be obtained by others only through improper means
- Importance of proper TS management program



▼ Who Owns a Trade Secret

- New technology or software - developed by employee
- New technology or software - developed by external contractor
- To avoid disputes: written agreement / assignment of all trade secrets

▼ Enforcement of Trade Secret

- Can sue for theft of a Trade Secret (where someone has improperly acquired, disclosed or used the information)

▼ A Growing Problem. Why Does It Occur?

- Way we do business today (increased use of contractors, temporary workers, out-sourcing)
- Declining employee loyalty: more job changes
- Storage facilities (DVD, external memories, keys)
- Wireless technology / Digital information

▼ Examples

- Reverse engineering, independent discovery
- Improper licensing
- Burglaries by professional criminals targeting specific technology
- Network attacks (hacking)
- Mobile device/laptop theft
- Inducing employees to reveal TS



80% of trade secret loss

< employees, contractors, trusted insiders!

- departing or disgruntled employees
- intentional (malicious)
- inevitable (knowledge acquired)
- by ignorance

▼ HOW TO PROTECT YOUR TRADE SECRETS?



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▼ 1. Identify Trade Secrets

Reasons for Identifying Company Trade Secrets

- Know and understand confidential assets
- Protect confidential assets consistently
- Reduces risks involving third party trade secrets
- Meet burden of proof in trade secret litigation



- Is it known outside the company?
- Is it widely known by employees and others involved within the company?
- Have measures been taken to guard its secrecy?
- What is the value of the information for your company?
- What is the potential value to your competitors?
- How much effort/money spent in developing it?
- How difficult would it be for others to acquire, collect or duplicate it?

▼ 2. Develop a protection policy

Advantages of written policies and procedures

- Clarity (how to identify and protect)
- How to reveal (in-house or to outsiders)
- Demonstrates commitment to protection → important in litigation

▼ 3. Restrict Access

Restrict access to only those persons having a need to know the information

→ computer system should limit each employee's/contractor's access to data actually utilized or needed for a project/transaction

▼ 4. Mark Documents

- Help employees recognize TS
→ prevents inadvertent disclosure
- Uniform system of marking documents
 - paper based
 - electronic (e.g. 'confidential' button on standard email screen)



▼ 5. Maintain Computer Secrecy

- Secure online transactions, intranet, website
- Password; access control
- Mark confidential or secret (legend pop, or before and after sensitive information)
- Physically isolate and lock: computer tapes, discs, other storage media
- No external drives and USB ports
- Monitor remote access to servers
- Firewalls; anti-virus software; encryption

▼ 6. Measures for Employees

(a) New employees

- Brief on protection expectations early
- Obligations towards former employer!
- Assign all rights to inventions developed in the course of employment
- NDA/CA
- Non-compete provision



(b) Current employees

- Prevent inadvertent disclosure (ignorance)
- Train and educate
- NDA for particular task

(c) Departing employees

- limit further access to data
- exit interview
- letter to new employer
- treat fairly & compensate reasonably for patent work

▼ 7. Measures for Dealing with Third Parties

- Sharing for exploitation
- Consultants, financial advisors, computer programmers, website host, designers, subcontractors, joint ventures, etc.
- Confidentiality agreement, NDA
- Limit access on need-to-know basis

▼ Trade Secret Questions?

▼ You Have an Invention – What Next?

- Innovation that makes your product or service better/cheaper/faster
-
- Goal: to prevent competitors from using that “technology”



▼ The Problem

- If you disclose your invention to the public, others can use it...
- ...unless you take steps to protect it

▼ Why Patent?

- Gives you the right to prevent others from making, using, selling the claimed invention
- Lasts up to 20 years from filing date
- In exchange – you have to fully disclose your invention

What is a Patent?

- A document that describes an invention and how to put it into practice. Includes:
 - Abstract
 - Background
 - Summary of invention
 - Drawings
 - Detailed description
 - **Claims** - define scope of protection



▼ What You Don't Get With a Patent

- Freedom to operate
- Government enforcement of patent rights (only through courts)
- You must be your own “patent police”

▼ Steps in Obtaining a Patent

- Secrecy
- Assess Patentability
- Apply for a Patent
 - First Filing
 - Other (International) Filings
- Examination
- Exploit Registered Patents

▼ KEEP IT SECRET!

- A patent application must be filed before any public disclosure of an invention
- Canada and US have a one year grace period - many countries don't
- Use NDAs etc., prior to filing.

▼ Requirements for Patentability

- **Novelty** - the invention is “new”
- **Non-obvious** – the invention not a minor tweak on what is already known
- **Utility** – the invention has a useful function
- **Subject Matter**

▼ Subject Matter

- *Art, Process, Machine, Manufacture or Composition of Matter*
 - Pharmaceuticals
 - Mechanical devices
 - Electronic hardware
 - Chemical compound or process
 - Computer software
 - Business methods

▼ What Cannot Be Patented?

- Abstract ideas
- Scientific principles
- Products of nature
- Pure mathematic algorithms
- Mental processes
- Data (trade secret?)

▼ The Patenting Process

- Prepare/File a Patent Application



Examination

- Search
- Examiner's report
- Prosecution (responses / amendments)



- Registration

▼ Ownership

Individual inventor is presumed to be the owner of an invention unless:

- (1) Express agreement to the contrary;
- (2) He was employed for the purpose of inventing under a contract of service; or
- (3) Nature of employment relationship indicates that employer was to own the invention.

▼ Who is the Inventor?

- Person(s) who has:
 - Conceived of the invention (at least one claim);
and
 - Reduced it to a definite and practical shape
- Patent can be invalidated if inventorship is incorrect
and error reflects deceptive intent

▼ The First Filing

- Preparing the Application
 - Work with your agent
 - Provide detailed description
 - You probably know the area of technology better than he does
- If cost is an issue, a U.S. provisional application may be worth considering

▼ Where to File?

- Patents are territorial
- Problem: Filing in multiple countries gets very expensive
- Solution: Take advantage of treaties.

▼ Convention Priority

- Any subsequent application can “piggy-back” off a first application, if filed within 1 year
- Can defer costs
- First application may be US provisional
- Can make invention public after first filing

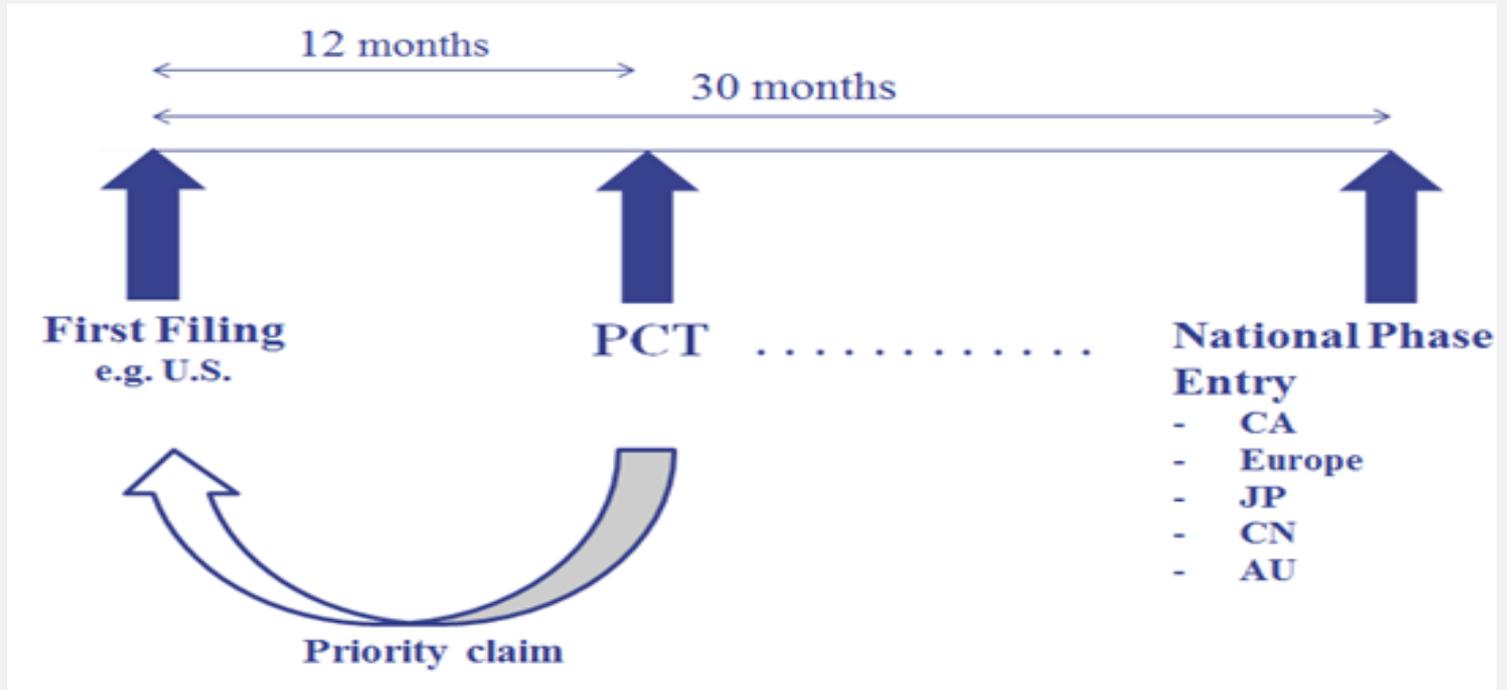
▼ US Provisional Application

- Can be less expensive than a regular application
- Serves as initial filing for the purposes of claiming priority
- Never becomes a patent
- Useful when invention is in development
- *Need to ensure provisional adequately supports priority claim

▼ PCT Application

- Single international application (covers most major industrial countries)
- Never becomes a patent itself
- Reserves right to file pending application in any member country within 2 ½ years
- Defers cost

Common Filing Strategy



▼ Patent Questions?

▼ Top 10 Takeaways

1. IP assets are key business assets – keep them in good order.
2. IP Ownership is critical
 - Make sure you own it and can prove it
3. Do not disclose invention w/o protections in place
4. Utilise patent treaties to defer filing costs

▼ Top 10 Takeaways...

5. U.S. provisional patents – use carefully
6. Trade secrets depend on confidentiality
 - Identify them, protect with agreements and continually monitor
7. Pick trademarks that are not descriptive or confusing with others in the same field

▼ Top 10 Takeaways...

8. Copyright works – moral rights cannot be assigned, can only be waived.
9. IP rights have to be “policed” and enforced
10. Conduct IP due diligence before any IP transaction or IP litigation.



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