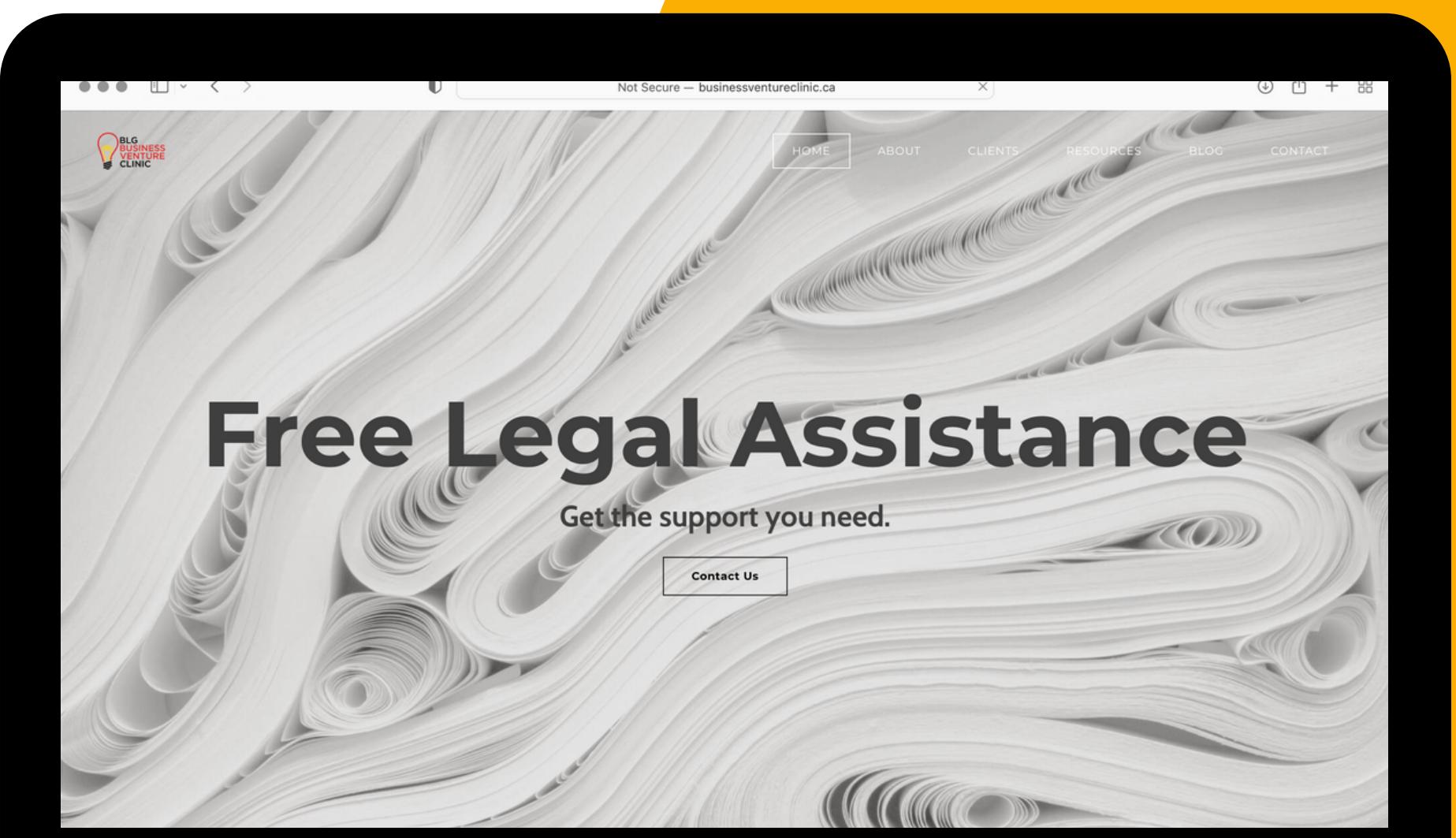


Business Venture Clinic

Intellectual Property

Saranjit Dhindsa
Viviana Heather
University of Calgary, Faculty of Law



In this Presentation

Here's what we'll cover:

Who We Are

What is Intellectual Property (IP)?

How is IP Helpful for Eng Students?

Types of IP

Case Studies

Questions, Comments, Concerns?



Who Are We?

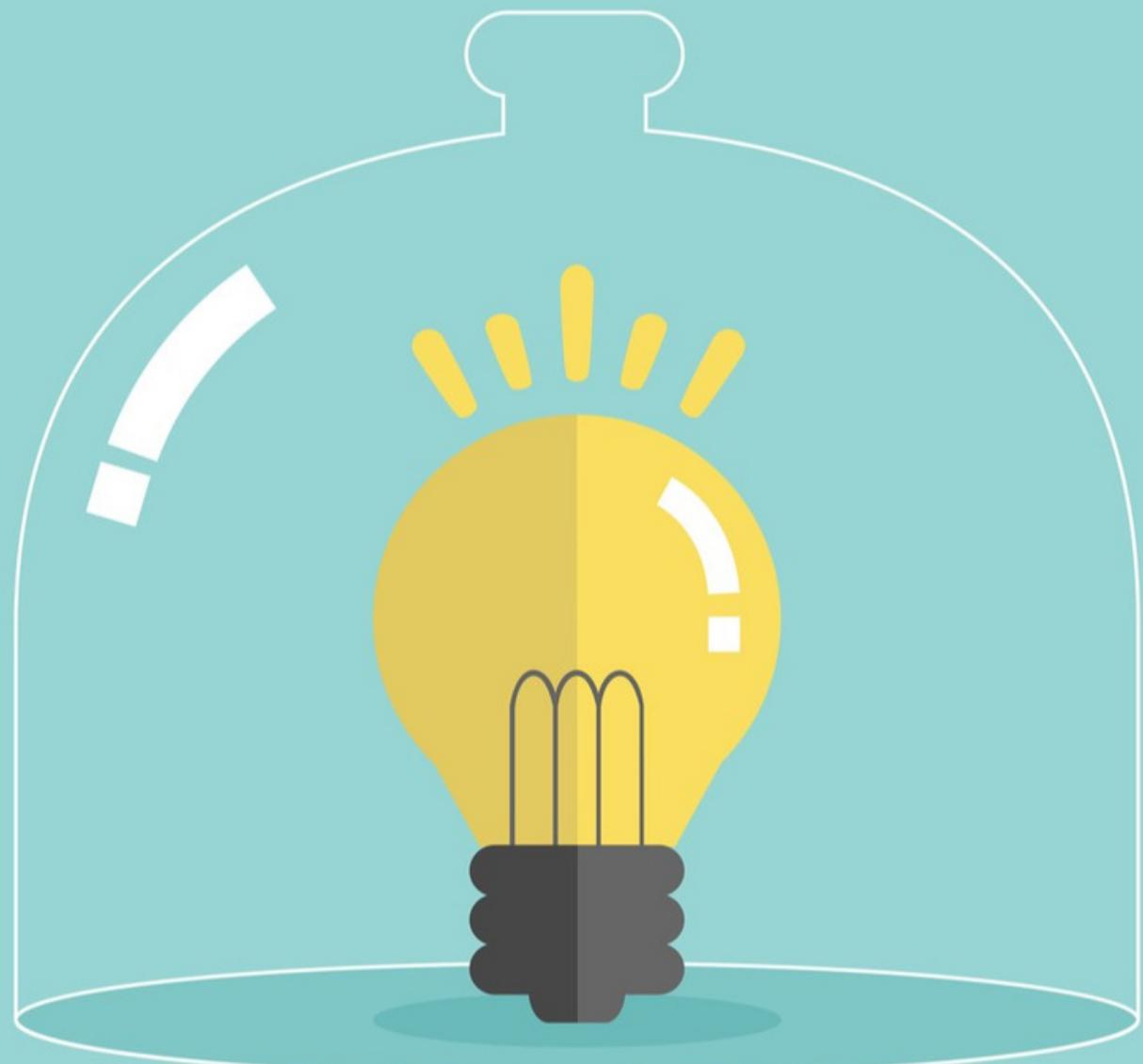
Supported by Borden Ladner Gervais LLP, the BLG Business Venture Clinic is a student-run, pro bono legal clinic at the University of Calgary, Faculty of Law that provides free legal information to Calgary's entrepreneurs.

Through the clinic, law students are paired with local entrepreneurs in need of legal service or information. To complete the work, students collaborate with BLG lawyers, who provide guidance and feedback to ensure the work provided is complete and accurate.

The BLG Business Venture Clinic provides entrepreneurs, startups and growth companies with free legal assistance. Students of the clinic can:

1. Prepare memos providing information on various legal questions that typically arise in entrepreneurial companies, such as legal issues connected with early round financings, corporate governance considerations, the pros and cons of various business structures, employment and intellectual property issues; and
2. Generate drafts of basic corporate-commercial agreements and legal documents, such as Articles of Incorporation, Corporate By-laws, Employment Agreements, Non-Disclosure Agreements, Subscription Agreements, Shareholder Agreements, and basic License Agreements.

Intellectual property is a category of property that includes intangible creations of the human intellect. There are many types of intellectual property. The best-known types are copyrights, patents, trademarks, and trade secrets



How Does IP Benefit ENG Students?

Without IP

- Additional Costs - filing applications and patents are expensive
- Hard to stop consumers from copying your IP
- As IP rights become reduced, the quality of the product decreases
- Banks have singular control over the world's wealth.
- Transactions are laborious and time-consuming.

With IP

- Ability to have competitive edge over other similar businesses
- IP enhances your company's value
- IP helps market your company's products & services
- Easier to obtain financing from external investors for start-ups
- Licensing opportunities are possible

Types of Intellectual Property

Patents

an exclusive right to a product or a process that generally provides a new way of doing something or offers a new technical solution to a problem.

Trademarks

a combination of letters, words, sounds or designs that distinguishes one company's goods or services from those of others in the marketplace.

Copyright

the exclusive, legal right to produce, reproduce, sell or license, publish or perform an original work or a substantial part of it.

Trade Secrets

a secret device or technique used by a company in manufacturing its products.

Industrial Design

features of a product that appeal to the eye, distinctive and attractive features like these give products a competitive edge.

Integrated Circuit Topographies

the three-dimensional configurations of electronic circuits embodied in integrated circuit products or layout designs

Patents

a limited monopoly for inventive or innovative ideas in exchange for public disclosure

What Can I Patent?

- An invention is eligible if it is:
- new - first in the world
- useful - functional and operative
- inventive - showing ingenuity and not obvious to someone who works in your field

The Invention Must Be:

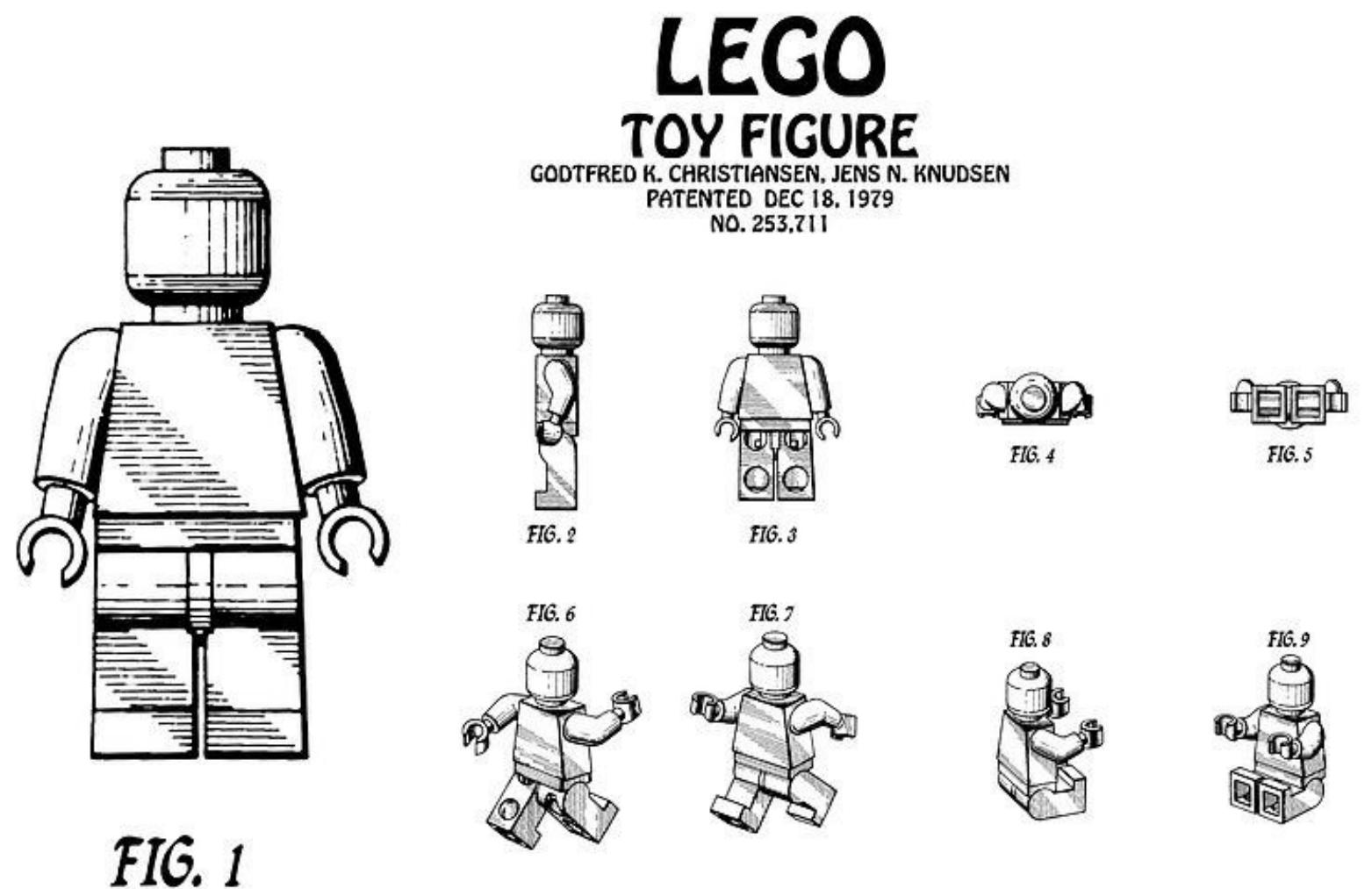
- a product (i.e., a door lock)
- a composition (i.e., a chemical composition)
- a machine (i.e., a machine that makes something)
- a process (i.e., a method for making something)
- an improvement on any of the above

What CANNOT Be Trademarked?

- disembodied ideas, concepts
- scientific principles or abstract theories
- methods of medical treatment or surgery
- higher life forms
- forms of energy
- features that are of solely intellectual or aesthetic significance
- printed matter

Using Patents

How to Prevent People Stealing Your Ideas



Protects Against Infringement

Patent infringement is what happens when someone sells your invention without your permission in a country where your patent is registered.

Protection Before & After Grant

When you have a Canadian patent, you can sue for infringement after the patent was granted. After granting, you can sue for reasonable compensation for infringements that happened while waiting for the grant.

How Long Does a Patent Last?

From the day the patent is granted to a maximum of 20 years after the day on which you filed your patent application.

Ownership & Registration

Who Does a Patent Belong to In An Employment Context?

In Canada, if there is no specific clause in an employment contract that states the company owns the patent, then the employee has the right of ownership, even if it is made during the course of employment.

- The Patent Act states the inventor is deemed the first owner of an invention unless an agreement states otherwise.

There are two exceptions to this rule:

1. If an employee is hired for the purpose of inventing, then it depends on the contract terms (which will say who the right belongs to).
2. When the surrounding context indicates that the employee was not meant to own the invention.

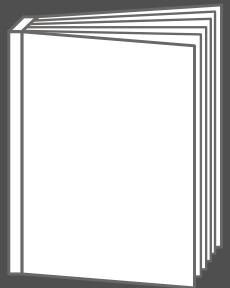
Additionally, a fiduciary duty may exist between a senior employee and the corporation, and as a result, the invention may be owned by the corporation.

Copyright

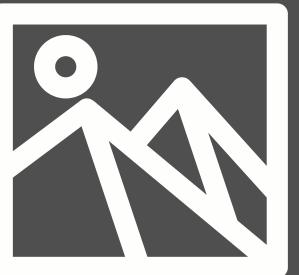
The exclusive right of an owner to control the use and reproduction
of a work

Protects only the form of expression not the idea or concept

What Can I Copyright?



Literary



Artistic



Musical



Dramatic



Sound
Recording



Communication
Signals

Registering Copyright

Why is it important?

Benefits of Registration

A certificate of registration of copyright is evidence copyright exists and the person registered is the owner of the copyright. But the Copyright Office cannot guarantee that the legitimacy of ownership or the originality of a work will never be questioned.

A Lifetime of Protection

Generally, copyright lasts for the life of the author, the remainder of the calendar year in which the author dies, and for 50 years following the end of that calendar year. Therefore, protection will expire on December 31 of the 50th year after the author dies.

Copyright for Software

One manner of protecting computer software in Canada is by owning copyright in the underlying code. Under Canadian law, copyright subsists in both the source code and assembly code of computer software.

Ownership & Registration

Copyright in an Employment Perspective

Per the Copyright Act where an employee, creates an original work in the course of employment and in the absence of any agreement to the contrary, **the employer shall be the first owner of copyright.**

- agreements should also stipulate who has moral rights: the employer or employee?
 - usually employers request employees waive moral rights, otherwise employees may retain a right to the integrity of the work, and can use these rights to override the employer's decision over how to use the copyrighted work

There are different rules for independent contractors - in the absence of an employment agreement, the general rule is that the author is the first owner of the copyright in an original work. Simply hiring an independent contractor does not mean the hiring party has the copyright

- the relationship takes the form of an implied license, where the independent contractor licenses the product to the hiring party
- to obtain copyright to an independent contractor's work, an assignment agreement would need to be executed



Case Study: Amazon's 1-Click System

Case Study: Amazon's "1-click" system

Patent or Copyright?

Amazon created a technique of buying an item through a single click.

The invention was titled "***** *** ***** *** Placing A Purchase Order Via A Communication Network."

Remember:

- Copyright for software applies to the CODE, but not to the actual idea
- Patents protect an innovative/inventive method or system



Buy now with 1-Click®

Case Study: Amazon's "1-click" system

It is a PATENT

Amazon applied to CIPO for a patent called "Method and System for Placing A Purchase Order Via A Communication Network."

It was denied by CIPO because they felt it did not fall within the meaning of "invention," namely:

- It does not add to human knowledge anything that is technological in nature;
- It is merely a business method and a business method is not patentable; and
- It does not cause a change in the character or condition of a physical object.

The Federal Court of Canada held that the One click patent could not be rejected as a pure business method since it had a physical effect.

The main issue under appeal was whether a “business method” is patentable under Canadian law. “Invention” means “any new and useful improvement in any art, process, machine, manufacture or composition of matter.” Section 27(8) of the Act prohibits the granting of a patent for a “mere scientific principle or abstract theorem”. However, while “a disembodied scientific idea is not per se patentable, it will be patentable if it has a method of practical application.”

Trademarks

Identifying mark that distinguishes a business' products or services from its competitors'

What Can I Trademark?

There are several types of trademarks

- Ordinary Trademarks
 - Words
 - Designs
 - Tastes
 - Smells
 - Colours
- Certifications marks
 - Used to note that certain goods and services meet a defined standard

Examples of Trademarks

- Word: McDonalds, Apple
- Designs: The M, the Apple Logo
- Tastes: No one has done this yet
- Smells: Crayola
- Colours: Tiffany Blue
- Certification Mark: CAA (Canadian Automobile Association); Wi-Fi logo

What CANNOT Be Patented?

- Names and surnames - there is an exception if your goods and services have become well-known under a name or surname
- Clearly descriptive marks (i.e., "sweet" for ice cream, "juicy" for apples)
- Deceptively misdescriptive marks (i.e., "air express" for ground courier service)
- Place of origin
- Words in other languages
- Prohibited marks

Using Trademarks

Imitation is the sincerest
form of flattery



Creates a Brand Name and Image

A registered trademark is one way to protect your corporate image. Registering your trademark gives you legal title to it the way a deed gives you title to a piece of real estate.

Create Inherent Value for the Company

Over time, trademarks come to stand for not only the actual goods or services a person or company provides, but also the reputation of the producer. Trademarks are very valuable intellectual property.

How Long Does a Trademark Last?

Your registration lasts for 10 years from the date of registration. You may renew it every 10 years after that for a fee.

Ownership & Registration

Registered versus Unregistered Trademarks

In Canada, trademarks can be registered and unregistered:

Registered:

- A registered trademark is one that has been entered in the Register of Trademarks. The certificate of registration is direct evidence that you own the trademark.

Unregistered:

- Unregistered trademark rights (or non-registered trademark rights) are governed by common law in Canada rather than the statutory Trademarks Act. Common law in Canada is formed through custom and judicial precedent rather than legislated through statutes.
- If someone starts using your unregistered mark, you have to go to Court and prove the following:
 - There was sufficient goodwill or reputation attached to the owner's goods and/or services in association with the unregistered trademark in the mind of the consumer;
 - Another trader deceived the consumer through its misrepresentation; and
 - The owner suffered actual or potential damages.



Case Study: Toys "R" Us and Herbs "R" Us

Case Study: Toys R Us and Herbs R Us

The Federal Court provides a cautionary tale of the dangers of adopting a mark or name “inspired” by a famous or well-known brand, even when confusion is unlikely. The Canadian “depreciation” action is intended to prevent misuse of a brand owner's rights even in the absence of infringement based on a likelihood of confusion or passing off.

Do you think the Herbs R Us logo below meets the following criteria of the "depreciation" action:

- Is it confusing?
- Would it seem like Herbs R Us is connected to Toys R Us?
- Would the Herbs R Us mark depreciate the goodwill attached to the Toys R Us mark?



Case Study: Toys R Us and Herbs R Us

The Court dismissed the claim for infringement based on a likelihood of confusion or passing-off and found it unlikely that a Canadian consumer would confuse the two, and assume Toys R Us is branching out into the cannabis sector.

However, the Court held that the two logos were sufficiently similar and that there was intent from Herbs R Us to be associated or to remind people of Toys R Us. The Court concluded that Herbs R Us would likely depreciate the goodwill attached to the Toys R Us trademark that has been used in Canada for many years.



Trade Secret

includes any business information that has commercial value
derived from its secrecy

There is NO federal trade secrets act in Canada - nor is there are law governing the area

Rather, trade secrets are based on common law, and is enforced in the courts through claims including torts, like a breach of contract or confidence.

There are no formal processes for protecting a trade secret, but rather, that there is evidence the trade secret requires:

- that the information has commercial value
- that the information is secret
- that the information has been subject to reasonable measures by the business to ensure that it remains secret

Courts who are determining if there is a trade secret, generally look to see if there were measures made to maintain secrecy, if the information was valuable, the time it took to develop the secret, and other factors

How are Trade Secrets Used?

There are several ways to use trade secrets

Ensure an Invention is not Disclosed to the Public

To obtain a patent for an invention, the invention must be new to the world and not known to the public. Similarly, industrial designs can only be registered if they are original in the world and aren't known to the public. To ensure confidentiality before obtaining patent protection, inventors will guard their new inventions as trade secrets.

Protect an invention through means other than patent protection

Because securing a patent can be costly and time consuming, some businesses and inventors choose to rely on trade secrets instead. This strategy is often used when the invention has a short lifespan or is difficult to reverse engineer.

Protect valuable business information not protected through IP rights

Businesses that have a wealth of consumer data, recipes for food products or cutting-edge market research and analysis want to ensure that competitors do not get their hands on that information.

How to Keep Trade Secrets a Secret?

Protection lasts for as long as the information remains a secret, so it can theoretically last **forever**

How do you keep trade secrets secret?

There are numerous ways to keep your valuable business information a secret, including the following:

- Non-disclosure or confidentiality agreements: When you disclose your business information to anyone, have them sign a non-disclosure agreement.
- Confidentiality clauses: Include confidentiality clauses in employment agreements.
- Encryption: Encrypt any valuable business information.
- Password protection: Use passwords to access valuable business information.
- Lock and key: Lock up any valuable business information in a safe.

Remember, once your secret is out, it is impossible to make it secret again. The list above includes only a few ways to keep information secret. It is in your best interest to use all methods possible to ensure your secrets stay secret!



Case Study: Coca Cola

Case Study: Coca Cola

After Dr. John S. Pemberton invented Coca-Cola in 1886, the formula was kept a close secret, shared only with a small group and not written down.

In 1892, Asa Candler became the sole proprietor of Coca-Cola after purchasing the rights to the business.

Then, in 1919, Ernest Woodruff and a group of investors purchased the company from Candler and his family.

To finance the purchase, Woodruff arranged a loan, using the secret formula as collateral. He asked Candler's son to write the formula down and placed the paper in a vault in the Guaranty Bank in New York until the loan was repaid in 1925. At that point, Woodruff reclaimed the secret formula, returned it to Atlanta and placed it in Trust Company Bank, now SunTrust.

Industrial Designs

protects a product's unique appearance, not what it is made of, how it is made or how it works

Industrial design can give a product a competitive edge in the marketplace.

Consumers are often drawn to an eye-catching product and so accordingly, manufacturers put a lot of money and know-how into their industrial designs.

An effective design will appeal to the consumer and even create an emotional connection between the consumer, the product, and the brand and can influence consumer behavior, ultimately supporting the marketing and sales of the product.

This is why a novel design is considered to be valuable intellectual property.

What are the registration requirements?

- your design must focus on an aesthetic feature of a product and be novel (unpublished or published earlier than twelve months before the filing of an application).

How Useful are Industrial Design Patents?

They're pretty useful - if you know what you're doing

Value added by industrial designs

Industrial designs give your products a competitive edge in the marketplace.

Consumers are often drawn to eye-catching products. For that reason, manufacturers put a lot of money and know-how into their industrial designs.

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Beneficial for Start-Ups & Pre-Existing Corporations

Firms holding industrial design registrations have 16% greater revenue per employee, compared to firms without such registrations.

Industrial designs are also becoming increasingly important in a design-conscious economy, and they can be a fundamental element in the growth of innovative companies.

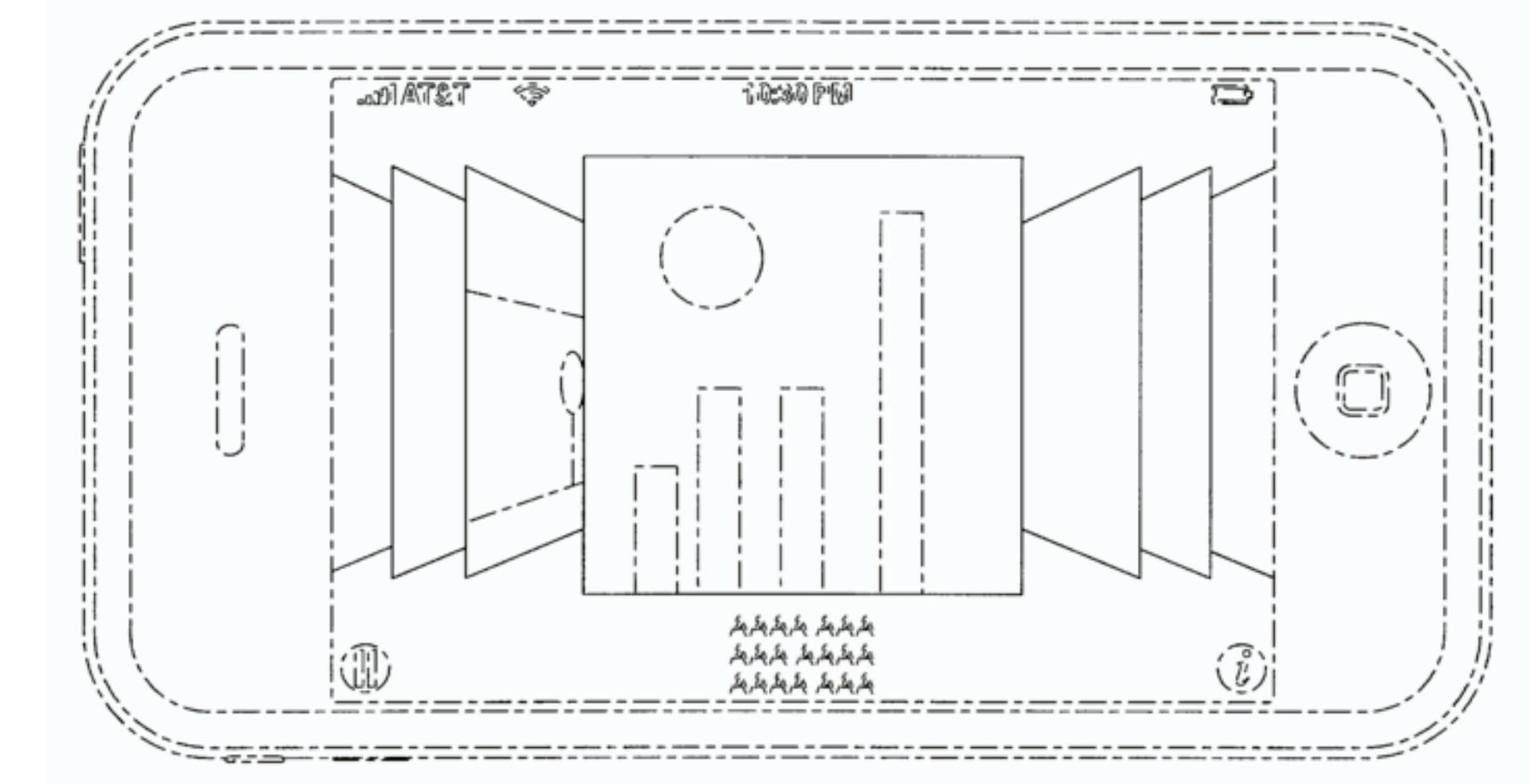
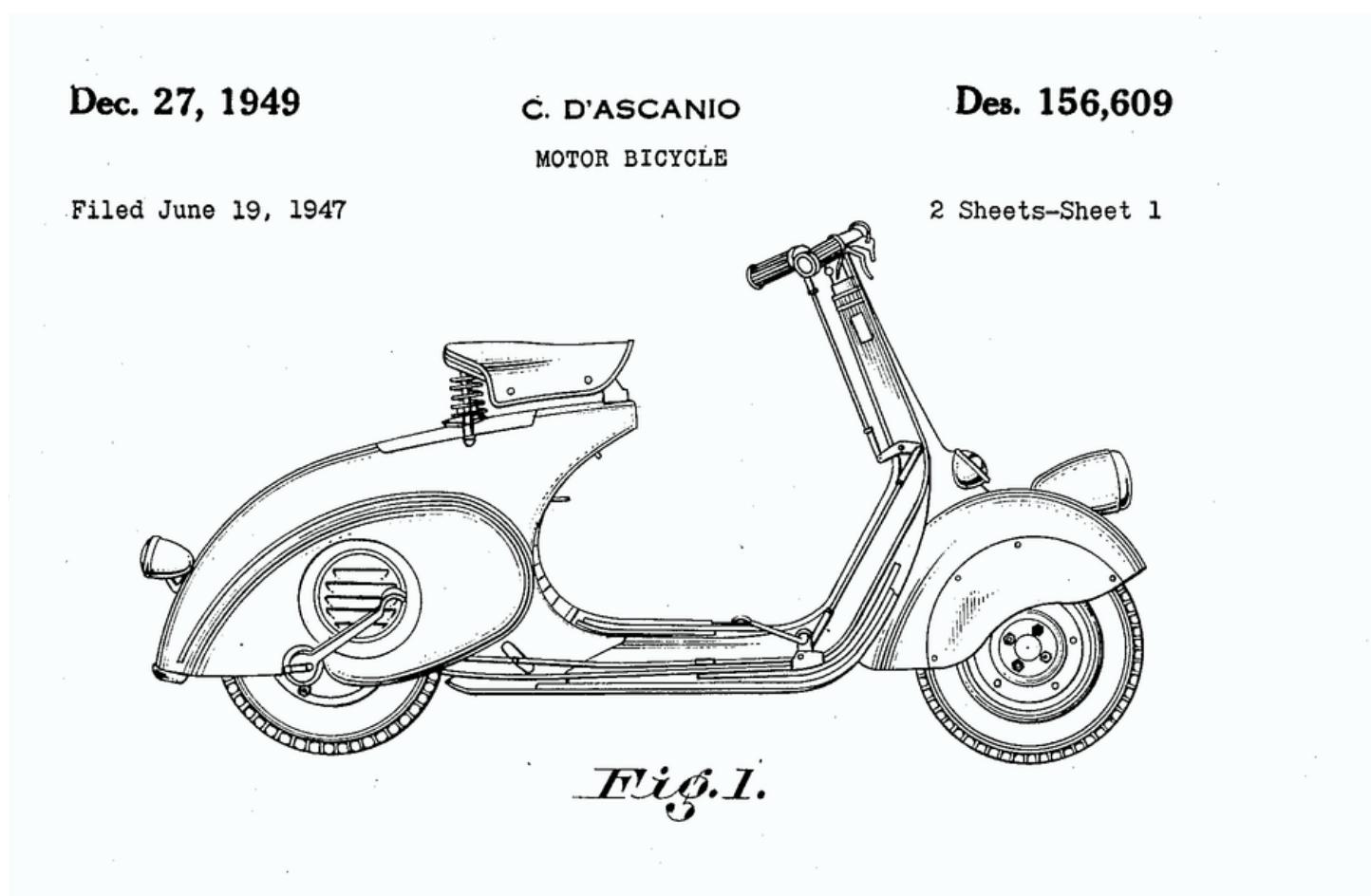
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How long does registration last?

A Canadian industrial design registration is protected for ten years from the registration date or fifteen years from the filing date, whichever period ends later, with a maintenance fee payable by the five-year mark in order to keep the registration alive for the remainder of the 10- or 15-year period.

Examples of Industrial Designs

The design must be novel and appeal to the **eye**.





Case Study: Apple v Samsung

Case Study: Apple v Samsung



Apple argued Samsung infringed on:

PATENT D593,087

PATENT D618,677

covers the ornamental design of the iPhone

PATENT D604,305

Covers rounded square icons on the interface

What do you think? Do they look similar?

Integrated Circuit Topographies

the three-dimensional configurations of electronic circuits embodied in integrated circuit products or layout designs.

They are at the heart of modern technology, communications, entertainment, manufacturing, medical and space technologies, and are now found in items as ordinary as household appliances.

Today's integrated circuit products are constructed from a complex series of layers of semiconductors, metals, dielectrics (insulators) and other materials on a substrate.

Registration protects the original design of a registered topography whether it is represented in an integrated circuit product or not. Topographies that define only part of the structure needed to perform an electronic function may also be registered.

For example, topographies that define generic layers of gate array integrated circuit products, and topographies that define interconnection layers that customize gate array integrated circuit products to perform specific electronic functions, may be registered separately.

Why Should You Register an ICT?

gives owners of registered topographies exclusive legal rights to control certain actions.

Owners of Registered ICTs Can Exclude Others From:

- reproducing a protected topography or any substantial part of one;
- manufacturing an integrated circuit product incorporating a protected topography or a substantial part of one;
- importing or commercially exploiting (i.e., selling, leasing, offering or exhibiting for sale or lease, or other commercial distribution) a protected topography or a substantial part of one, or an integrated circuit product that embodies a protected topography or a substantial part of one; and
- importing or commercially exploiting an industrial article that incorporates an integrated circuit product that embodies a protected topography or a substantial part of one.

There are exceptions where the exclusive rights to a registered topography are not infringed. For example, it is not an infringement when a person reproduces the topography for the sole purpose of analyzing, researching, or teaching about ICT.

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How long does registration last?

The Act protects registered ICTs for up to ten years from the filing date of the application for registration. The term ends on December 31 of the tenth year after the year of the first commercial exploitation, or the year of the filing date, whichever came first.



Do you have any questions?

Ask us now, or email us later!

www.businessventureclinic.ca

