

Protecting Intellectual Property in Technology

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The Power of Original Thought



Introduction

Today's Goals

- Develop a basic understanding of patents and trade secrets
- Learn how to protect your technology and confidential information using patents and/or trade secrets
- Develop an IP strategy and IP action agenda for your business



IP Basics

IP Basics –Trade Secrets and Patents



IP Basics

Patents Protect Inventions

- “Invention” means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter
- Higher life forms, methods of medical treatment, and business methods are not considered inventions in Canada.



IP Basics

Protection of Software and Computer Implemented Technologies Up In The Air

The patent offices in both the US and Canada are resisting allowing patents for computer implemented technologies that are not embodied on a machine or cause some physical transformation of a tangible object. Test cases are before the US and Canadian Courts:

In Re: Bilski

The “Amazon One-Click” patent application



IP Basics

Patent: Fundamentals

- A patent is a statutory right granted by a government to an entity to exclude others within the government's jurisdiction from using, making, using, selling, offering to sell, or importing an inventive technology claimed in the patent.
- ***The “quid pro quo” bargain:*** in exchange for the exclusive right provided by the patent, the patentee must fully disclose how to reproduce the inventive technology to the public



IP Basics

Caution!

Patents must be registered at the Patent Office – there are no common law patent rights

The invention claimed in the patent application must not have been publicly disclosed by applicant more than one year before the application is filed.



IP Basics

More Cautions!

Patents have a term of 20 years from the filing date of the patent application

After the patent expires, the disclosed invention is donated to the public domain



IP Basics

A patent is an ***exclusive right*** and not a ***monopoly***. Your patent can exclude others from practising your invention but not necessarily permit you from doing the same!



IP Basics

Patent Registration Process in US and CA

- Patent applications are examined by the Patent Office
 - examination typically takes 2-3 years;
 - examination can be deferred for up to 5 years in Canada; no deferral available in US
- Patent systems in Canada and US very similar. However, Canada is based on a first to file; the US is based on first to invent.
- The claimed invention must not have been previously known (novelty), or obvious to one skilled in the field of the technology. Both Canada and the US have a one year grace period.
- The claimed invention must work (utility).



IP Basics

Convention Priority and the Patent Cooperation Treaty (PCT)

- Most industrialized nations belong to the Paris Convention, which allows an application to claim a “convention priority” filing date of another application filed up to one year ago.
- PCT process enables applicant to file a single application and reserve the right to register the application in one or more member countries.



IP Basics

Patents Can Be Expensive

- \$500-2,000 for a patentability search
- \$9,000-15,000 (typical) for a patent agent to draft patent application (\$3,000-6,000 for a provisional)
- \$400 to file application in Canada but \$2000+ to file in US, \$5000 + to file in Europe, and \$7000+ to file in a non-English speaking country
- \$3,000-5,000 to prosecute application, *per country*
- Many countries require payment of maintenance fees over life of patent



Patent Filing Strategy: Maximum Cost Deferral Approach

- File a provisional application in United States before public disclosure
- In first year, evaluate market interest for invention
- If no market interest, abandon patent process – consider intentional disclosure
- If market limited to one or a few select countries, file for patent protection in those select countries within the year
- If market is global or unknown, file PCT application within the year. After 30 months, re-evaluate market potential and enter national phase into market countries.



Trade secrets protect confidential business information

- Confidential information can include patentable technology, customer lists, know how, “secret recipes”, and manufacturing methods



IP Basics

Characteristics of a trade-secret:

- a) not be generally known or readily ascertainable through proper means,
- b) have independent economic value due to its secrecy; and
- c) holder of secret must use reasonable measures to protect the secrecy of information.



IP Basics

- No statutory protection for trade-secrets in Canada; protection is entirely by common law
- Remedies for breach of trade-secrets include:
 - breach of contract – if non-disclosure agreement signed
 - breach of fiduciary duty – when a fiduciary relationship exists
 - misappropriation of confidential information – when confidential information communicated to recipient in confidence and recipient misused the information



Pros and Cons of Trade-Secrets

PRO: a trade-secret can be maintained indefinitely

CON: once a trade-secret escapes, the information becomes part of the public domain



IP Basics

Why protect trade secrets?

- Failure to adequately protect your company's proprietary information will allow your competitors and ex-employees to reduce your profits.
- How to Protect Trade-Secrets:
 - Physical Security
 - Employee Education / Notices
 - Non-Disclosure Agreements
 - Employment Contracts



IP Basics

How to Protect Trade Secrets (*continued*)

- Restrict dissemination of confidential information to a “need to know basis”
- Physically separate confidential information



Developing and Implementing IP Strategy

Some Practical Advice For Protecting Your Intellectual Property in Canada and Elsewhere

- **Compile an intellectual property inventory** – know where you stand and what you must protect
- **Develop an IP management plan** – apply best practices principles to manage your IP at home and abroad
- **Develop an Integrated IP and Business Game plan** – determine which of your IP needs to be used, minimize your IP vulnerability, maximize your IP profits



Developing and Implementing IP Strategy

Compile an intellectual property inventory

- List all of your domestic and foreign registered IP rights, i.e. trademarks, industrial designs, and patents
- List all of your unregistered IP rights – copyright, unregistered trademarks
- Identify all of your valuable trade-secrets
- Identify new technologies for patent or trade secret protection

Audit your IP

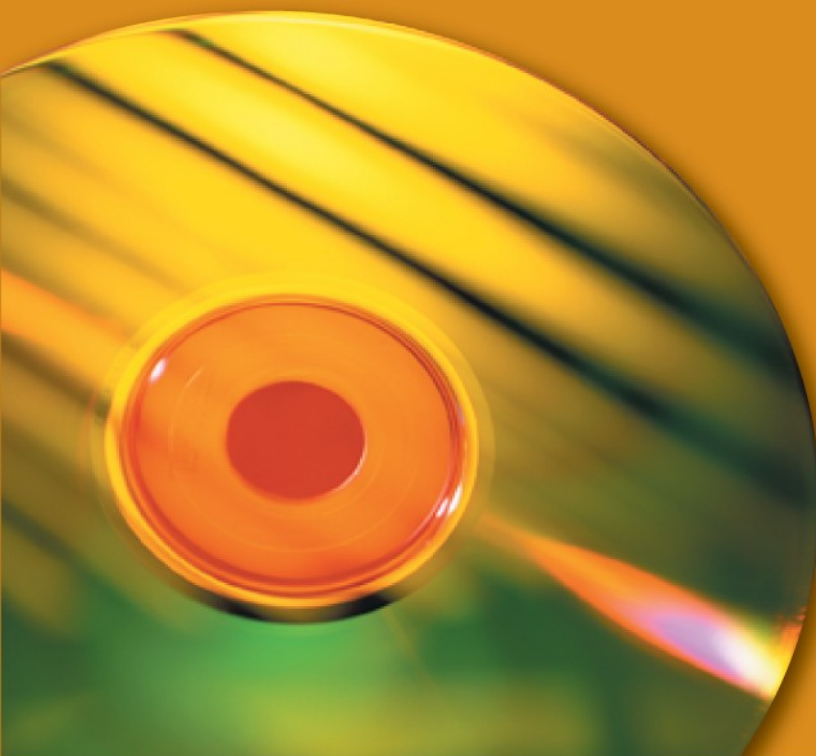
- Retain IP counsel to review status and worth of registered IP rights, evaluate registrability of unregistered rights, and adequacy of existing systems for protecting other IP rights.



Developing and Implementing IP Strategy

Develop IP Strategy and Action Plan

- Assess business value of registered IP rights; abandon registered IP rights if costs of maintaining registrations prohibitive.
- Assess business value of unregistered and/or new IP; retain IP counsel to acquire IP registrations for IP assessed to have sufficient business value, e.g draft and file for patents, industrial designs, and trademarks.
- Implement trade-secret protection policies
- Monitor competitor activities, to collect competitive intelligence and to safeguard your IP rights.



Thank You

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