

**KEEPING TRACK OF YOUR INTELLECTUAL PROPERTY ASSETS
TO ENSURE MAXIMUM VALUE AND PROTECTION**



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ABSTRACT

Tracking existing and emerging intellectual assets is a critical step in effectively managing a company's intellectual property. Taking inventory is important from a number of perspectives, including strategic planning, targeting areas for growth, maximizing the benefit of intellectual property and providing investors with an understanding of the economic value of the company based on its existing intellectual property portfolio. This paper will provide a basic description of key intellectual property rights, and proceed to a discussion of how to keep records of your intellectual property.

Part I What are intellectual property rights?

Intellectual property rights are a series of specific rights, each with its own unique characteristics. For most practical purposes, they are monopolies. Here are the rights most commonly encountered.

Patents – Provide their owners with the right to prevent the manufacture, use or sale of inventions. To qualify for a patent, inventions must be new, useful and non-obvious and achieve a physical result. The right to obtain patents is intended to encourage innovation and its widespread adoption by granting a limited term monopoly to make, use and sell inventions in exchange for complete public disclosure of how the inventions work.¹

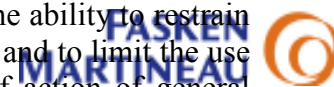
Trade marks – Trade marks are symbols which are used by their owners to promote recognition of goods and services of the owner and to distinguish those goods and services from those of others. The right to monopolize a trade mark is intended to make commerce more efficient by permitting consumers to recognize products and services by their trade marks rather than having to relearn the attributes of each product or service for each transaction. More simply, trade mark law protects the public from deception.

Copyrights – Copyright provides creators with certain rights to exclude others from exploiting works of self expression. It is intended to encourage the expression of ideas and to reward artistic endeavours.

Moral rights – Rights of creators to preserve their association with their works, the integrity of their works and their reputations as reflected by the use of their works. These rights are intended to preserve the integrity and reputation of artists and their works.

¹ Cadbury Schweppes Inc. v. FBI Foods Ltd. (1999), 83 C.P.R. (3d) 289 (S.C.C.)

Confidential information / Trade secrets - Provides those with secrets with the ability to restrain others who have learned their secrets in confidence to enforce the confidence and to limit the use made of the secrets. The right to enforce secrets is an equitable cause of action of general application, which is most often used in a commercial context.



There are other intellectual property-related rights of ever increasing diversity. Some of these pertain to integrated circuit topologies², industrial designs³, plant breeder's rights⁴, performer's rights⁵, privacy rights, and rights of personality.

There is a growing number of international treaties which affect intellectual property law. They provide for recognition in signatory countries of the intellectual rights of the citizens of the other member states. They set minimum standards for what intellectual property protection will consist of in the member states. They provide protocols to simplify obtaining intellectual property rights in each member country. As time goes by they increasingly make the nature of intellectual property rights in each country more uniform.

The consequences of the international treaties are significant. They permit us to deal with international intellectual property with much less regard for the specific laws of each country. Treaties lower the cost of intellectual property protection internationally. They introduce new intellectual property rights into member states.

Finally, intellectual property law is complex, and many of its principles are not self-evident. It is wise to obtain expert legal advice before beginning any venture in which intellectual property rights may be critical to success or failure.

Patents

Patent law is statutory.⁶ There is no common law patent. The authority to legislate in respect of patents is reserved to Parliament under the constitution.

A patent grants the inventors or their assignees, and all those claiming under them⁷, the right to exclude others from making, using or selling the patented invention for a period of time. For

² Integrated Circuit Topography Act, R.S.C. c. I-14.6, as amended. As integrated circuit topographies are rarely registered in Canada under the Integrated Circuit Topographies Act, the Act is not discussed in this paper.

³ Industrial Design Act, R.S.C. 1985, c. I-9, as amended.

⁴ Plant Breeders' Rights Act, R.S.C. 1985, c. P-14.6, as amended.

⁵ Copyright Act, R.S.C. 1985, c. C-42, as amended, ss. 15-17

⁶ Patent Act, R.S.C. 1985, c. P-4, as amended.

⁷ Even a purchaser of an item made using the invention by or under the authority of the patent owner may sue an infringer for patent infringement: Signalization de Montréal Inc v Services de Béton Universels Ltée, [1993] 1 F.C. 341 (C.A.)

patents issued from applications filed on or after October 1, 1989, the time begins when the patent issues and ends twenty years after the application date.⁸ For patents issued on earlier filed applications the duration is 17 years from the date of issue.⁹



Patents granted by each country or region are effective only in that country or region. Thus a Canadian patent cannot be used to stop the manufacture of the invention in the United States or to prevent the US manufacturer from accepting orders for shipment to Canada, although the Canadian importer and the end user in Canada would be liable for infringement.¹⁰

What is an invention? An invention is “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.”¹¹

“New” means that no one has publicly used or disclosed the same invention before the applicant’s filing date or priority date based on a filing in a Paris Union country.

“Useful” means simply that the invention works. It need not be a finished product. It is sufficient to have made a demonstration of the principle or even to have made a “sound prediction” of its operability.¹²

A patentable invention must also be non-obvious.¹³ This requires that the invention require more inventive ingenuity than would be demonstrated by the ordinary person knowledgeable in the field to which the invention relates when confronted with the same problem. This does not require that the inventor have a “eureka” experience. Evidence of non-obviousness can include that the invention solved a long-standing problem, that the invention eluded other investigators, and that the invention was a commercial success.

A patentable invention must be repeatable. Plant hybrids, for example, are not patentable because repeating the cross breeding which resulted in the new hybrid is unlikely to produce the same result.¹⁴

⁸ Patent Act, supra, ss. 43 & 44

⁹ Patent Act, supra, ss. 43 & 45

¹⁰ Domco Industries Limited v. Mannington Mills Inc. (1990), 29 CPR (3d) 481 (F.C.A.)

¹¹ Patent Act, supra, s. 2

¹² Wellcome Foundation Ltd. v. Apotex Inc. (1991), 39 CPR (3d) 289; affirmed (1995) 60 CPR (3d) 135.

¹³ Patent Act, supra, s. 28.3

¹⁴ Pioneer Hi-Bred Ltd. v. Canada (Commissioner of Patents) (1989), 25 C.P.R. (3d) 257 (S.C.C.). The Plant Breeders’ Rights Act provides protection for plant hybrids.

What types of inventions can be patented in Canada? Computer software can be patented.¹⁵ At the time this is written, genetically modified mammals¹⁶ and plants¹⁷ can be patented.



No patent shall be granted for any mere scientific principle or abstract theorem. A computer program which does no more than automate a calculation may not be patented in Canada.¹⁸

The interplay between the confidentiality of inventions and patent protection is important. The right to obtain a patent is limited to those who have kept their invention secret prior to filing the patent application. A person who has publicly disclosed their invention before filing their application is not entitled to a patent in most industrialized countries.

This limitation derives from the basic premise of the grant of patents. Patents rights are intended to encourage the disclosure to the public of the means of making the invention. If the invention is already known, the inventor has nothing to give in exchange for the patent.

In Canada and the United States, a one year grace period is permitted for an inventor who has publicly disclosed the invention to nonetheless file a patent application.¹⁹ This grace period may well disappear as international patent laws become more uniform.

A patent application is retained in confidence by the Commissioner of Patents for 18 months from the filing date.²⁰ An inventor who withdraws the application before that time and before the patent has issued may prevent its disclosure by the patent office. The application must contain a complete and explicit description of the invention:

“Specification.—The specification of an invention must

- (a) correctly and fully describe the invention and its operation or use as contemplated by the inventor;
- (b) set out clearly the various steps in a process, or the method of constructing making, compounding or using a machine manufacture or composition of matter, in such full, clear,

¹⁵ Re Application 096.284 (1978) 52 CPR (2d) 96.

¹⁶ President and Fellows of Harvard College v. Canada (Commissioner of Patents), [2000] 4 F.C. 528 (F.C.A.).

¹⁷ Monsanto Canada Inc. v. Schmeiser, [2001] F.C.J. No. 436 (F.C.T.D.)

¹⁸ Schlumberger Canada Ltd. v. Commissioner of Patents (1981), 56 CPR (2nd) 204

¹⁹ Patent Act, supra, para. 28.2(1)(a)

²⁰ Patent Act, supra, s. 10. If the application claims priority based on a previous application for the same invention filed in a foreign country which is a member of the Paris Union, the 18 month period runs from that date. Paris Union countries are members of the International Convention for the Protection of Industrial Property, which includes most commercially significant countries.

concise and exact terms as to enable any person skilled in the art or science to which it pertains, or with which it is most closely connected, to make, construct, compound or use it;



(c) in the case of a machine, explain the principle of the machine and the best mode in which the inventor has contemplated the application of that principle; and in the case of a process, explain the necessary sequence, if any, of the various steps, so as to distinguish the invention from other inventions.”²¹

“The specification must end with a claim or claims defining distinctly and in explicit terms the subject-matter of the invention for which an exclusive privilege or property is claimed.”²² The claims are statements of the monopoly claimed by the inventor.

Claims are typically written in series of increasing specificity. If a more general claim is held to be invalid, the next more specific (narrower) claim may remain valid.

If the invention being patented concerns a machine, the patent application must describe the best means of carrying out the invention known to the inventor at the time the application is filed. This description is included in the issued patent.

There are also exceptions to the rule requiring filing before disclosure, which apply where public disclosure is implicit in the making of the invention. Some inventions by their nature must be made outdoors where confidentiality cannot be guaranteed.

An administrator of patent rights would do well to cultivate a sense of urgency. When more than one inventor has independently made the same invention, it is the one whose application is filed first who is entitled to the patent.²³ Thus every business which innovates would do well to identify its inventions at the earliest possible stage so that decisions can be made as to whether to patent them.

Notice the effect of the passage of time on the patent. The invention to which it relates must have been new and non-obvious as of the time the application was filed.²⁴ As the years go by the general level of technology tends to increase, as does the general level of knowledge about the technology. Competitors forced to confront the patent during its lifetime often react instinctively

²¹ Patent Act, supra, ss. 27(3)

²² Patent Act, supra, ss. 27(4)

²³ Patent Act, supra, s. 28.2(1)(c)

²⁴ This is an over simplification. The precise time periods which apply to the consideration of earlier known disclosures are set out in sections 28 to 28.4 of the Patent Act.

that the invention is “old news” and the patent must be invalid. However the Courts are quite strict in refusing to apply later arising technology and perceptions to invalidate issued patents.²⁵



Patents may be enforced by litigation in either the Federal Court Trial Division or the provincial superior courts.²⁶ Once issued, patents are rebuttably presumed to be valid.²⁷ Patents may be held invalid by any of these courts, although only the Federal Court may expunge the patent or order it amended.²⁸

A patent cannot be enforced until it has issued. However, a patent owner can claim reasonable compensation for use of the invention between the date the patent application ceased to be secret and the date the patent issued.²⁹

Once issued, patents are presumed to be valid.³⁰ This presumption can be overcome by suitable evidence.

Remedies for patent infringement can include interlocutory and permanent injunctions to restrain infringement. Interlocutory injunctions are seldom awarded in patent cases as it is unusual for plaintiffs to be able to show that they will suffer irreparable harm if the infringement is not curtailed until trial. A plaintiff typically elects between damages for infringement and an accounting of the profits made by the infringer. A fraction of the cost of the litigation is typically awarded to the successful party.

Patents may be assigned by instrument in writing.³¹ The assignment must be filed with proof of its signature and execution by all parties to it, such as an affidavit of a subscribing witness or notarial certificate.³²

The Patent Act requires that every grant and every exclusive license be registered with the Patent Office.³³ The penalty for failure to register is that the assignment or license will not be

²⁵ Free World Trust v. Electro Sante (2000) S.C.C. 66; Beloit Canada Ltee/Ltd v. Valmet Oy (1986) 8 C.P.R. (3rd) 289.

²⁶ Patent Act, supra, s. 54.

²⁷ Patent Act, supra, s. 43(2).

²⁸ Patent Act, supra, s. 52

²⁹ Patent Act, supra, s. 55(1)

³⁰ Patent Act, supra, s. 45

³¹ Patent Act, supra, s. 50(1)

³² Patent Act, supra, ss. 50(3)

³³ Patent Act, supra, ss. 50(2)

enforceable against a subsequent assignee or exclusive licensee without notice who does register their right.³⁴



Trade Marks

Trade mark rights are founded upon the common law tort of unfair competition, and their most common manifestation, the tort of passing off. The tort requires that three elements be shown: the existence of goodwill, deception of the public due to a misrepresentation and actual or potential damage to the plaintiff.³⁵

The Trade-marks Act enhances and expands these basic rights in a variety of ways.³⁶

Unlike patents and copyrights, jurisdiction over trade marks is not expressly conferred upon Parliament in the constitution. It has been held to fall within Parliament's power to regulate trade and commerce. This has caused occasional challenges to parliament's authority to enact various aspects of the Act.³⁷

At common law trade marks and trade names are not assignable without the goodwill of the business, meaning the assets to carry on the business to which they relate. The Act permits trade marks (but not trade names) to be assigned with or without the goodwill appurtenant to them.³⁸

The Act provides a warranty to all who acquire goods bearing trade marks:

“Every person who in the course of trade transfers the property in or the possession of any wares bearing, or in packages bearing, any trade-mark or trade-name shall, unless before the transfer he otherwise expressly states in writing, be deemed to warrant, to the person to whom the property or possession is transferred, that the trade-mark or trade-name has been and may be lawfully used in connection with the wares.”³⁹

The Act codifies the tort of passing off, which effectively permits passing off actions to be brought in Federal Court.⁴⁰

³⁴ Patent Act, supra, s. 51; Novopharm Ltd. and Apotex Limited v. Glaxo Welcome Inc. et al.

³⁵ Ciba-Geigy Canada Ltd. v. Apotex Inc. (1992), 44 C.P.R. (3d) 289 (S.C.C.)

³⁶ Trade-marks Act, supra.

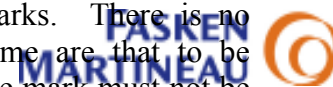
³⁷ E.g., Macdonald et al. v. Vapour Canada Ltd. et al. (1976), 22 C.P.R. (2d) 1 (S.C.C.); Ital-Press Ltd. v. Sicoli et al. (1999), 86 C.P.R. (3d) 129 (F.C.T.D.)

³⁸ Trade-marks Act, supra, s. 48

³⁹ Trade-marks Act, supra, s. 8

⁴⁰ Trade-marks Act, supra, ss. 7(b) and (c): Asbjorn Horgard A/S v. Gibbs/Nortac Industries Ltd. et al. 14 C.P.R. (3d) 314 (F.C.A.)

The Trade-marks Act provides a scheme for the registration of trade marks. There is no requirement that trade marks be registered. The hallmarks of the scheme are that to be registrable, the mark must be in use or made known to obtain registration, the mark must not be generic, clearly descriptive or merely a surname, or be confusing with a mark having priority, such as a previously registered mark of a third party.⁴¹



The Act encourages registration of trade marks by providing registered trade marks with priority over previously used unregistered trade marks. The usual rule that the first user gets the mark is displaced. If the registration was obtained without knowledge of the previous mark, the owner of the previous mark has five years to seek to expunge the registration and assert priority, failing which the registration becomes incontestable. No time limit applies if the owner of the prior mark can show that the registration was made with knowledge of its prior use.⁴² If the owner of the earlier mark does not overcome the registration its right to continue to use the mark may be lost or curtailed.⁴³

The existence of a register permits businesses adopting new names of marks to search the register to assure that their proposed names are free from use. A major advantage of registration is that it deters others from adopting a mark which they might not otherwise know to avoid.

Use and registration of a trademark in Canada also gives Canadians a right to register their trade marks in other Paris Union countries.

The Act defines “trade-mark” to include four kinds of marks.⁴⁴ A trade mark is used to distinguish one’s goods and services from those of others. A certification mark is used under license from the owner to identify goods meeting certain prescribed quality standards. A distinguishing guise is the configuration of a product or its packaging. A proposed trade mark is a trade mark which the applicant has not yet begun to use. The Act requires applicants for proposed trademarks to state that they intend to use the trade mark.⁴⁵

Applications for registration are examined in the trade marks office for compliance with the requirements for registrability. At the present time examinations take place over a year after applications are filed. Applicants have an opportunity to respond to objections. Applications which survive this process are advertised in the Trade-marks Journal. Anyone wishing to oppose an application has two months from the publication of the Journal to file a statement of

⁴¹ Trade-marks Act, supra, s. 12

⁴² Trade-marks Act, supra, s. 17

⁴³ Trade-marks Act, supra, s. 21

⁴⁴ Trade-marks Act, supra, s. 2

⁴⁵ Trade-marks Act, supra, ss.30(e)

opposition.⁴⁶ The Act provides for an opposition procedure in which both parties may file affidavit evidence, and cross examinations are possible.



Once the opposition period has passed or the opposition has been rejected, the applicant may register its trade mark by paying the registration fee. The registration process takes a minimum of about two years. In the case of an application based upon intended use, it must also file a declaration stating that use of the trade mark has begun.⁴⁷

Trade mark registrations last for 15 years and are renewable without proof of continued use.⁴⁸ There is no limit to the number of times registrations may be renewed.

After a mark has been registered for three years owners may be required to prove that their marks are in use to maintain their registrations. The Registrar acting on his or her own initiative, or at the instance of anyone paying the \$150 fee, may issue a notice to the owner. The notice requires the owner to prove that the mark has been in use during the previous three years for each of the wares and services in the registration, or that non-use has been due to a special circumstance. Any goods and services for which no use or adequate excuse is shown are expunged from the registration.⁴⁹

The owner of a registered trade mark may exclude others from using it for the goods and services for which it is registered throughout Canada.⁵⁰ This embellishes upon the common law of passing off in three ways. It extends the rights to the mark Canada-wide, whereas passing off is limited to the areas in which the mark has achieved a reputation. Further, it extends the monopoly to all of the goods and services listed in the registration, again regardless of the extent to which the trade mark has become known in association with those goods. And finally, there is no requirement to prove that the use of the mark by the infringer would cause or be likely to cause confusion or deception.

The Act also creates a category of deemed infringement which applies when the accused mark is not the same as the registered mark, or the goods and services are not the same as those listed in the registration. In this circumstance confusion or likelihood of confusion must be shown.⁵¹

Finally, the Act contains a prohibition against using a registered trade mark in a manner which “depreciates the goodwill attaching thereto”.⁵²

⁴⁶ Trade-marks Act, supra, s.38

⁴⁷ Trade-marks Act, supra, ss. 40(2)

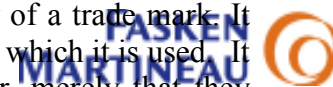
⁴⁸ Trade-marks Act, supra, s. 46

⁴⁹ Trade-marks Act, supra, s.45

⁵⁰ Trade-marks Act, supra, s.19

⁵¹ Trade-marks Act, supra, s.20

The definition of “trade-mark” used in the Act reflects the cardinal property of a trade mark. It must be distinctive of the source of the goods and services in association with which it is used. It is not necessary that those who see the mark know the name of its owner, merely that they recognize the mark in connection with the goods and services emanating from that source, to the exclusion of goods and services from other sources.



The definition perpetuates the common law requirement that a trade mark must identify goods and services from a single source. Where goods or services having the same trade mark come from multiple sources, even related companies, the mark ceases to be a trade mark by definition, and is liable to expungement.⁵³ At common law it may become unenforceable.

The Act relieves against this harsh consequence by permitting trade marks and trade names to be licensed provided that the owner retains control of the character and quality of the wares and services.⁵⁴ A mark could become unenforceable, for example, if the goods so marked by the owner and its licensee were sufficiently different that reliance on the mark was deceptive of what the buyer could expect.

Trade marks may be enforced by suit in either the Federal Court of Canada or provincial superior courts.⁵⁵ While any court may hold a trade mark registration to be invalid, only the Federal Court may order a registration amended or expunged.⁵⁶

Remedies for trade mark infringement can include injunctions to restrain further infringement. The plaintiff may recover damages or profits. The court will also order the destruction or other disposition of the offending goods and marked materials.⁵⁷

Copyright

Parliament is provided with the exclusive right to legislate in respect of copyright law by the constitution. The Copyright Act expressly precludes copyright from arising otherwise than under the Act.⁵⁸

Copyright is a series of rights attaching to tangible forms of self expression, known as “works”. Copyright attaches to works which meet the qualifying tests.

⁵² Trade-marks Act, supra, s.22

⁵³ Wilkinson Sword (Canada) Ltd v Juda, [1968] 2 Ex CR 137

⁵⁴ Trade-marks Act, supra, s. 50

⁵⁵ Trade-marks Act, supra, ss.55, 58

⁵⁶ Trade-marks Act, supra, s.57

⁵⁷ Trade-marks Act, supra, s. 53.2

⁵⁸ Copyright Act, R.S.C. 1985, s. C-42, as amended, s. 89.

The work must be a literary, artistic, musical or dramatic work. Each of these classes is defined in more detail in the Act.⁵⁹ These classes include novels, photographs, sculptures, cinematographic works (movies), architectural works, choreographic works, and computer software.



The work must be original, in the sense that it is the product of the skill, labour and judgement of the author.⁶⁰ The test of originality is extremely low: only the most commonplace material will not pass the test.⁶¹ Even a work which was intended to and did replicate another work has been held to be original.⁶²

The author of the work must have been a citizen or resident in a treaty country when the work was made.⁶³ The treaties include the Berne Convention, The Universal Copyright Convention and the Members of the World Trade Organization. Most countries qualify. The Minister of Industry may also extend recognition to other countries.⁶⁴

It is useful for this and other reasons to record the names and citizenship of the authors when a work is created.

Even if the author does not qualify by citizenship, residency or head office location, a work may qualify for copyright protection in Canada if it was first published in a treaty country.⁶⁵

For most types of works, including computer software copyright lasts for 50 years after the end of the calendar year in which the last surviving author dies.⁶⁶ The Act provides for means of determining the term when the work is posthumous or where one or more co-authors is unknown.⁶⁷ Copyright in photographs owned at the time of their making by corporations (other

⁵⁹ Copyright Act, supra, s. 2

⁶⁰ Copyright Act, supra, ss. 5(1)

⁶¹ Tele-Direct (Publications) Inc. v. American Business Information, Inc. (1997), 76 C.P.R. (3d) 296 (F.C.A.)

⁶² U & R Tax Services Ltd. v. H & R Block Canada Inc. (1989), 62 C.P.R. (3d) 257 (F.C.T.D.)

⁶³ A corporation may be deemed to be the author of a photograph if it owned the negative or, if there is no negative, the photograph, at the time it was made. Copyright Act, supra, ss. 10(2).

⁶⁴ Copyright Act, supra, ss. 5(2)

⁶⁵ Copyright Act, supra, ss. 5(1)(b) and (c), 5(1.1)

⁶⁶ Copyright Act, supra, s. 6

⁶⁷ Copyright Act, supra, s. 7(1), s. 6.1

than corporations in which one person votes most of the shares) lasts fifty years from the end of the year in which the photograph is made.⁶⁸ Copyright in works prepared for the Crown lasts for fifty years from the end of the year in which it is made.⁶⁹ Copyright in movies and compilations of movies which lack a dramatic character is up to one hundred years depending upon the publication date.⁷⁰ Copyright in performer's performances, sound recordings and communication signals runs fifty years from the end of the calendar year in events giving rise to the type of work occurred.⁷¹

The owner of the copyright is generally the author.⁷² The Act goes on to deal with various special cases and exceptions.

A major exception arises if the author is employed. The copyright belongs to the employer if the author's employment duties involve the creation of the work, and the author and employee have not made a different arrangement.⁷³

In the case of photography there are two exceptions. The person who commissions a portrait, photograph or etching is the first owner of the copyright.⁷⁴ The owner of the negative or photograph at the time the picture is taken (not necessarily the photographer). is deemed to be the author.

The first owner of copyright in a sound recording is the maker of the recording (as distinct from the person making the sound). The first owner of copyright in a communication signal is a broadcaster. The first owner of copyright in a performer's performance is the performer.⁷⁵

Copyright may only be transferred or an exclusive license granted by written assignment signed by the assignor or its agent. Copyright may be assigned in whole or in part.⁷⁶

⁶⁸ Copyright Act, supra, s. 10(2)

⁶⁹ Copyright Act, supra, s.12

⁷⁰ Copyright Act, supra, s.11.1

⁷¹ Copyright Act, supra, s. 23

⁷² Copyright Act, supra, ss. 13(1)

⁷³ Copyright Act, supra, ss.13(3)

⁷⁴ Copyright Act, supra, ss. 13(2)

⁷⁵ Copyright Act, supra, s. 24.

⁷⁶ Copyright Act, supra, ss. 13(4)

A curious limitation persists on the ability of an author to assign copyright. Where the author was the first owner of the copyright, ownership of the copyright reverts to the author's estate 25 years after his or her death. This provision cannot be overcome by contract. According if one is to have a work created which may have value in the long term, it would be wise to provide that the person commissioning the work will be the first owner of the copyright.

Registration of the copyright in a work is inexpensive at \$65.00. Registration is not mandatory. A registration serves as evidence that copyright subsists in the work and belongs to the registered owner.⁷⁷

There is no obligation to mark a work as being subject to copyright. Under one of the conventions, the Universal Copyright Convention, marking is required to extend the copyright into the other convention countries. However most of the countries also subscribe to the Berne Convention which effectively ends the marking requirement. Marking is still useful however to give notice that copyright is claimed in the work. The marking required by the U.C.C. takes the form of the letter "c" in a circle or the word "copyright", the name of the copyright owner, and the year of first publication. For example, this paper is

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The Act defines "copyright" in section 3:

"3. (1) For the purposes of this Act, "copyright", in relation to a work, means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever, to perform the work or any substantial part thereof in public or, if the work is unpublished, to publish the work or any substantial part thereof, and includes the sole right

(a) to produce, reproduce, perform or publish any translation of the work,

(b) in the case of a dramatic work, to convert it into a novel or other non-dramatic work,

(c) in the case of a novel or other non-dramatic work, or of an artistic work, to convert it into a dramatic work, by way of performance in public or otherwise,

(d) in the case of a literary, dramatic or musical work, to make any sound recording, cinematograph film or other contrivance by means of which the work may be mechanically reproduced or performed,

(e) in the case of any literary, dramatic, musical or artistic work, to reproduce, adapt and publicly present the work as a cinematographic work,

(f) in the case of any literary, dramatic, musical or artistic work, to communicate the work to the public by telecommunication,

⁷⁷ Copyright Act, supra, ss. 53(2)

(g) to present at a public exhibition, for a purpose other than sale or hire, an artistic work created after June 7, 1988, other than a map, chart or plan,



(h) in the case of a computer program that can be reproduced in the ordinary course of its use, other than by a reproduction during its execution in conjunction with a machine, device or computer, to rent out the computer program, and

(i) in the case of a musical work, to rent out a sound recording in which the work is embodied,
and to authorize any such acts.”

The Act makes it an infringement for anyone not authorized by the copyright owner to do anything the Act provides that only the Copyright owner may do.⁷⁸ Certain acts respecting commercialization and importation of works are also made infringements.⁷⁹

The Act also contains a series of exceptions to copyright, or to infringement of copyright. For example, making copies of recorded musical performances for private use is not infringement.⁸⁰

The rights and exceptions attaching to particular kinds of works are often the result of the representations of various interested groups. The Act becomes more complex, and significant rights appear and disappear, with each amendment. Before relying on a particular right or exemption it is wise to become, and remain, current on the Act and its jurisprudence.

The Act also provides a regulatory scheme relating to the operation of copyright collectives. Copyright collectives act to grant licenses such as the right to perform musical compositions. By collecting the right to grant such licenses on behalf of a large number of owners the acquisition of licenses becomes much easier and individual rights holders are more likely to receive licensing revenue. However the centralized power of a copyright collective could lead to abuses. A Copyright Board is empanelled to regulate license terms offered by collectives, among other things.

Although it is Parliament which prohibits the doing of certain acts in relation to copyright works, it is the copyright owner who is given the right to seek private remedies for the conduct of those acts without the owner’s consent. The remedies include the right to claim damages, and to claim such part of the infringer’s profits as were not taken into account in calculating damages as the court considers just.⁸¹

⁷⁸ Copyright Act, supra, ss. 27(1)

⁷⁹ Copyright Act, supra, ss. 27(2)-5, 27.1

⁸⁰ Copyright Act, supra, ss. 80

⁸¹ Copyright Act, supra, s. 35

The Act also provides a scheme of statutory damages. A plaintiff may renounce its right to regular damages and profits, and claim statutory damages for each work infringed (not each infringing copy or act of infringement) of between \$200 and \$20,000.⁸²



A successful plaintiff may also receive an injunction to restrain further infringement. In cases where a plaintiff can show that the infringer will likely infringe other copyrights of the plaintiffs unless enjoined from doing so, an injunction can issue to prohibit infringement in works other than those in respect of which infringement has taken place.⁸³

The Federal Court has concurrent jurisdiction with the provincial superior courts to hear and determine all civil proceedings. It cannot hear quasi-criminal proceedings.⁸⁴ The Federal Court has exclusive jurisdiction to amend or expunge copyright registrations.⁸⁵

The Act also provides for quasi-criminal enforcement of copyright against certain knowing acts of commercialization of infringing works.⁸⁶

⁸² Copyright Act, s. 38.1

⁸³ Copyright Act, supra, s. 39.1

⁸⁴ Copyright Act, s. 37

⁸⁵ Copyright Act, s. 57(4)

⁸⁶ Copyright Act, supra, ss. 42 & 43

Moral Rights

The Copyright Act also includes a series of “moral” rights for the benefit of authors.

The author has the right to have their name associated with the work, the right to remain anonymous or to have a pseudonym associated with the work.⁸⁷

The author has the right to the integrity of the work.⁸⁸ This right is infringed if the author’s honour or reputation is prejudiced by either:

distorting, modifying or mutilating the work⁸⁹, or

using the work in association with a cause, product, service or institution.

Moral rights may not be assigned. They may however be waived in whole or in part.⁹⁰ The waiver may be in favour of a copyright owner or licensee of the copyright, in which case such person may invoke the moral right.⁹¹

Moral rights subsist for the same term as the copyright in the work. They may be bequeathed.⁹²

Trade Secrets /Confidential Information

The protection of confidential information is not statutory in Canada. It is based upon a civil cause of action. While in common law jurisdictions it was originally based upon a doctrine of the law of equity, it is now recognized as a *sui generis* cause of action having attributes drawn from all parts of the law and crafted for it as required.⁹³

The three essential elements of the cause of action are⁹⁴:

⁸⁷ Copyright Act, supra, ss. 14.1(1)

⁸⁸ Copyright Act, supra, ss. 28.2

⁸⁹ This right is also available at common law: Snow v Eaton Centre Ltd. (1982), 70 CPR (2d) 105 (Ont. H.C.)

⁹⁰ Copyright Act, supra, ss. 14.1(2)

⁹¹ Copyright Act, supra, ss. 14.2(1)

⁹² Copyright Act, supra, ss. 14.2(1) and (2)

⁹³ Cadbury Schweppes Inc. v. FBI Foods Ltd. (1999), 83 C.P.R. (3d) 289 (S.C.C.)

⁹⁴ Coco v. A.N. Clark (Engineers) Ltd., [1969] R.P.C. 41 (Ch. D.)

There must be information held by the plaintiff in confidence,

It must have been disclosed to or learned by someone in circumstances giving rise to an obligation of confidence, and

It must have been used or disclosed in a manner inconsistent with the obligation of confidence.



To assert a breach the information must be identified with specificity.⁹⁵ This is a practical stumbling block in many situations. It is useful to focus on this requirement before entering into confidentiality obligations to put them into context.

What kind of information can be protected? The threshold is low. Protected information has in the past included business ideas which have failed.⁹⁶ An early and often repeated formulation in the case law is that to be protected the information must be “some product of the human brain”⁹⁷.

It is misleading to think of or refer to confidential information as being owned or as being property. The courts in most commonwealth countries focus instead on the nature of the relationship between the parties and the kind of information to determine entitlement to enforce confidentiality and appropriate remedies.⁹⁸

The remedies for misappropriation of confidential information are adapted by the courts to the circumstances. “In short, whether a breach of confidence in a particular case has a contractual, tortious, proprietary or trust flavour goes to the appropriateness of a particular equitable remedy but does not limit the court’s jurisdiction to grant it.”⁹⁹

Confidential information is distinct from patented inventions. Patents publicly disclose the inventions to which they relate. It is an infringement to make, use or sell the invention regardless of how the infringer learned of it. By contrast, secrets may be protected without disclosure. However, they may only be enforced against people who learned of them from their holder. Secrets are capable of being independently derived and disclosed by any third party without restraint. In fact, where the secret is an invention, a third party making the same invention may obtain a patent and exclude the first inventor from making, using and selling the invention. It is important to bear this in mind when deciding to protect an invention by keeping it secret.

⁹⁵ Corrs Pavey Whiting & Bynre v. Collector of Customs (Vic.) (1987), 14 F.C.R. 434 at 443.

⁹⁶ Nichrotherm Electrical Co. Ltd. v. Percy, [1957] R.P.C. 207

⁹⁷ Coco v. A.N. Clark (Engineers) Ltd., [1969] R.P.C. 41 (Ch. D.) at 47

⁹⁸ E.I. Du Pont de Nemours Powder Co. v. Masland, 244 U.S. 100 (1917) (U.S.S.C.); Moorgate Tobacco Co. v. Philip Morris Ltd. (1984), 156 C.L.R. 414 (Aus. H.C.); Cadbury Schweppes Inc., supra.

⁹⁹ Cadbury Schweppes Inc., supra, at p. 302 per Binnie, J.

The competing policy of patent and trade secret law should be considered. Patent law aims to encourage the public disclosure of inventions, and thus their use after the patent expires. Trade secret law is sometimes justified as operating on the conscience of the parties, and as preventing people from taking a free ride on the work of others.

This distinction limits the remedies available in some trade secret cases. “If a

court were to award compensation to the respondents on principles analogous to those applicable in a case of patent infringement, the respondents would be obtaining the benefit of patent remedies without establishing that their invention meets the statutory criteria for the issuance of a patent, or paying the price of public disclosure of their secret.” Binnie, J., in Cadbury Schweppes at page 311¹⁰⁰. The case dealt with the misappropriation of a beverage formulation. The British Columbia Court of Appeal had ordered a permanent injunction. The injunction was dissolved on appeal to the Supreme Court of Canada.

A remedy for breach of confidence may be available even after the information is no longer secret. “As I understand it, the essence of this branch of the law, whatever the origin of it may be, is that a person who has obtained information in confidence is not allowed to use it as a spring-board for activities detrimental to the person who made the confidential communication, and spring-board it remains even when all the features have been published or can be ascertained by actual inspection by any member of the public.”

Roxburgh, J. in Terrapin Ltd. v. Builders’ Supply Co. (Hayes) Ltd.¹⁰¹

A breach of confidence may be restrained by a permanent injunction where the information remains confidential, is of more than marginal importance and where the breach cannot be entirely compensated for by damages.¹⁰² Other remedies include damages or the award of profits made by the disclosee as may be appropriate.

Part II Keeping track of intellectual property

Invention records

The root of any patent is the invention. Property arises in an invention when it is sufficiently articulated and demonstrated to be eligible for patent protection. The laws as to when this point have been reached vary slightly among different jurisdictions. However if you wait for the invention to be made you have waited too long to start building your file.

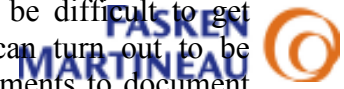
The time to start a file is before the work leading to the invention has begun. You want a written agreement with each individual inventor, or with a corporation which in turn has such

¹⁰⁰ Cadbury Schweppes Inc., supra, at p. 311 per Binnie, J.

¹⁰¹ [1967] R.P.C. 375 (Ch. D.), at p. 391.

¹⁰² Seager v. Copydex Ltd., [1967] 2 All E.R. 415 (C.A.): Coco v. A.N. Clark (Engineers) Ltd., [1969] R.P.C. 41 (Ch. D.).

agreements, as to all parties rights in any prospective inventions. It can be difficult to get people's co-operation after the fact, and tacit or verbal understandings can turn out to be misunderstandings. Intellectual property by its nature requires written agreements to document ownership and licenses.



Provide the inventors with incentives to report emerging inventions and follow up with them to monitor developments. Most inventions don't arise from "eureka" moments but take time to take shape. Use this time to keep informed about the emerging inventions. Check the prior art to see what has already been done in the field. This has many benefits. It keeps you from reinventing the wheel. It can tell you that you will not be able to carry out your invention without a license from others. It can help guide your investment in further research and prototypes. It can permit you to decide your patent strategy in advance and to be prepared for filing an application at the earliest possible date. Remember that it is a race to the patent office, and the first inventor who files gets the patent.

Your invention records will ideally also include evidence of the timing and nature of the invention itself. Proper and professional lab records for example can be valuable evidence. These records are useful in identifying co-inventors, tracking ownership, and in obtaining and enforcing the patent. Inventors may be more interested in inventing than in paperwork. A culture which requires, rewards and encourages timely disclosure and proper documentation of inventions can make the difference between a successful and lucrative patent portfolio and wasted time and effort.

Patents and patent applications

Basic information on issued patents and published patent applications in Canada and the United States is available from the respective patent office web sites. This information does not include due dates and is not adequate to replace a tickler system. It is useful for monitoring patents obtained by others in your field of endeavour.

Trade Marks

The key factor in most trade mark conflicts is who first used the trade mark. It is important to keep records of the first sales of the products bearing the trade mark. Retaining sample packaging, invoices, and advertising showing the trade mark, together with sales figures and advertising expenditures, is vital to protecting trade marks. These records should be kept from the time of first use, and periodically thereafter, to show regular and continuous use of the trademarks. A file should be kept for each country.

Keeping track of trade mark use in this manner allows trade mark registrations to be kept up to date. Decisions can be made about whether changes in the form of trade mark require new trade mark registrations. Evidence of ongoing use of the trade mark can be filed in jurisdictions like the United States and Canada where such evidence is required to maintain and renew trade mark registrations.

The file would also contain copies of any licenses given out to permit others to use the trade marks.

Copyright works



Records should be kept to be used to identify the authors of copyright works, and their countries of citizenship or residence at the time they created the work. If and when a work is first published, the place and date should be recorded. As discussed above, these facts are used to establish that copyright subsists in the work. The information is also needed in copyright registrations and can be essential in enforcing the copyright.

Copyright usually subsists from the moment of creation or publication of a work. No registration is required, although it can be useful. This, combined with the awkward nature of the chore of tracking individual authors can cause a proper paper trail to be neglected. As with patents it is very important to anticipate the creation of a work and have written agreements in place with prospective authors before the work is created. Authors should also waive their moral rights in favour of the copyright owner and its successors in title. It is also useful to include warranties such as that the author's work will not be copied from this parties, and in the case of software that the work does not contain confidential information or (to the author's knowledge) inventions patented by any third parties. The same document can record the author's citizenship and residence, and deal with other issues such as the ownership of inventions.

Written agreements are of central importance again because copyright is intangible and only a paper trail can tell you who owns it. Even where the author of a work is an employee, the employer will not own the copyright if the work if creating it was not part of the employee's regular duties, or if there was an agreement in place reserving the rights to the employee. Better to have an assignment on file than to fight about these issues later. If they are neglected initially, they typically arise years later when trying to do due diligence for a stock offering or trying to sue an infringer. By that time it can be hard to patch up the holes in your chain of title.

Databases

Commercial data bases were initially developed for administration of intellectual property by its owners rather than for administration of patent and trade mark agency practices. As time has gone by a variety of programs have become available including some or all of the following features:

- Store and retrieve basic data – e.g., titles, inventors, serial numbers
- Calculate and report due dates
- Contact managers

- Generate form letter correspondence
- Report generation
- On line access
- Client access

- Generate invoices, monitor receivables, interface with general ledger

- Track referrals from foreign associates
- Record Licenses
- Litigation & oppositions

Conclusion

Intellectual property can only be managed by a paper trail of assignments and licenses, which comply with the formalities of the various statutes. Without records intellectual property rights are at the least much more difficult, and expensive to transact and enforce, and at worst are irretrievably lost. To maximize the value of intellectual property the portfolio must be reviewed periodically for opportunities and undue expenses. Constant vigilance is required to identify new intellectual property as it arises or becomes available, and to make informed decisions about its disposition licensing or acquisition.