



Mongeon Seminars

*The Information you need – When you need it!*

# The Basics of Intellectual Property and Licensing

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# Outline

- Intellectual Property described and defined
- The 'rules':
  - Patents
  - Copyrights
  - Trade-marks
  - Trade Secrets
  - Others
- The 'End Game'



# The Value of Intellectual Property

- RIM and NTP
  - What's RIM?
  - What's NTP?
- NTP is said to be a 'patent troll'
  - Acquires patents solely to threaten suit and then licence
- Is this a legitimate use of intellectual property (IP)?



# The Value of Intellectual Property

- RIM and NTP - Effect of settlement – when was the decision?





# What's in a Name?

- What is the value of a brand?
  - Answer found in: Best Global Brands Report
  - Coca Cola?
    - Almost \$67 Billion!
  - IBM → \$59 B
  - Microsoft → \$59 B
- How does value get created?
  - The NIKE® story
    - Bought design for \$35 from Carolyn Davidson
    - Now #29 (up 10% from 31) at > \$12 Billion



# Intellectual Property

- What is intellectual property?
- Intangibles such as traditional legal regimes such as patents, copyrights etc.
- Also includes knowledge of employees



# What are Employees worth?

- What can you prevent an employee from doing?
- Can they absolutely be prevented from working for a competitor?
- Wal-Mart vs. Amazon
  - amazon.com hired a number of IT execs
  - Real 'smoking gun' was discovery of documents that were taken



# What can an organization do with Intellectual Property?

- Growing field as more interest in the knowledge based economy
- We use intellectual property in a very broad sense (i.e. know-how and other types are included even if not a 'legal' IP regime)
- McKinsey model:
  - Use the best
  - Divest the rest





# Application of Model to non-profit Organizations

- Universities, Government labs and Hospital Research
- Does the model work in these sectors?
- How can they 'use' IP?
- How can they 'divest' IP?
- The field of 'technology transfer'
  - AUTM
  - FPTT



# The Definition of Technology Transfer

- What is it?
- Broadly stated:
  - Anything that gets research results developed within academe into use outside of it
- We do this in many obvious – and some not so obvious – ways



# How does TT take Place?

- Licensing patents
- Creating spin-off companies
- Engaging in industrially-sponsored research
  - Sometimes no agreements
- Research consortia



# Less obvious ways of TT

- Training students (particularly in industrial settings)
- Formal dissemination of results at conferences
- Informal discussions with industry
- Letting industry use research equipment and facilities



# IP Regimes

- Patents
- Copyright
- Trade-marks
- Trade secrets
- Others
  - Plant Breeders Rights
  - Industrial Designs



# Patents

- History:
  - Statute of Monopolies
- The 'deal':
  - Inventor must make a full disclosure
  - In return they receive a monopoly for a fixed period of time
  - Designed to encourage scientific advancement



# Patents – Subject Matter

- Definition of Invention in Patent Act (Canada):
  - any new and useful art, process, machine, manufacture or composition of matter
- Specific exclusions from court decisions:
  - Medical methods of treatment
  - higher forms of life (Oncomouse)
  - Scientific principles
- Other rules in other countries



# Patents – Formalities

- Patents require an application in each country
  - Application in very specialized language
- Examination of application
- Term is 20 years from application
- Many countries require maintenance fees





# Patents – Requirements

- Subject matter
- Novelty
- Non-Obviousness
- Utility



# Patents – Costs

- Filing Fees are about US\$500 per country
- Big costs are agent's fees and translations
- Total worldwide lifetime cost can easily be US\$500,000!



# Patents – Ownership

- Inventors start with the patent rights
  - Who is an inventor?
- Policies may change this rule
- Public institution challenge:
  - Have you identified all of the inventors? (Grad. Students?)
  - Will they take action if you forgot them?



# Who is an Inventor?

- Contrast with 'Authorship'
- No definition in Patent Act of 'Inventor'
- Dependent on Facts
- US and Canadian case law is different
- In Canada: AZT: Conception with 'sound prediction' of success
- Contrast brainpower and horsepower



# Conclusion on patents

- Patents cover new and non-obvious *inventions*
- Invention is embodiment of an idea
- Application in each country protection is sought
- Expensive



# Copyrights

- History
- The 'deal'
  - Protects an Original Expression
  - The author should direct the use



# Copyright – Subject Matter

- Work of original expression
- Copyright has traditionally been able to keep up with media changes
- Current Challenges are the internet and multi-media
- In academe developing areas are:
  - Alternative delivery methods of teaching
  - Software and Open Source
  - Databases



# Copyright – Formalities

- National laws protect
- International conventions give some automatic protection – no need for © or a notice
- No need to register but it gives certain presumptions
- Term based on life of author plus years





# Copyright – Ownership

- Owned by author unless written agreement to contrary
- The challenges with students, temporary staff and workers
- Copyright in traditional academic materials



# Conclusion on Copyrights

- Protects Expression of Idea
- Prior publication does not affect legal position
  - Practical issue of discovering infringements



# Trade-marks

- The 'deal':
  - Protects name that goods and services are sold with
- Probably the *most important protection* that businesses should be concerned about
  - Internet domain names



# Nature of Protection

- Basic premise
  - Historic basis:
    - Anyone who sells goods as being made by someone which were sold knowing that they were not so made injured the original maker
- Concept of Goodwill attaching to goods
- Compare with services



## A “Common Law” trade-mark

- Any mark that is used to be ‘known’ by the public can be said to be ‘adopted’ in relation to the wares and services
- The ‘Chapters’ Bookstore case in Waterdown
- Protection only for trading area in which the trade-mark becomes known



# Registration in practice

- Usually at national level
- In US, includes states in intra-state trade
- Also EC moving to 'community mark'
- Nothing really similar to PCT in patents though
- Revisit 'Chapters' story



# To be registered

- Must not be ‘confusingly similar’ with mark in use
- Distinctive
- In use
  - There is an ‘Intent to Use’ system in many jurisdictions
  - Rights though only accrue from actual use



# Trade-marks and Trade names

- Two different forms of protection
- Trade-mark is the broader
- Trade name is the name under which business is generally done
- Name of corporation is a trade name *not* a trade mark
- Business style registrations are trade names and *not* trade marks





# Distinctiveness

- Which are strongest (not best known) trade-mark?
  - CAMEL Cigarettes
  - XEROX
  - MOLSON Beer
  - amazon.com
  - EXXON
  - ULTRABRITE Toothpaste
  - CORN FLAKES Cereal



# What is Distinctiveness?

- Notion of ‘strength’ or ‘weakness’ in a mark
- What other meanings can this mark have?
- Where else might the mark be used
- Rationale:
  - If we are giving exclusive rights in the mark, we need to ensure there will be little confusion in the marketplace



# 'Confusing Similarity'

- Usually confined to same goods or services
  - BT issue of well known marks
- Test is based on:
  - Nature of trade
  - Nature of the goods
  - Would members of the purchasing public believe that they were buying the goods they wanted?



# How to Register a Trade-mark

- Each country different
- On-line applications
  - In Canada
  - In the United States
- Application includes
  - Mark to be registered
  - Identification of applicant
  - Goods and services with which mark to be registered
  - Actual or Intent to use indication



# Term of TM

- In Canada: 15 years
- Similar in US
  - Requires some interim maintenance to increase rights
- Total period of time from application to registration:
  - ~18 to 36 months
  - Longer in Canada right now



# Losing trade-mark Rights

- Loss of distinctiveness
  - Arborite
  - Linoleum
- If mark loses distinctiveness (becomes generic) then TM can't be enforced
- Enforcing distinctiveness
  - XEROX; Rolls Royce
- Litigation



# Infringement of Trade-mark

- Use of confusingly similar trade-mark
- Usually in same goods or services as registration
- Some cases blatant
- Some cases not so obvious
  - 'King of Beers' vs. Kingsbeer
- Most cases brought by huge TM owners



# Real Issues for Businesses

- Freedom to Operate
- Protecting markets





# Freedom to operate

- Requires searches
- Where?
  - General internet searches a good idea
  - Trade-mark Registers
    - Both national and adjoining countries
  - Company and business name registers
- Test on searches?
  - Confusing similarity
  - Question of fact *not* law



# Protecting markets

- Registrations are useful to protect current and anticipated (with intent to use applications) markets
- Which marks to protect?
  - Word marks
  - Design marks
  - Logos
- Strategy based on resources (i.e. \$\$)
  - The more resources the more applications





# Labeling

- Good labeling is part of a TM program
- Usual is:
  - ® is a registered trade-mark of XYZ Inc.
- ® requires actual registration
- In some case registration not possible
  - E.g. of Windows<sup>TM</sup>
- Adding distinctiveness
  - Windows 95<sup>®</sup>





# Trade secrets

- The 'deal':
  - Don't tell; contract with others not to tell



# Trade secrets – Formalities

- **Contracts:**
  - Non-disclosure agreements
  - Confidentiality agreements
- **Subject matter:**
  - Just about anything
  - **Examples**
    - Coca-Cola recipe
    - New computer algorithms



# Practical Problems with Trade Secrets

- How to let others know the secret?
- Is Coca Cola kosher?
- When the Genie gets out of the bottle?



# Trade secrets and Public Institutions

- Conflict between our traditional mission of free dissemination of information and industrial needs
- Can we live up to our obligations?
  - Should research institution sign a non-disclosure agreement?
  - What extra steps are you ready to take to safeguard information?



# Other Regimes

- Plant Breeders Rights
  - Rights relating to traditional breeding techniques
- Industrial Designs
  - Ornamentation without functional purpose
  - Cf. with US *Design Patent*





# Protected IP – What is it worth?

- Patents, TMs, Copyrights etc. cost money to register and police
- Just because you have a patent does not mean the world will beat a path to your door!
- Valuation depends on markets



# What can you do with IP?

- Back to McKinsey:
  - Use the Best; Divest the Rest
- We'll look at sources of IP
- And divesting of IP

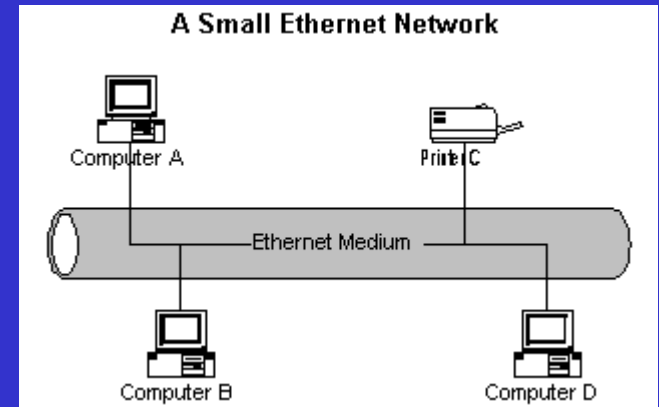
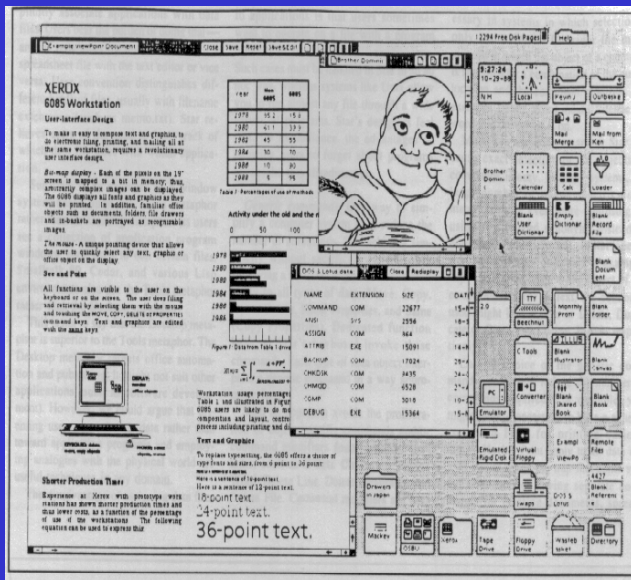


# Sources of IP

- What is the culture of the organization?
- IBM pre-PC
- The development of the PC
- Sometimes IP isn't recognized in a company?
  - Value is lost



# What do these items have in common?





# History of Xerox PARC

- Established in 1970 by Xerox in Palo Alto, CA
- Created most of the innovations behind the computer age:
  - Laser printer
  - Graphical User Interface
  - Mouse
  - Ethernet, etc. etc.
- Xerox never commercialized anything
- Why not?



# Uses of IP

- Back to Tech Transfer:
  - Licensing patents
  - Creating spin-off companies
  - Engaging in industrially-sponsored research
  - Research consortia



# Licences

- An owner can give rights to anyone else
- Challenge is defining the scope
- Examples:
  - Exclusive or non-exclusive
  - Geography
  - Field of use
- The big issue:
  - Royalty – How much?



# Start-up Companies

- Use IP to base a new company
- Why cut the apron strings?
  - In not-for-profit may be needed to get on a for profit footing
- Benefits
  - Tax holidays; SR&ED credits; “Free” money
- Real challenges:
  - People/People/People!



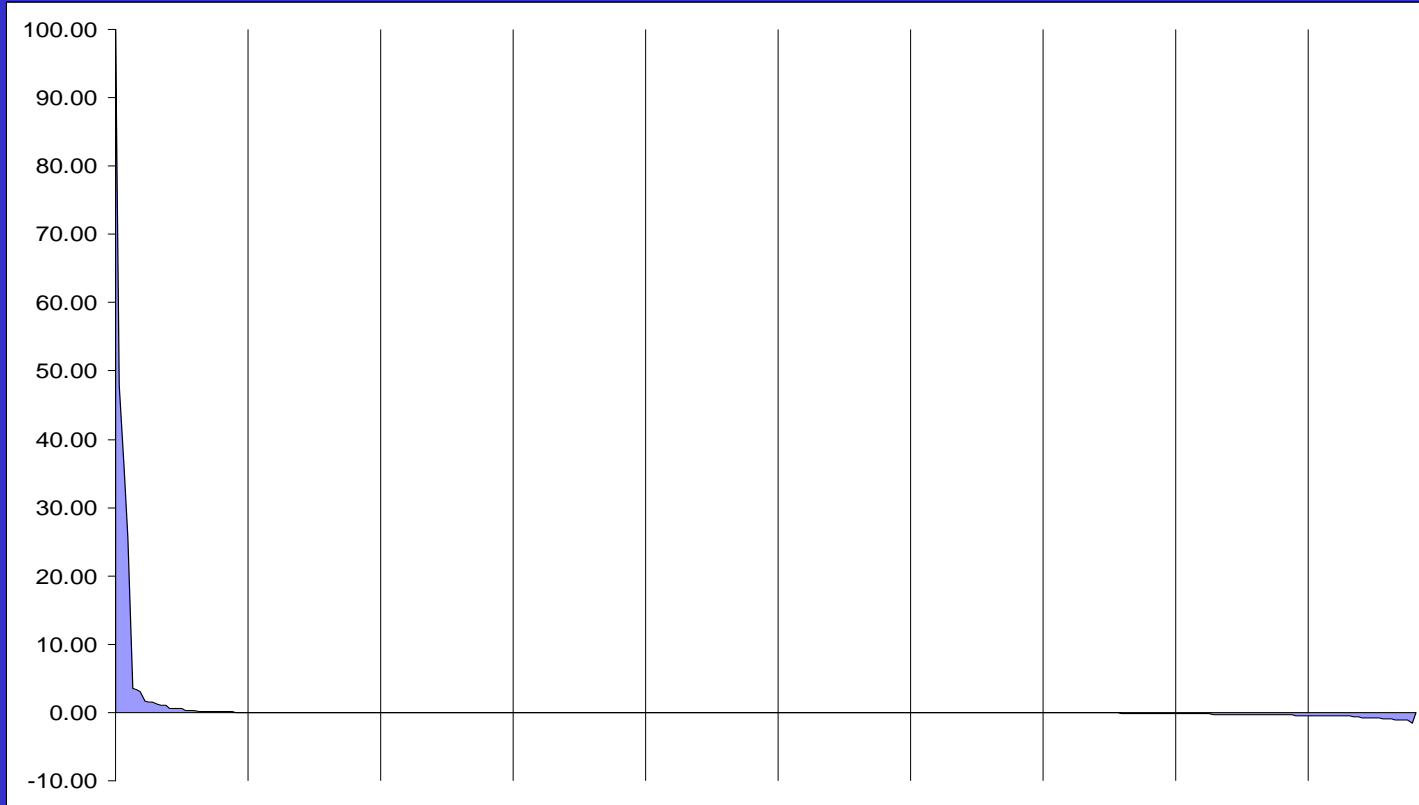


# Industrially-Sponsored Research

- Benefits of matching money
- Access to equipment and expertise
- Possible future hires
- A look into the future
- Research consortia:
  - Can you really work with your competitors?
  - Its us against the world; Trend spotting
  - Eg. Ontario examples of photonics expertise



# Reality of Intellectual Property



*McMaster University FY97 to FY06, Net Revenues/Disclosure over Disclosures, Max revenue=100*



# Career Opportunities

- In the patent field
  - As patent agent trainees
  - As patent examiners
    - [www.cipo.ic.gc.ca](http://www.cipo.ic.gc.ca)
    - Looking for:
      - Biotechnology; Electrical; Organic Chemistry; general Chem; Mechanical
- Technology Transfer field
- Industry with an IP background
  - Business Development



# Conclusion

- Value of IP
- The rules for:
  - Patents
  - Copyrights
  - Trade-marks, etc
- Acquiring and divesting IP
- “Gotta kiss a lot of frogs to find a prince!”



# Questions?



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