

Webinar

Managing Your Organization's IP Risk & Opportunities.

November 19, 2020



Speakers

Moderator



**Patrick
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Partner,
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Panelists



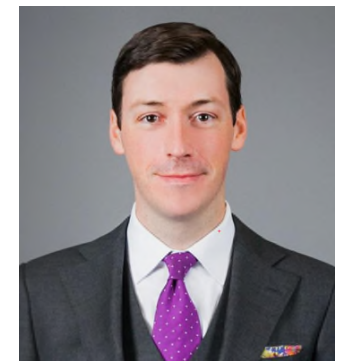
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Smart & Biggar

Smart & Biggar – Canada's Leading IP Firm

Widely recognized as Canada's leaders in intellectual property

- 100 IP professionals, 5 offices
- Largest firm focused purely on IP and related practice areas
- Filing more IP applications than any other firm in Canada.
- 130 years serving clients in IP

Smart & Biggar Advantage:

- Depth and breadth of IP expertise
- Litigation bench strength and record of success
- Quality, standards and efficiency
- Innovative technology and tools
- Client service excellence

Overview

- **Patents and Designs**
 - Avoiding infringement; ensuring freedom to use key features
- **Trademarks**
 - Avoiding infringement; defending marketing investment and reputation
- **Unregistered rights, trade secrets, confidential information**
 - Protecting your own information; managing obligations regarding information of others
- **Panel discussion**



Patents & Designs

Managing Your IP Risk

Geoffrey Gow

IP Risk Management Framework

- **Limits of Authority – IP Provisions:**
 - Limits and controls specific to contracts with customers, suppliers and business partners that involve significant provisions on IP rights e.g. licensing, TDA.
 - Monetary exposure threshold to complete patent clearance prior to launching or announcing new products and any exceptions e.g. portfolio product v. specials.
 - Clear authorization limits for various IP risk scenarios.
 - Monetary limit increases with authority (GM, Senior Executives, CEO, BOD).

IP Risk Management Framework

- **Product Development Design Process:**
 - Documented Product Development process includes a step for IP risk assessment (patent clearance).
 - Product Development checklist includes checks to ensure compliance with IP requirements including: IP Clearance (risk management), Protection (patents and trade secrets) and Classification (security).
 - IP Clearance requires submission of Patent Clearance Disclosure (Form) and approval to proceed.

Patent Clearance Disclosure

Disclosure

- Please provide the following/device process information:

Device/Process:	
Applicable Products:	
Date of Product Launch (if known):	
Was a patent application filed?	<input type="checkbox"/> No <input type="checkbox"/> Yes
If 'Yes', please list the patent, application or publication number(s) or internal IP docket number(s), if known:	

- What existing commercial product, if any, is the new device/process replacing?

Patent Clearance Disclosure

Disclosure (cont'd)

- Please describe in detail the **commercial embodiments** of the devices/process, including:
 - Labelled drawings of the device;
 - A flow-chart of the process;
 - A list of **technical effects** of the device/process;
 - Attach any **existing presentations, drawings**, etc.
- How is the new device/process different? Please describe all the new features of the device/process.

Prior Art Patents

- List any prior patents that you **already know of** that might be relevant to the clearance study – this is **not** a request for you to conduct a patent search.

Identifying Technologies To Clear

- **Question of what to clear and when.**
 - Staged Approach: Early guidance to identify major risks, full clearance later after the product is well defined (i.e. static and not a moving target).
 - Product definition – concept, working prototype, commercial embodiment.
- Potential Exposure can inform what level, if any, clearance is required:
 - Portfolio product or special.
 - Projected sales.
 - Geographic market.
 - Prominent or hidden technology.

Identifying Technologies To Clear

- **Budget – patent clearance is expensive and time consuming**
 - Focus on clearing major improvements that are often the subject of promotion
 - Adjust scope of effort to suit perceived risk e.g. country selection (major markets or geographically extensive), breadth of search (broad technology search, patents assigned to major competitors).

Strategies to Address Identified Risks

- Remove risky product feature.
- Change design/execution of the product feature – different structure/steps.
 - Careful non-infringement assessment – evaluate the risk beyond literal infringement.
- Rely on an opinion of non-infringement and/or invalidity
 - Decision makers need to be informed.
- Invalidate patent claims
 - Patent office proceedings if available.
 - Court proceedings e.g. impeachment, Declaratory Judgement action.
- License-In or Acquire the patents of concern.

Tactics for Avoiding Enhanced Damages

- Some countries, notably the United States and now China (patent law reform 2020) provide a framework for enhanced damages for serious willful acts of patent infringement.
 - In the US a judge may increase the damages up to threefold.
 - In China damages may be increased up to five times.
- In the US a defendant can raise a Good Faith defense to willful infringement.
 - Relied on an opinion of counsel that the patent was not infringed and/or invalid.
 - Show that the defendant had no knowledge of the subject patent.

Deterrence to Enforcement and Dispute Resolution

- Procuring and using patents as a defense to patent infringement – If you sue me with your patents, I'll sue you with mine.
 - Major players in the software industry use the size of their portfolios to ward off infringement suits – less of a deterrent for non-practicing entities.
 - Similar strategy can be pursued on a smaller scale to mitigate specific IP risks – procure patents that read on competitor product.
- Meet allegation or claim for patent infringement with a counter claim.
 - Due diligence to identify competitor products infringed by existing patent portfolio.
 - Bolster position through acquisition or licensing of third party patents.



Trademarks

Managing Your IP Risk

Graham Hood

Risk in Trademarks Law

- **Branding**
 - Managing Risk from Day One
- **Enforcing**
 - Evaluating Risk in Contentious Proceedings
- **Settling**
 - Settlement as Risk Management

Managing Risk from Day One

- The adoption of a “clear” mark/name is critical to risk mgmt.
- When considering a new mark/name, consider the risks posed:
 - Risks to use
 - Beware prior, third-party rights; claims of infringement, passing off
 - Risks to registrability
 - Beware prior filings, TMO objections re: descriptiveness, distinctiveness
 - Risks to reputation
 - Beware “bad words”, double entendres, double meanings

Managing Risk from Day One

- How to Clear a Proposed Trademark
- Consider multiple marks/names
- Consult trademark counsel

Managing Risk from Day One

- Conduct clearance searches
 - Search of Trademarks Office records
 - Search of “common law” resources
 - E.g. business name registrations, trade journals, websites
- Other strategies
 - Cancellation proceedings
 - M&A/Rights assignments

Managing Risk from Day One

- How to Select a Proposed Trademark
- Strong marks are arbitrary, coined, distinctive
 - E.g. Apple, Exxon, Nike
- Weak marks are descriptive, generic, laudatory, obvious
 - E.g. Fun Stuff, Great Snacks, Standard Staples

Managing Risk from Day One

- How to Protect a Proposed Trademark
- Use it!
 - To defend against cancellation proceedings, claims of abandonment
- Promote it!
 - To enlarge the distinctive scope of your mark
- Register it!
 - To obtain exclusive, nationwide rights to use

Managing Risk from Day One

- How to Protect a Proposed Trademark
- Take legal action
 - E.g. demand letters, warning letters, Court actions/applications
- Oppose third-party trademark applications before the TMOB
 - Prevent registration of confusingly similar trademarks
- Record your rights with the CBSA
 - Prevent importation of counterfeit goods

Evaluating Risk in Contentious Proceedings

- No greater uncertainty than in Court/TMOB proceedings
- Evaluate risk at outset, and at every major step along the way
- Consider likely outcomes, likelihood of success
 - So-called “split decisions” are possible
 - E.g. in Court, may succeed on some claims, fail on others
 - E.g. before TMOB, may succeed with respect to only some goods/services

Evaluating Risk in Contentious Proceedings

- In Court, plaintiff bears the onus of establishing claims
- Before TMOB, applicant bears the onus of establishing registrability
- In both forums, claims are heavily dependant upon evidence filed
 - Evidence of distinctiveness, use, overlapping customers, trade channels

Evaluating Risk in Contentious Proceedings


- Likelihood of success
- Retaliatory claims
 - E.g. Counterclaims, cancellation proceedings, etc.
- Costs Awards
 - E.g. In Court, “loser pays”; typically 25-40% of costs & disbursements
 - E.g. Before TMOB, costs awards not (yet) available

Settlement as Risk Management

- Settlement as a method of dispelling uncertainty
- Settlement affords both parties greater certainty
 - Customized, jointly drafted solution
 - Necessitates dialogue between the parties
- Unlike the Judge's or Registrar's decision, the parties hold the pen
- Not necessarily “zero-sum”

Settlement as Risk Management

- Court Settlements
 - Discontinuance (with)out costs
 - Settlement with consent to Judgment
 - Settlement with licence
 - Settlement with phase-out
 - Settlement & Coexistence
- Alternative arrangements available
 - Rights assignments
 - Licence-back arrangements
- TMOB Settlements
 - Abandonment/Withdrawal
 - Settlement with licence
 - Settlement with phase-out
 - Settlement & Coexistence



Unregistered rights: Copyright & Confidentiality Managing Your IP Risk

Tracey Stott

Copyright – Scope of protection

Exclusive right to produce or reproduce, perform and publish works

- **What are “works”?**
 - Literary, artistic, dramatic, musical
 - Original
- **What are the rights?**
 - Arise automatically on creation
 - Last for life of author plus 50 years (will increase to 70 under USMCA)
 - Includes translation, recording, communicate to the public, rent a computer program or sound recording

Copyright – Agreements

- **Employment agreements**
 - Assignments, moral rights, contractors
- **Collaborations**
- **License agreements**
 - Ensure you have the rights your business will need
 - Representations and indemnities to protect your business

Copyright – Enforcement

- **Does copyright protection apply?**
 - Consider exceptions: fair dealing, educational exceptions, “non-commercial user-generated content”
- **Potential remedies**
 - Stop the infringement
 - Monetary compensation
- **Avenues for enforcement**
 - Online infringement: “notice and notice” and social media
 - Cease and desist letters
 - Going to court

Confidential information – Scope of protection

- **What is protected?**
 - May be any type of information
 - Key feature: Access to the information must be controlled
- **What are the rights?**
 - Arise automatically on creation
 - Last as long as the information remains secret

Confidential information – Controlling access

Uncontrolled disclosure results in loss of rights

- **To maintain secrecy, control access**
 - Physical controls
 - Agreements
 - Employees
 - Collaborators
 - Suppliers and subcontractors

Confidential information – Enforcement

- **Assessing the case**
 - Is there a trade secret or confidential information?
 - Evidentiary issues
- **Potential remedies**
 - Monetary compensation: breach of confidence, fiduciary duty or contract
 - Injunctions
 - Criminal sanctions
- **Avenues for enforcement**
 - Cease and desist letters
 - Going to court



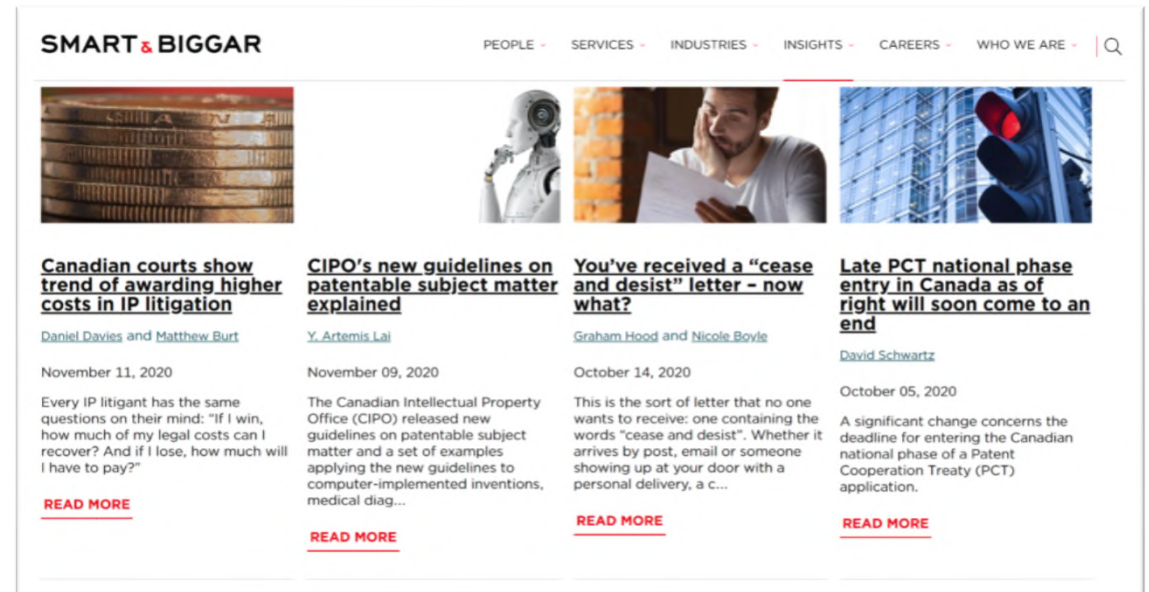
Panel Discussion



Questions?

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Canadian courts show trend of awarding higher costs in IP litigation
 Daniel Davies and Matthew Burt
 November 11, 2020
 Every IP litigant has the same questions on their mind: "If I win, how much of my legal costs can I recover? And if I lose, how much will I have to pay?"
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CIPO's new guidelines on patentable subject matter explained
 Y. Artemis Lai
 November 09, 2020
 The Canadian Intellectual Property Office (CIPO) released new guidelines on patentable subject matter and a set of examples applying the new guidelines to computer-implemented inventions, medical diag...
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You've received a "cease and desist" letter - now what?
 Graham Hood and Nicole Boyle
 October 14, 2020
 This is the sort of letter that no one wants to receive: one containing the words "cease and desist". Whether it arrives by post, email or someone showing up at your door with a personal delivery, a c...
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Late PCT national phase entry in Canada as of right will soon come to an end
 David Schwartz
 October 05, 2020
 A significant change concerns the deadline for entering the Canadian national phase of a Patent Cooperation Treaty (PCT) application.
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