

IP Update

Playing offense and defense to win with IP: Strategies for in-house counsel to mitigate risk related to intellectual property •

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In today's competitive innovation economy, companies across industries face a wide range of potential legal issues and risks related to intellectual property (IP). Whether it is infringement of a valuable patented technology, unlawful use of key trademarks and copyrights, or anti-counterfeiting and IP crime, when IP issues arise, in-house counsel need to be ready to face off against competitors and fiercely defend the commercial IP rights of their business.

Recently **Smart & Biggar LLP** partnered with the **ACC Ontario Chapter** to bring together a diverse panel of in-house counsel for an engaging webinar roundtable discussion to share lessons from the front lines of IP enforcement and litigation matters.

Moderated by partner **Urszula Wojtyra**, panelists included **Cameron Weir**, Senior Counsel at Reckitt Benckiser (Canada); **Denise Lacombe**, Head of Legal at AstraZeneca Canada; and **Michael Okerlund**, former in-house at Huffy Corporation and Arctic Cat, and current CEO of Cloud Court Inc. Following the panel, break-out room discussions were held hosted by partners **Mark Biernacki**, **Graham Hood**, **Patrick Roszell** and counsel **Ryan Evans**.

This article provides a summary of key insights and takeaways, based on each speaker's first-hand experience, on strategies for in-house counsel to leverage and protect a company's valuable portfolio, both offensively and defensively, to mitigate risk and win with IP.

Roundtable Discussion Replay

Watch the replay of the Roundtable Discussion recorded on June 17th, 2021.

Protecting your trademarks: monitor your brand online

Work with outside partners to monitor and protect your brand and trademark rights, online and around the world, including:

1. **Third-party watch services** to track online activity and potential incidents of trademark infringement or counterfeiting.
2. **E-commerce partners** assist in trademark enforcement matters and help to eliminate the "whack-a-mole" elements to online brand policing on e-comm platforms – i.e. Amazon brand registry
3. **Customs authorities around the world** record trademark rights. Work with authorities to educate on goods to help them spot counterfeits, specifically in high-risk markets.

Protecting your patents: monitor your market & know your IP risks

Mitigating risks to protect innovations and patents fall into two broad buckets:

1. Monitor your market/industry to minimize potential for litigation

• Monitoring tools

- Trusted IP partners - partner with sophisticated IP law firms like Smart & Biggar
- Automated monitoring systems - to identify new patents as they are filed by third party companies in your space / an adjacent space
- Heat map tools - to understand the competitive patent landscape
- Sophisticated spreadsheets - to track and monitor the patent landscape

• Make design pivots

- Have a process in place for reviewing new designs and development
- Acquire rights and IP
- Participate in patent licensing consortiums to join and acquire rights to use a whole landscape of patents.
- Trade IP with companies in adjacent spaces through cross-licensing or paying for a license

2. Know your IP risks

- Understand and manage the risk associated with unauthorized use of your company's IP
- Develop a robust system of interlocking IP assets to protect your main business and make it difficult for competitors to enter your space

Protecting innovation with an IP centric culture

- **Integration with R&D teams** - Integrate your IP team and lawyers into the R&D Group to contribute to the decisions around what new things are developing, what is being invented and how protection occurs.
- **IP Training** - Develop strict processes and training regarding IP, from documenting inventions to filing and post-issuance, for deadlines and enforcement.
- **Anti-Counterfeit measures** - Counterfeit products can cost companies a lot, and in sectors like pharmaceuticals, they can also be dangerous. Keep your distribution and supply chain secure with barcodes, seals and markings to protect the product and make it obvious to consumers when the product is counterfeit.

Using IP offensively and defensively for commercial gains and benefits

Tech patents(Michael Okerlund): use a patent thicket or a patent picket fence strategy* for offense and defense

For tech-focused companies, don't be afraid to be aggressive about patenting your technology as a lot of the value of a company is bound up in the promise of intellectual property.

Venture capitalists and investors want to know whether you've adequately protected yourself, and if you haven't, your company may not be considered a good investment. No one wants to invest in a cool technology only to learn that there aren't any barriers to a larger competitor, with a lot more dollars, using their resources to take over your market position.

Smaller companies can make themselves more attractive, with a better valuation, if they can create formidable barriers to entry in the form of a 'patent thicket', or by using a patent 'picket fence' strategy. Having a solid portfolio of strategic patents can compel third parties to arrive at a conclusion that it's either better to buy your company or to license from you, than to infringe on your patents.

**** Patent Thicket: a group of overlapping patents that cover specific aspects of technology and that together cover the scope of an invention as a whole. A thicket creates a situation in which competitors are blocked from entering a market, or are prevented from innovating without cooperation.***

**** Patent Picket Fence: a strategy where the core technology of an invention is patented and then surrounded by another set of patents, leaving no space for even the narrowest claims. Patent thickets can be formed around the invention by filing continuation patents that cover the scope of the invention as a whole.***

Pharmaceutical patents(Denise Lacombe): Enforcement, acquisition and licensing are key for life sciences

Most of the patent litigation happening in the world is pharmaceutical and life science-focused patent litigation, and that is because the stakes are high. We make sure we get the right patents and all the associated protections for our innovative technology, and then we enforce them strictly.

Pharmaceutical companies develop and gain expertise in certain therapeutic areas, and extensive research is done to learn the patient journey and about the doctors need. A lot of in-licensing and divestment occurs [in the industry] to concentrate value and IP in certain therapeutic areas and to maintain an area of expertise.

Consumer products (Cameron Weir): Playing Brand Offense and Defense

Defensively

Infringement and counterfeiting in the lifestyle space remain high, resulting in heightened risk from third parties in high-risk markets.

Strategies: filing trademarks and/or copyrights for commonly imitated parts or labels in countries with high-risk markets help to effectively police brands and limit or block counterfeits

Offensively

In certain CPG categories like disinfectants, hand sanitizers and PPE, price gouging by rogue third parties during COVID was an issue. Specifically, these products were being hoarded and resold at very high markups, potentially damaging the goodwill associated with those brands.

Ontario did enact its own price-gouging legislation as an emergency measure part of COVID, but the policing was not overly aggressive and so the question was asked: what else can we look to?

Trademark law can be useful here: In the US, for example, 3M leveraged trademark law to stop price gouging and went to court. This was an example of how far trademark law can extend as a measure to protect brands.

In-house counsel views on IP: lessons from the front lines

- Never assume that other jurisdictions will operate the same way as your local jurisdiction.
- The optics of coming down too hard [on infringers] can be damaging to public opinion (the "big, bad brand" going after smaller brands). Rather than issuing a cease and desist letter, sometimes a lighter touch and negotiation of a private settlement may be a better approach.
- Hire experienced and informed IP counsel who can provide the best and most trusted advice. It will save time and money in the long run.

Top IP tips and tricks for in-house counsel

- **Ask a lot of questions** - the IP experts you work with should be able to answer clearly and reasonably.
- **Keep a business perspective** - sometimes the legal answer is not the best business answer!
- **Leverage IP experts and counsel** to train and educate in-house legal teams and R&D staff.
- **Get to know the lawyers on your case teams** - pay attention to what their individual and firm strengths are and make sure their associates and Jr. partners are treated well, so they will stick around for the long term.

Advice to in-house counsel dealing with a potential IP infringement

Make sure your in-house legal team understands the different outcomes and remedies that can be pursued:

- Understand the implications of losing [business risks and legal costs]
- Always keep the business in mind - what is best for the business is the best course of action
- Keep track of your business goals and understand what you're trying to accomplish

If your company is dealing with a potential IP infringement and seeking counsel, reach out to a member of our IP Litigation & Enforcement

team. To learn more about strategies to protect your company's intellectual property, reach out to a member of our Patents or Trademarks team.

The preceding is intended as a timely update on Canadian intellectual property and technology law. The content is informational only and does not constitute legal or professional advice. To obtain such advice, please communicate with our offices directly.