



Managing Intellectual Property

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▼ What is a Trade Secret?



1. The information that is not generally known
2. Has commercial value because it is secret
3. Reasonable efforts taken to maintain secrecy

▼ Examples of Trade Secrets

- Formulas, know-how
- Business plans & strategies
- New product names
- Marketing plans, unpublished promotional material
- Cost & pricing information
- Financial projections and sales data
- Customer lists
- Info re: new business opportunities

▼ Advantages of Trade Secrets

- Never expire – as long as it remains secret
- No filings or government approval required
- Can be very successful



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▼ Disadvantages of Trade Secrets

- Once trade secret is no longer secret, it is gone
- Cannot prevent independent creation or reverse engineering (subject to contractual provisions)
- TS protection may not be feasible

▼ Who Owns a Trade Secret?

- Certain technological solution / know-how
 - developed by employee
 - developed by external contractor
- To avoid disputes: obtain written agreement assigning any trade secret rights to company

Reasonable Efforts

- Most TS regimes require you to have taken reasonable precautions to keep the information confidential
- “Reasonable” → case by case
 - reasonable security procedures
 - non-disclosure agreements (NDA)
 - such that the information could be obtained by others only through improper means
- Importance of proper TS management program



▼ How to Protect Trade Secrets?

1. Identify Trade Secrets
2. Develop TS Policies
3. Mark Documents
4. Restrict Access – need to know



▼ How to Protect Trade Secrets?

5. Maintain Computer Secrecy

- Secure online transactions, intranet, website
- Password; access control
- Digitally mark info as confidential/secret
- No external drives and USB ports
- Monitor remote access to servers
- Firewalls; anti-virus software; encryption

External Threats

- Reverse engineering, independent discovery
- Improper licensing
- Network attacks (hacking)
- Burglaries by professional criminals targeting specific technology
- Mobile device/laptop theft
- Inducing employees to reveal TS



80% of trade secret loss

< employees, contractors, trusted insiders!

- departing or disgruntled employees
- intentional (malicious)
- inevitable (knowledge acquired)
- by ignorance

▼ Enforcement of Trade Secret

- Can sue for theft of a Trade Secret (where someone has improperly acquired, disclosed or used the information)

▼ Trade Secret Questions?

▼ You Have an Invention – What Next?

- Innovation that makes your product or service better/cheaper/faster
- Goal: to prevent competitors from using that “technology”



▼ The Problem

- If you disclose your invention to the public, others can use it...
- ...unless you take steps to protect it

▼ Why Patent?

- Gives you the right to prevent others from making, using, selling the claimed invention
- Lasts up to 20 years from filing date
- In exchange – you have to fully disclose your invention

What is a Patent?

- A document that describes an invention and how to put it into practice. Includes:
 - Abstract
 - Background
 - Summary of invention
 - Drawings
 - Detailed description
 - **Claims** - define scope of protection



▼ What You Don't Get With a Patent

- Freedom to operate
- Government enforcement of patent rights (only through courts)
- You must be your own “patent police”

▼ Ownership

Individual inventor is presumed to be the owner of an invention unless:

- (1) Express agreement to the contrary;
- (2) He was employed for the purpose of inventing under a contract of service; or
- (3) Nature of employment relationship indicates that employer was to own the invention.

▼ Steps in Obtaining a Patent

- Secrecy
- Assess Patentability
- Apply for a Patent
 - First Filing
 - Other (International) Filings
- Examination
- Exploit Registered Patents

▼ KEEP IT SECRET!

- A patent application must be filed before any public disclosure of an invention
- Canada and US have a one-year grace period - many countries don't
- Use NDAs etc., prior to filing

▼ Requirements for Patentability

- **Novelty** - the invention is “new”
- **Non-obvious** – the invention not a minor tweak of what is already known
- **Utility** – the invention has a useful function
- **Subject Matter**

▼ Subject Matter

- *Art, Process, Machine, Manufacture or Composition of Matter*
- Mechanical devices/apparatus
- Pharmaceuticals
- Electronic hardware
- Industrial/manufacturing process
- Chemical compound or process

▼ What Cannot Be Patented?

- Abstract ideas
- Scientific principles
- Products of nature
- Pure mathematic algorithms
- Mental processes

▼ The Patenting Process

- Prepare/File a Patent Application



- Examination

- Search

- Examiner's report

- Prosecution (responses / amendments)



- Registration

▼ The First Filing

- Preparing the Application
 - Work with your agent
 - Provide detailed description
 - You probably know the area of technology better than they do
- Can make invention public after first filing
- “Patent pending” ^{FASKEN}

▼ Where to File?

- Patents are territorial
- Problem: Filing in multiple countries can get complicated and expensive
- Solution: Take advantage of patent treaties

▼ Convention Priority

- Any subsequent application can “piggy-back” off a first application, if filed within 1 year
- Can defer costs
- First application may be US provisional

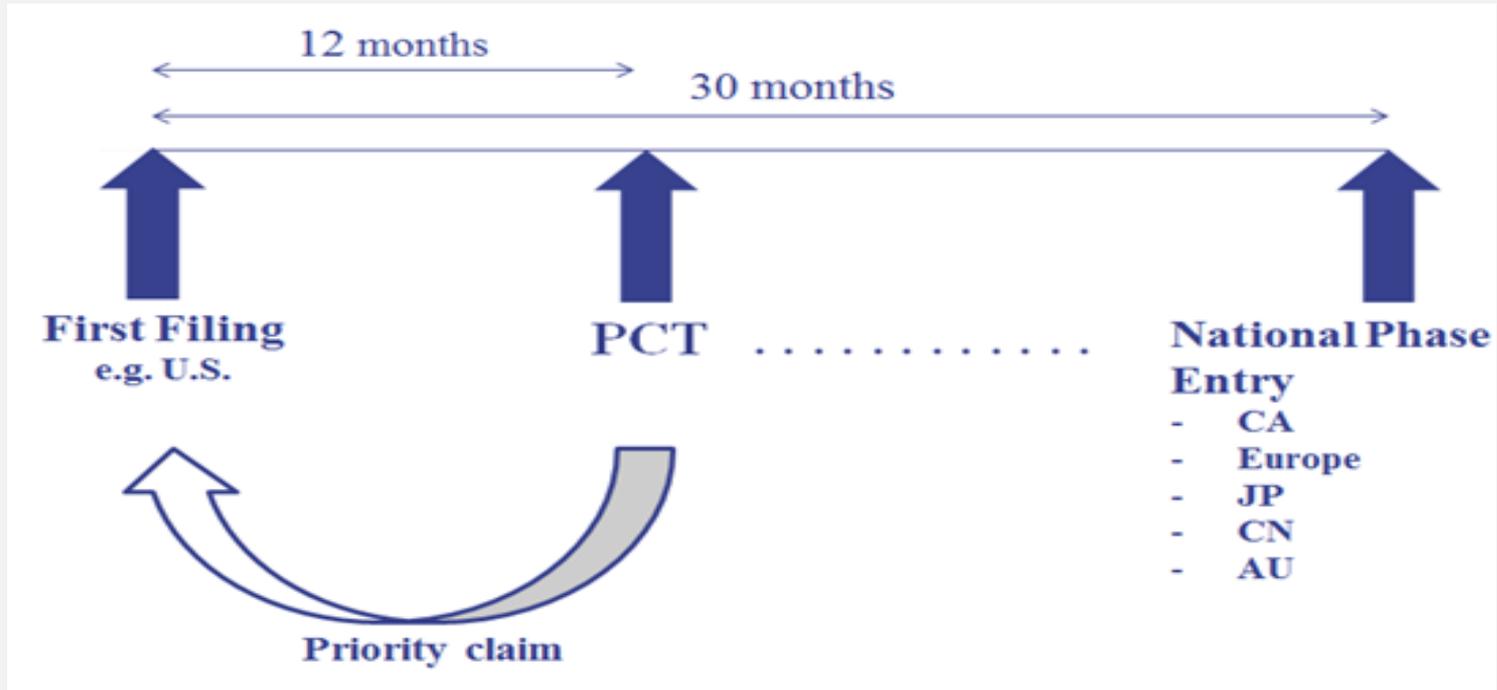
▼ US Provisional Application

- Can be less expensive than a regular application
- Serves as initial filing for the purposes of claiming priority
- Never becomes a patent
- Useful when invention is in development
- Need to ensure provisional adequately supports priority claim

▼ International PCT Application

- Single international application (covers most major industrialized countries)
- Never becomes a patent itself
- Reserves right to file pending application in any member country within 2 ½ years
- Defers cost

Common Filing Strategy



▼ Patent Questions?

▼ Top 10 Takeaways

1. IP assets are key business assets – keep them in good order.
2. IP Ownership is critical
 - Make sure you own it and can prove it
3. Do not disclose invention w/o protections in place
4. Utilise patent treaties to defer filing costs

▼ Top 10 Takeaways...

5. U.S. provisional patents – use carefully
6. Trade secrets depend on confidentiality
 - Identify them, protect with agreements and continually monitor
 - Pick trademarks that are not descriptive or confusing with others in the same field

▼ Top 10 Takeaways...

8. Copyright works – moral rights cannot be assigned, can only be waived.
9. IP rights have to be “policed” and enforced
10. Conduct IP due diligence before any IP transaction or IP litigation.



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