

# Hey...Do We Own This? Intellectual Property – Rights and Obligations

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## Excerpts from Presentation Notes\*

- I've been asked to speak about ownership of intellectual property (“IP”).
- Before engaging in this discussion it is important that we all understand what we mean when we talk about IP.

### I. What is IP?

- IP is commonly referenced as if it is a single category of protection for all intangible property, but this does not accurately describe IP.
- IP is really an umbrella term that encompasses many independent protection regimes for distinct forms of intangible property.

#### **Intellectual Property Regimes Include:**

- |                                    |                          |
|------------------------------------|--------------------------|
| • Patents                          | • Industrial Designs     |
| • Trademarks                       | • Trade Secrets          |
| • Copyright                        | • Plant Breeders' Rights |
| • Integrated Circuit<br>Topography | • Etc, ...               |

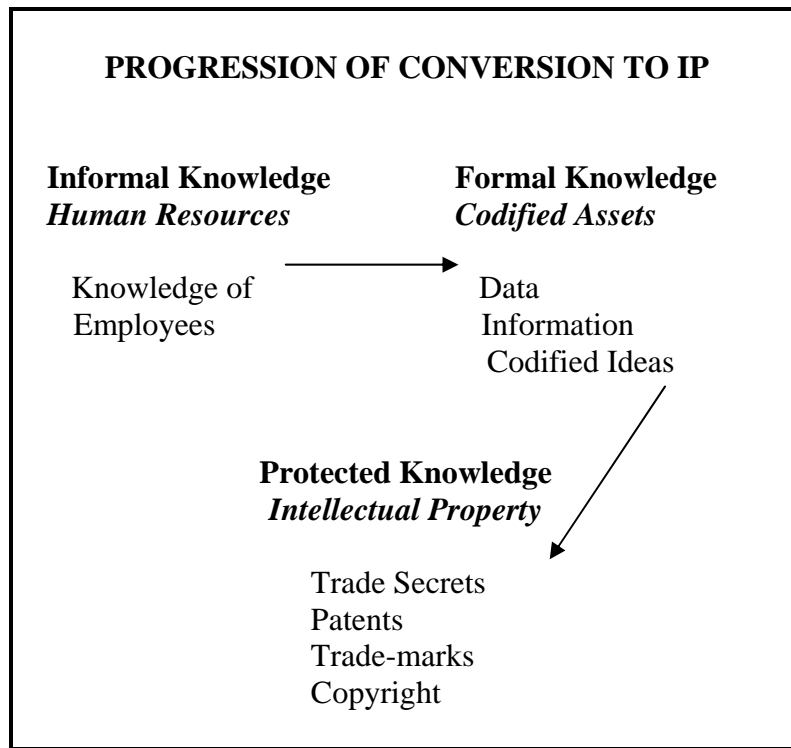
- We'll look at five types of IP protection that are of particular relevance to CASC:
  - patents
  - copyright
  - Trademarks
  - Industrial Designs
  - Trade Secrets

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\* The content of **this document should in no way be construed as representing legal advice**. This document is solely intended to provide basic information about intellectual property regimes to the reader. Any person seeking professional assurance that our information, and your interpretation of it, is appropriate to your particular situation should seek independent legal advice.

- Although IP regimes are unique and distinct they do have some common attributes:
  - a) Ideas are not protectable – they must be reduced to a codified form



- i. Informal Knowledge:
  - At this stage an idea is formulated by a person, or by several people collectively, and is stored initially within his, her or their mind(s).
  - Informal knowledge is the daily currency of work and includes: ideas, facts, assumptions, meanings, questions, decisions, guesses, stories, and points of view.
- ii. Formal Knowledge:
  - This stage involves the conveyance of an idea into a written form (an alteration from cerebral retention to codification).
  - Codified information is easily shared.
  - Examples: Books, manuals, documentation, reports and drawings.
- iii. Protected Knowledge:
  - Some forms of IP protection, such as copyright, are extended as soon as information is codified.
  - Other types of IP protection, such as patents and trademarks, must be registered. The registration process generally involves the presentation of the formal knowledge to an intellectual property agent (e.g. patent agent, trademark agent, etc.) and filing of the information in a specific format with the Canadian Intellectual Property Office.

- b) IP regimes grant an owner a right of protection against third party intervention, in accordance with legislation or jurisprudence.
  - c) IP rights must be balanced: this means the benefit of dissemination of information to society should not outweigh the exclusive IP right granted to the creator and *vice versa*.<sup>1</sup>
- The outcome of the grant of an IP right is an enforceable monopoly over innovation or creative expression.

## A. Five Intellectual Property Regimes

- The following outlines some basic information about five IP regimes.

### 1. Patents

- Legislation: *Patent Act & Patent Rules*
- Granted to: Inventor
- Includes: Inventions = any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement
- Right: Exclusive right of making, constructing, using and selling the invention
- Jurisdiction: National
- Registration: Required
- Term: 20 years from the filing date

- In order to be patentable an invention must meet three criteria: novelty, non-obviousness and utility.
- The aspects of an invention that are protected by a patent are those defined in the claims section of the patent. Claims have been described as creating a fence around a field of monopoly which third parties are not permitted to tread within. Any aspect not claimed is not granted patent protection.
- Patent law is based upon a first-to-file system. If two innovators independently create an identical invention only the inventor who is first to file a patent application for his

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<sup>1</sup> Several recent Supreme Court of Canada decisions have addressed the importance of balancing IP rights. See, *Theberge v. Galerie d'Art du Petit Champlain inc.*, [2002] 2 S.C.R. 336; *Apotex Inc. v. Wellcome Foundation Ltd.*, [2002] 4 S.C.R. 153; *Free World Trust v. Électro Santé Inc.*, [2000] 2 S.C.R. 1024; *Corp. v. Camco Inc.*, [2000] 2 S.C.R. 1067.

or her invention is eligible to obtain a patent. Thus, it does not necessarily matter who was the first to invent.

- Disclosure of an invention starts a grace period in Canada. This means that an inventor must file a patent application within twelve months of disclosure. After the twelve month grace period has ended an inventor is prohibited from gaining patent rights. This is an important point as disclosure is interpreted widely in Canada as all non-confidential dissemination, and can include publications, presentations at trade shows, discussion with potential investors, etc.

## 2. Copyright

- Legislation: *Copyright Act & Copyright Regulations*
- Granted to: Author (but may vary)
- Includes: Literary works, Artwork, Computer programs, Performances, Sound Recordings, Photographs, Compilations of works, etc.
- Right: Sole right to: produce or reproduce work; perform work in public; to publish work; to prevent others from copying a work without permission
- Jurisdiction: International
- Registration: Automatic right
- Term: Life of the author plus 50 years

- To be protected by copyright a work is required to be the product of an exercise of skill and judgement by the creator.<sup>2</sup>
- The Canadian Copyright Act includes a few unique features:
  - a) An exemption to infringement of copyright is included in the Act and is known as Fair Dealing.
    - Fair Dealing exempts any use of copyright material for the purpose of research, private study, criticism, review or reporting from infringement charges.
    - It should be noted that Fair Dealing is not the same as the Fair Use exemption applied in the United States.
  - b) Moral rights are formally recognized in the Act. A moral right recognizes an author's right of integrity in the work.

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<sup>2</sup> This standard was articulated by the Supreme Court of Canada in *CCH Canadian Ltd. v. Law Society of Upper Canada*, [2004] 1 S.C.R. 339.

- c) The Act permits members of the public to make copies of sound recordings solely for personal use without infringing copyright.

### 3. Trademarks

- Legislation: *Trade-Marks Act & Trade-Marks Regulations (1996)*
- Granted to: Applicant
- Includes: Mark = word, symbol or design
- Right: Exclusive right to use trademark throughout Canada in respect of particular wares or services
- Jurisdiction: National
- Registration: Required
- Term: 15 years (Renewable)

### 4. Industrial Designs

- Legislation: *Industrial Design Act & Industrial Design Regulations*
- Granted to: Author
- Includes: Features of shape, configuration, pattern or ornament and any combination of these features in a finished article that appeal to and are judged solely by the eye
- Right: Exclusive right to prohibit others from making, importing, selling, or renting a design
- Jurisdiction: National
- Registration: Required
- Term: 10 years from registration of design

## 5. Trade Secrets

- Legislation: None
- Granted to: Secret Holder
- Includes: All codified confidential information
- Right: To take action against anyone who wrongfully discloses your trade secret
- Jurisdiction: No limits
- Registration: Not required
- Term: Potentially forever

- Trade secret protection can be extended to confidential codified information including: an invention, a client list, a formula, etc. The most important aspect of this protection is that confidentiality be strictly enforced and protected (by way of non-disclosure agreements, confidentiality clauses, as well as confidentiality procedures and practices). A secret that is not held in a confidential manner cannot be considered to have attained trade secret protection.
- As a right of enforcement, the owner of a trade secret is permitted to take action against any party who breaches the confidential nature of the trade secret. Three elements must be proven in order to establish a breach of confidence:
  - 1) the information had the necessary quality of confidence about it;
  - 2) the information had been disclosed in circumstances imparting an obligation of confidence; and
  - 3) unauthorized use of the information constituted a detriment to the party who first communicated it.<sup>3</sup>

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<sup>3</sup> These three criteria are set-out by the Supreme Court of Canada in *Lac Minerals Ltd. v. International Corona Resources Ltd.*, [1989] 2 S.C.R. 74 at 638.

## B. Brining it All Together

- It is unlikely that a single IP regime will be sufficiently all encompassing so as to protect the whole of a science centre or museum exhibit.
- Different aspects of an exhibit may be eligible for different types of protection.

### Elements of IP Protection

- Patent: Exhibit Setups, Scientific Processes, Casting Techniques, Mounts, Hardware
  - Copyright: Publications, Website, Multimedia Works, Public Relations Materials, Images, Film, Manuscripts, Maps, Architectural Drawings, Educational Materials, Public Programs, Software, Sound Recordings
  - TradeMarks: Organization Name, Logo, Exhibit Name, Educational Program Name, Slogans, Publication Name, Public Program Name
  - Industrial Designs: Aesthetic Designs
  - Trade Secrets: Software Code, Exhibition Plans
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- Effective IP ownership must involve a level of IP management. There are various forms of IP management applied in different organizations. What follows is a simple strategy:
    - a) All intellectual assets owned by a corporation are reviewed during the IAM process (including IP, know-how, contracts, processes, procedures, licences, non-compete contracts, branding, human capital, and corporate relationships with clients, suppliers and distributors);
    - b) Undertake an inventory of all IP;
    - c) Record inventory results in an electronic database;
    - d) Categorize and rank inventory; and
    - e) Decide how to utilize each item
  - The Canadian Heritage Information Network offers commentary on their website specifically for museums regarding management practices, such as licensing strategies and IP policy creation.

## C. Issues of Note

### 1. Digital Images

- This area of IP exemplifies the importance of asset management. Digital image libraries are a relatively new technology that requires a new approach.
- Cultural materials have been used in teaching for quite some time. Previously slides of cultural images were created and educators could borrow the slides to utilize in lectures and classroom teaching. An educator paid a fee each time they borrowed a slide from a museum or other cultural organization.
- Now cultural materials are digitized and are held in worldwide networks. As such, the process of accessing images works differently. Digital images are now accessed remotely from anywhere in the world by way of an online network. The image is downloaded to the educator's hard drive or other medium whereby a copy may be stored. Once a copy is saved the educator has it in his or her possession potentially forever. There is no need to return a physical object, as there was in the case of slides.
- Digital imaging thus represents a new way of functioning and raises unique issues for IP ownership including questions of:
  - a) Authenticity
    - Whether an image is a copy or an original is now difficult to tell because digital image copies are exact replicas (even of the same quality) as the original.
  - b) Appropriation
    - The speed and scope of the Internet has created an environment wherein it is easy for people to distribute digital images and this means that it may be possible to obtain copies of digital images (unauthorized copies) without drawing on the network where the original image (authorized copy) is stored.
    - Borrowers of digital images are honour bound not to disseminate the copied images, but this code does not always ensure compliance.
  - c) Economics
    - When slides were the medium utilized a fee was charged each time a slide was borrowed. In the case of a digital image it only needs to be accessed once from the digital image library by an educator, so there is only one opportunity to collect a fee.
    - Unauthorized copying causes potential fees to be lost altogether.
- Some of the digital image management options include:
  - Join a rightsholders collective (such as: Canadian Artists' Representation Copyright Collective (CARCC));
  - Contract with a stock photography agency;
  - Maintain an in-house rights and reproductions department;
  - Turn distribution of IP over to a third party content broker; and
  - Mixing and matching these options.

## 2. Proposed Changes to the *Copyright Act*<sup>4</sup>

- Amendments to the Copyright Act are presently under discussion. The report of Standing Committee on Canadian Heritage, entitled “Interim Report on Copyright Reform” distributed in May, 2004, offer unanimous suggestions as to how the Act should be modified.
- The report proposes that changes be made to the Educational Use of Internet Materials. (This is but one of the recommendations included in the report.)
- Presently when photocopies are made from hard copy materials for distribution by educator within a classroom, a license fee must be paid for each copy made. The license fee is distributed by the copyright collective, Canadian Copyright Licensing Agency (CANCOPY), amongst copyright holders.
- Digital written materials are now printed by educators directly from websites. No license fee is collected when such copies are made.
- The Standing Committee on Canadian Heritage has recommended that a license system for the Internet be created – a regime of “extended collective licensing”.
  - As part of this system, to avoid charging licensing fees websites may include express notice that the copyright holder “explicitly consents that the material can be used without prior payment or permission.”
  - Material with the above notice is deemed “publicly available material” and no fee will be imposed by the collective for the copying of this material. Copying from other websites (those without express consent for copying notices) may induce a license fee.
- The Government response to the Canadian Heritage report was distributed March 24, 2005. The Government has decided not to include amendments pertaining to the Educational Use of Publicly Available Internet Material in the bill it was preparing.
  - The Response stated that the Educational Use of Publicly Available Internet Material is a “complex and contentious issue” which requires further public input and consideration.
  - A consultation paper on this topic is to be introduced shortly after the Bill.
- Bill C-60, *An Act to Amend the Copyright Act*, was introduced on June 20, 2005. As promised the Bill does not include the Educational Use of Publicly Available Internet Material recommendations. But it does address the use of digital materials by educational institutions and students.
  - The proposed subsection 30.02(1)(a) introduced in Bill C-60 exempts educational institutions from infringement for making digital reproductions as long as royalties are paid to any collective society with whom the institution has an agreement authorizing it to produce reprographic reproductions and

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<sup>4</sup> In order to keep up-to-date on legislative changes you can look to the Canadian Intellectual Property Office website which offers commentary when important statutory or jurisprudential IP issues arise (<http://cipo.gc.ca/>).

measures are taken to prevent passing the digital reproduction to others outside the institution.

- Subsection 30.02(1)(b) also exempts students who print a single copy of a digital work communicated to them from infringement.

## **CONCLUSION**

- Not only ownership of IP is important an important consideration for organizations.
- How owned IP is utilized has a huge impact on the success of an organization and society's access to information (licensing, free-flow of information, etc.)