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[Eye on Business](#)

by P. A. Swain with the assistance of A. Benitah

Minding your intellectual property

You have created a piece of valuable intellectual property such as a new process to extract minerals or new drilling equipment. Now you want to leverage this innovation to create value for your mining business. How do you do it? Do you apply for a patent, a lengthy procedure that can be expensive? Or do you protect the process or equipment as a trade secret? This article explores these two options and provides guidance on how to choose the best course of action.



Philip Swain (left) is a registered Canadian and United States patent agent. Armand Benitah (right) is a partner in the Technology and Intellectual Property Law Group.

A patent grants exclusive rights to its owner, which prohibits others from making or using an invention within a geographical territory. It can be used to force a competitor to stop exploiting the invention, to generate revenue from licensing arrangements or to seek damages for unauthorized use of the invention protected by the patent. A patent, however, may require considerable upfront costs during its preparation and necessitate complete public disclosure of the invention in return for a limited term before exclusive rights expire.

A trade secret, on the other hand, can provide a business advantage if the owner takes steps to maintain the invention as a trade secret. In the example of a new extraction process, the trade secret can be maintained by restricting access to the process details, or if an employee or a contractor works directly on the process, a non-disclosure agreement (NDA) can be executed to ensure secrecy. These steps, if properly implemented, will allow you to stop an employee or any third party from publicly disclosing the information, and to seek damages from such if the information is disclosed.

Trade secrets protect you as long as the trade secret is not publicly revealed. Unlike patents, they have an unlimited term. In addition, they do not require legal costs often incurred during patent drafting, although internal costs may be ongoing to maintain

secrecy by continually screening employees and enforcing confidentiality policies.

Trade secrets, however, do have a number of disadvantages, which can make their use risky compared to patents. If the secret is embodied in a product released into the market, such as new drilling equipment, a competitor can inspect the drilling equipment and reverse engineer it to discover the secret. If the secret is discovered in this manner, the competitor can exploit it without fear of legal recourse. Once the secret has been made public, anyone can use it. In fact, if a competitor were to independently invent the substance of the trade secret, it could obtain a patent and take steps to try to stop you from continuing to exploit it.

The competitive advantage

With all this in mind, how then do you determine the best approach to leverage your intellectual property? Often times, it is the business plan that dictates the best approach for your company. For example, if your business generates revenue by inventing new processes or mining machinery and contracts out their use or production, patents will likely provide the most competitive advantage. However, if your business thrives in a mature market by improving in-house production techniques, trade secrets might provide more value. For example, if your company has invented drilling equipment that is less prone to damage, and the equipment is released into the marketplace, its improved properties can be reverse engineered and understood by your competitors; therefore, keeping this information as a trade secret will not provide a significant competitive advantage to your business. Conversely, if your invention is a process for mineral extraction that is carried out in a limited-access facility and the steps of the process cannot be determined by examination of an end-product released into the market, a trade secret may provide a greater competitive advantage than a patent.

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