



13. Protection of Intellectual Property

The protection of intellectual property is primarily a federal responsibility and is the subject of four principal federal statutes: *Patent Act*, *Trade-marks Act*, *Copyright Act*, and *Industrial Design Act*.

The Canadian Intellectual Property Office of Industry Canada administers these statutes. However, matters like the unauthorized use of a trademark (known as “the law of passing off”) or the misuse of a trade secret fall within provincial jurisdiction. In certain circumstances, the federal and provincial jurisdictions will overlap, as is the case with passing off, which is also covered in the *Trade-marks Act*.

Patents

The *Patent Act* establishes what is known as a “first to file” system. In Canada, the first applicant to file a patent application for an invention will be entitled to obtain patent protection for that invention.

A Canadian patent grants its owner the exclusive rights to make, use, and sell an invention in Canada, as defined in the claims of the patent, for a period of 20 years from the date of the application. A patent will only be granted for inventions that are new, inventive, and useful and may be obtained for devices, materials, processes, and uses. Patent protection is not available for scientific principles, abstract theorems, or ideas; nor is it available for higher life forms like genetically modified animals.

To be considered new or novel, the invention cannot have been disclosed in such a manner as to have become publicly available anywhere in the world. An exception to this is inventor-derived disclosures; a one-year grace period is provided for any such disclosures.

For the invention to be considered inventive, the differences between the state of the art and the inventive concept of the claims must involve steps that require ingenuity.

Finally, to meet the usefulness criterion, the invention must be functional and operative. In other words, the invention must have a practical purpose.

International Considerations

Canada, like the United States, is a signatory to many international agreements related to patents, including the Paris Convention for the Protection of Industrial Property (Paris Convention) and the Patent Cooperation Treaty (PCT). The Paris Convention permits applicants to use the first filing date in one of the contracting states as the effective filing date in any other of the contracting states provided the application is filed within 12 months. The PCT, on the other hand, provides an international patent filing mechanism that facilitates the filing of patent applications in the contracting states.

Canada has also signed agreements with 27 other patent offices in the world. This program, known as the Patent Prosecution Highway (PPH), allows an applicant to significantly fast-track the examination of a patent application provided there is a corresponding patent application with one of the other patent offices.

It is important to note that an invention patented several years ago in the United States, for example, will not be patentable in Canada as the invention will not be considered new. As a consequence, timing is a key issue with any new patent application for companies seeking to conduct business internationally.

Trademarks

A trademark is a symbol (such as a word, logo, slogan, name, sound, hologram, moving image, three-dimensional shape of goods, etc., or any combination thereof) adopted and used by a manufacturer or merchant to distinguish its goods and services from those of others.

Registration and Related Issues

A trademark can only be considered registered if it has been entered into the federal Trade-Marks Register; there are no provincial trademark registers. Registration provides a trademark owner with the exclusive right to use the registered trademark throughout Canada, in association with the goods and services for which it is registered, and prevents others from using marks that are confusingly similar. Registrations are valid for a period of 15 years and are renewable indefinitely upon payment of the applicable administrative fees. There is currently no requirement to show use of the trademark at the time of renewal. Changes to the *Trade-Marks Act*, due to come into force on June 17, 2019, when Canada becomes a party to the Madrid Protocol, will reduce the term of protection to 10 years for registrations and renewals made after that time.

Although registration is not required to obtain legal protection – the use, advertising, or promotion of a trademark in a particular geographical area can establish rights in and to the trademark under common law for that specific area – it is always the preferred method of protection.

The main benefit to registration is the protection afforded to the owner of the trademark across every province and territory in Canada. The *Trade-Marks Act* provides a registry system for trademark owners that is based on a “first to use” principle. It should be noted, however, that five years after a registration is issued, it becomes incontestable on the basis of prior common law rights unless it is demonstrated that the application was filed with the knowledge of such prior rights.

Applications may be filed on the basis of intent to use, but use of the trademark must take place prior to registration. The upcoming changes to the *Trade-Marks Act* will abolish the requirement that a trademark be used prior to the issuance of a certificate of registration.

In addition, registration is evidence of ownership. As a result, in the case of a challenge to the ownership of a trademark, the onus to prove ownership rests on the challenger, not on the registered party. A registration may be cancelled in whole or in part by way of an administrative proceeding if there has been no use of the trademark (in association with the goods and services set out in the registration) for a period of three years unless special circumstances justifying non-use can be shown.

A foreign party may register a trademark in Canada. If the foreign party is not residing in Canada, it must appoint a third-party representative for the purposes of correspondence with the Trade-Marks Office. This requirement will be abolished as well, as of June 2019, when Canada becomes a party to the Madrid Protocol. Canada will then allow the extension of international trademark registrations to Canada.

Copyrights

A copyright gives the author of a literary, an artistic, a dramatic, or a musical work a series of rights, including the exclusive rights to produce and reproduce the work. A copyright protects the expression of ideas but not the ideas themselves. It can be used to protect many types of works, including books, music, movies, and software.

Registration and Related Issues

Copyright registration in Canada is permitted but is not mandatory. Copyright legislation establishes a rebuttable statutory presumption that a copyright subsists in the creator’s work and belongs to the registered owner (similar to the trademark legislation discussed above).

Canada is a signatory to the Berne Convention; therefore, copyright protection in Canada is extended, for example, to works by American citizens or works first published in the United States.

A copyright in Canada typically subsists for the life of the author plus 50 years.

Authorship vs. Ownership

It is important to distinguish between authorship and ownership. According to the *Copyright Act*, the author of a work is, in principle, the first owner of that work. The first owner of a copyright created by an employee within the scope of his or her employment is the employer unless there is an agreement to the contrary. Independent contractor relationships (as opposed to employment relations) can make the ownership of a work unclear. More specifically, the person who hires an independent contractor may not own copyright for the works created in the absence of a written assignment signed by the author or his or her representative.

If the author is the first owner of a copyright, this has important consequences on the ownership of the copyright in the long term – even in the presence of written assignments. A copyright will automatically revert to the heirs or successors of the author 25 years after his or her death to the extent that the author was the first owner of the copyright.

For more information on assignments and licences, see below.

Industrial Designs

An industrial design is composed of the shape, configuration, pattern, or ornament of an object or any combination thereof. The essence of an industrial design is its visual appeal along with its originality.

Registration and Related Issues

Unlike other forms of intellectual property, such as trademarks and copyrights, industrial designs must be registered to benefit from legal protection and ensure the exclusive rights to the design.

Applications to register an industrial design may be filed at any time provided the design has not been made public in any way. If such is the case, the application must be filed within 12 months of publication.

Industrial design protection affords the registered owner the exclusive rights to make, import, offer for sale, sell, or rent any article in respect of which the design has been applied.

The Industrial *Design Act* affords an applicant the right to the exclusive use thereof for a period of 10 years from the date of registration or 15 years from the date of application, whichever is later, subject to the payment of maintenance fees. To obtain an industrial design registration, there must be an original shape, pattern, or ornamentation applied to a manufactured article that is not a utilitarian function of the article.

Further Considerations

Assignments and Licences

Parties wishing to conduct business in Canada frequently partner with an existing Canadian business as a way of introducing themselves to the Canadian market. Often, these types of arrangements will require the use of the foreign party's intellectual property by the party in Canada. This can be accomplished by way of a licence to use the foreign party's intellectual property.

In addition, intellectual property can be sold or transferred. Where a transfer of ownership is required, the transferor of the intellectual property assigns it in writing and for consideration to the transferee, who becomes the new owner. The applicable offices of the Canadian Intellectual Property Office should be notified in these circumstances to ensure that the registration information is up to date and to avoid ownership disputes after the assignment has taken place.

Policing Your Intellectual Property

Just as a real estate owner would hire a security guard to protect his or her investment, the owners of intellectual property should always be on the lookout for potential infringements.

In cases where a party's intellectual property assets become too large or too complex, it is advisable to retain the services of an agent based in Canada who will perform the necessary intellectual property surveillance functions. Such a moderate investment can save considerable time and expense later on.