



Innovation, Science and
Economic Development Canada

Innovation, Sciences et
Développement économique Canada

Canada

Intellectual Property and Procurement Fundamentals

Why intellectual property matters

Intellectual Property Centre of Expertise
Innovation Canada

Overview

- What is IP?
- Overview of the different forms of IP
 - Trademarks, patents, copyright, industrial design, trade secrets, know-how
- Why is IP important?
- Public Servants Invention Act
- The IP lifecycle
- IP in procurement and contracting
 - Key IP concepts
 - Initial IP considerations
 - IP Ownership
 - Licensing
 - SACC IP clauses
- Takeaways for public servants
- Resources

What is IP?

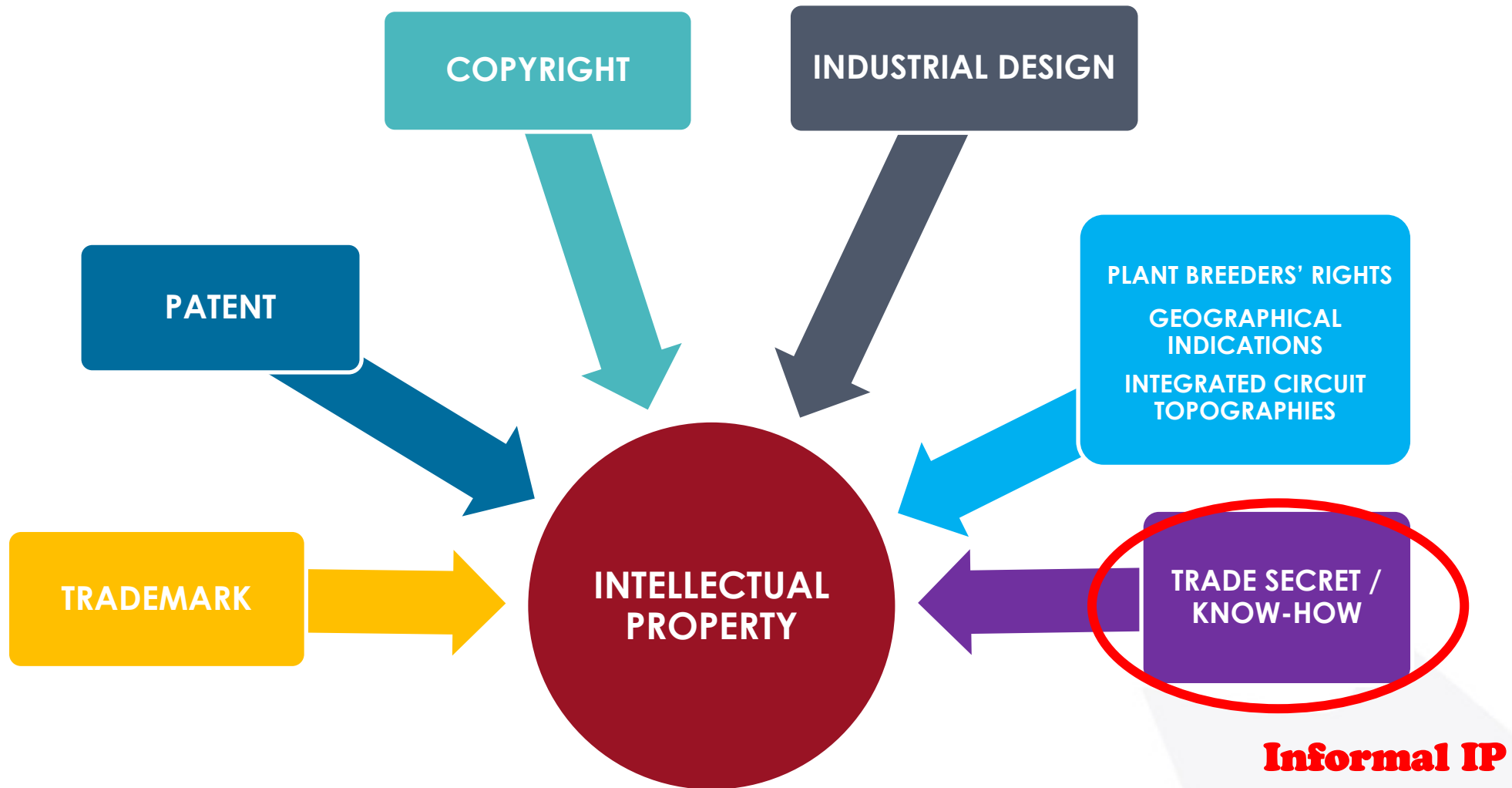


IP is Intellectual Property...

A creation of the *mind* in the form of inventions, literary and artistic works, designs and symbols, etc.

Created by federal public servants every day!

- Written publications and reports
- Websites and software
- Marketing designs and branding
- Products/processes stemming from federal research
- And more...



Formal IP Rights vs Informal IP

Formal IP Rights...

Trademark

- Used to differentiate products & services from another company
- Rights established through registration or use
- Duration = 10 years, plus renewable every 10 years
- Examples: symbols, words, tastes, smells

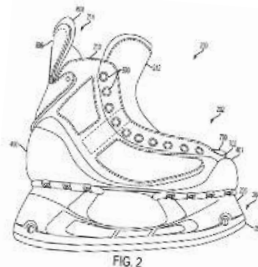


Tim Hortons

Patent

- Protects new, useful, and non-obvious inventions
- Must file an application and have it approved
- Duration = up to 20 years from filing
- Examples of inventions: devices, products, processes, compositions

Bauer Hockey Ltd.,
CA2801233



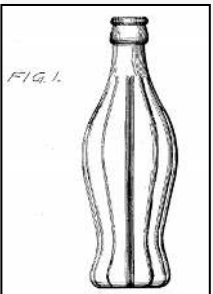
Copyright

- Protects original works in a fixed format
- Automatic upon creation but can be registered
- Duration = Life of author + 50 years
- Examples: novels, lyrics, software, painting



Industrial Design

- Protects novel visual features of a finished article
- Must register design
- Duration = up to 15 years from filing
- Examples: shape or design of a hat, tire tread pattern

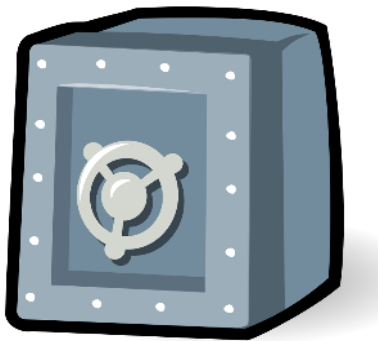


Coke bottle Design, A. SAMUELSON. 1915

Informal IP...

Trade Secrets

- 🛡️ **Trade secrets:** Value tied to total secrecy and the competition's inability to replicate
- 📄 Examples: Recipes, algorithms, business processes



- 📄 No registration, no formal rights (informal IP); must have commercial value
- 🕒 Protection lasts as long as confidentiality is maintained

Know-How

- 🛡️ **Know-How:** Reasonably protected confidential information
- 📄 Examples: business plans, data, client/supplier lists, financial information, technical processes

Why is IP important?



In the private sector, IP:

- Protects **valuable business assets**
- Gives an **edge over the competition**
- Is a **source of revenue**
- Builds a **solid reputation** with partners/clients



In the public sector, IP also protects valuable assets and can be a source of revenue, but ultimately:

- IP should be used in a manner that **maximizes benefit and value for the Canadian public**

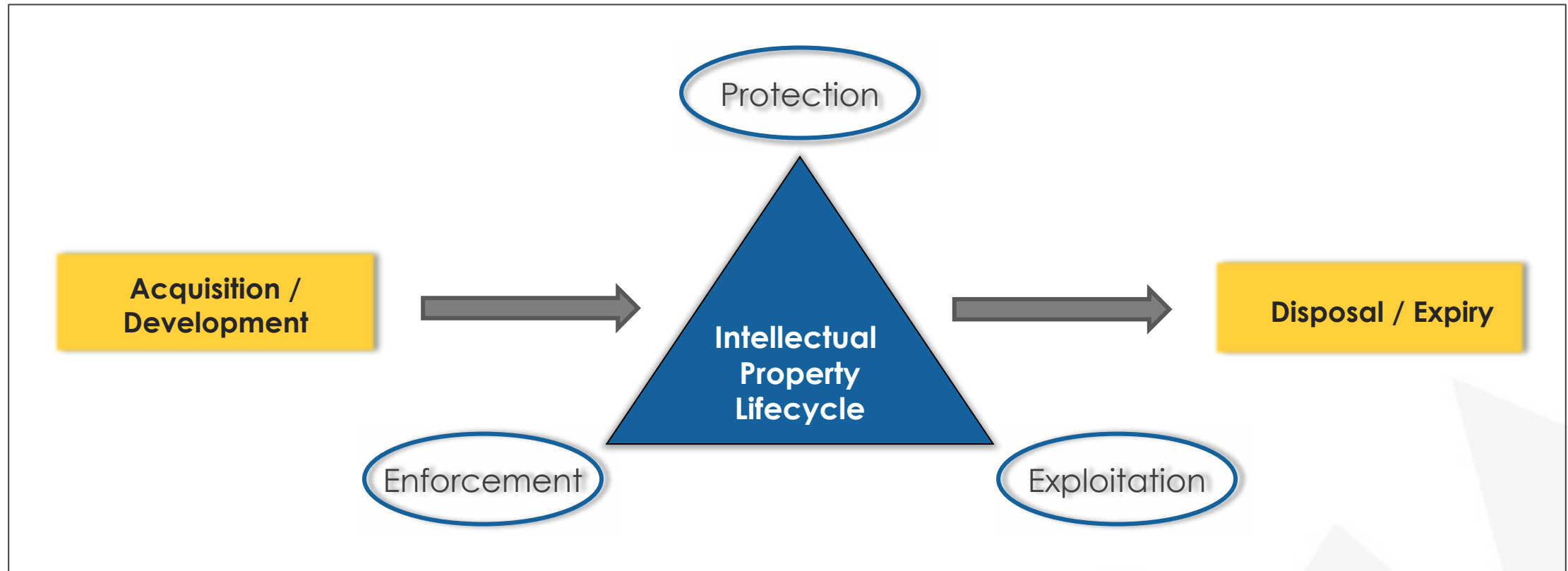
Public Servants Invention Act (PSIA)

An invention made by a public servant, and all rights with respect thereto, are **vested in the Crown**



- Pertains to inventions made by a public servant during the course of their work or outside of the workplace but connected with duties or employment
- **Duty to report all inventions**
- Applies to most public servants at all times, including the military and RCMP

Intellectual Property Lifecycle



Acquisition – critical in the context of procuring IP rights

- Point at which IP requirements translated into contract terms
- Contract terms define the Crown's IP rights for the entire duration that the IP is owned, accessed, or used by the Crown

IP in Procurement and Contracting

Crown procurement contract objectives:

- Receive contracted deliverables
- Have use of those deliverables and
any necessary IP

Key IP Concepts in Procurement

Background IP vs Foreground IP

Background IP

- Pre-existing IP
- Any IP relevant to a project/work that is supplied by a partner or contractor

Foreground IP

- Prospective IP
- IP conceived, created, or produced as a result of a research project or a procurement contract

IP Ownership vs Licensing

IP Ownership

- One or multiple parties may own the IP
- IP owner has the right to decide how and when the IP can be used

Licensing

- Permission, granted by the owner to another party, allowing one or more IP rights
- License dictates what can and cannot be done, how long the IP can be used, and what restrictions exist

Initial IP Considerations

Importance of considering IP before acquisition

- Ensure appropriate IP rights are acquired
- IP is not overlooked
- Ensure scope of IP license is adequate
- IP contract clauses are clear and appropriate – avoids misinterpretation by the client and contractor



Critical that the client and contracting officer:

- Identify what IP already exists (background IP)
- Identify what IP will be created (foreground IP)
- Ensure that appropriate licencing terms are captured

IP Ownership in Procurement

Policy on Title to Intellectual Property Arising Under Crown Procurement Contracts

- Sets out guidelines on IP ownership and management
- Applies to procurement contracts of **any value** and to **any foreground IP** resulting from the contract

Why doesn't the Crown always own the IP?

- Commercialization achieved best by the private sector
- Creation of jobs
- Economic growth

IP Ownership Options

1. Contractor owns IP created
 2. Crown owns IP created
 - Six exceptions to justify Crown ownership
- ⇒ **Default position**

Crown Ownership of IP

Justifications for Crown IP ownership:

1. **National Security**
2. Legislation or **prior obligations to a third party**
3. **Contractor does not wish to own the IP**
4. Purpose of the contract or contracted deliverables is:
 - To generate **knowledge/information for the public**
 - To expand upon existing Crown-owned IP, which will be **transferred to the private sector**
 - To deliver a component or subsystem that will be incorporated into a complete system and **transferred to the private sector**
5. Where the **IP is subject to copyright** (does not apply to software and software-related documentation)
6. **Treasury Board Exemption***

Just because an exception exists, does not mean the Crown should automatically retain ownership – always consider whether ownership is really needed!

Licensing

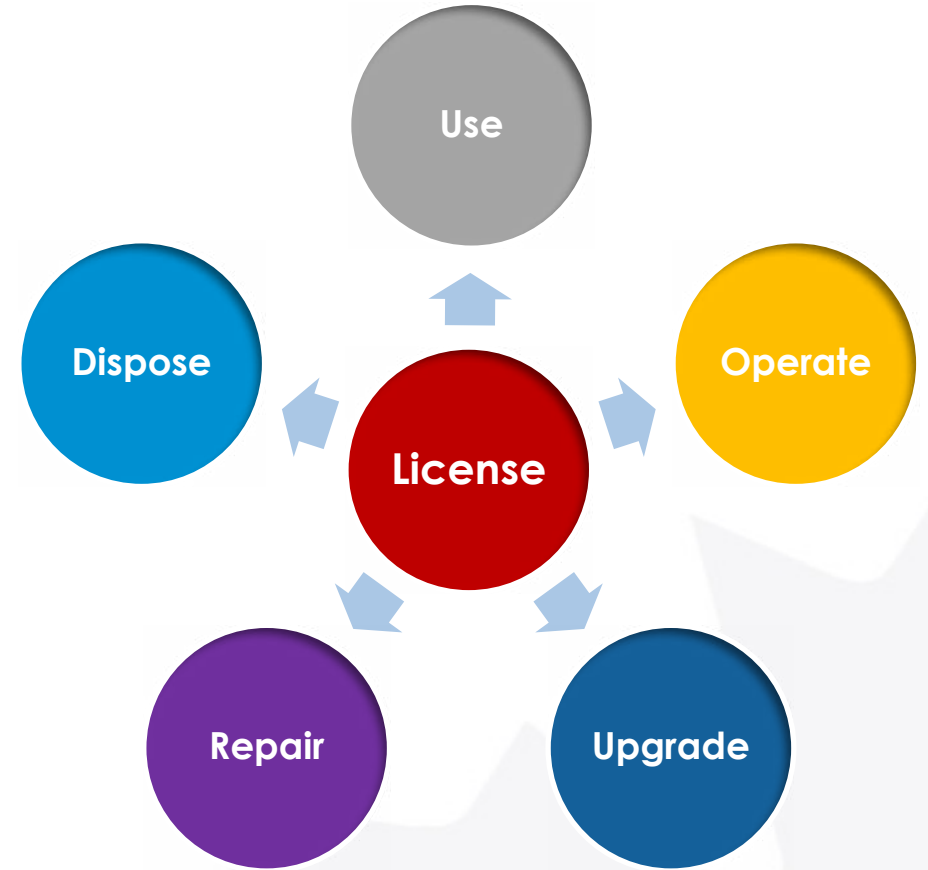
Essential that the appropriate licensing terms are laid out in the contract

When the Contractor is the IP owner:

- Crown should secure broad licensing rights
- Ideally, license would be **non-exclusive, perpetual, irrevocable, worldwide, fully-paid, royalty-free**

When the Crown is the IP owner:

- Contractor may seek a license
- Crown has discretion to grant a license to a third party



The Crown does NOT need to own the IP in order to be able to use it!

PSPC's SACC IP Clauses

“Standard Acquisition Clauses and Conditions”

- Use of proper SACC clauses
 - Lowers risk of obtaining inadequate or improper IP rights
 - Vetted by PSPC's legal services = acceptable across the federal government
- Where significant changes are required to an IP term in a SACC clause or new IP clauses need to be created – **strongly recommended that your organization's IP team or legal services team is contacted**



Takeaways for public servants

Learn



Right level of IP knowledge to carry out your duties

Understand



- Organization's IP policies and processes
- IP use and management requirements
- Roles and responsibilities as they relate to IP (including your own)

Apply



IP appropriately

Ask



- Manager
- Your organization's IP team/specialist
- ISSED's IP Centre of Expertise

IP and/or Procurement Resources

ISED's Intellectual Property Centre of Expertise Email

ic.ipcentreofexpertise-centredexpertisepi.ic@canada.ca

Canadian Intellectual Property Office - IP Awareness and Education Program

www.canada.ca/ip-academy

Title on Intellectual Property Arising Under Crown Procurement Contracts

<http://www.ic.gc.ca/eic/site/068.nsf/eng/00005.html>

Implementation Guide for “Title on IP” policy

http://www.ic.gc.ca/eic/site/068.nsf/eng/h_00001.html

PSPC Supply Manual

<https://buyandsell.gc.ca/policy-and-guidelines/supply-manual>

Government Contracts Regulations

<https://laws-lois.justice.gc.ca/eng/regulations/SOR-87-402/>

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