

HANDOUT ASSOCIATED WITH THE “DEMISTIFYING INTELLECTUAL PROPERTY” PRESENTATION

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PART 1

1.1 What is Intellectual Property (IP)

IP is an intangible asset that is protectable through one or more rights including patent, trademark, prohibited mark, copyright, industrial design and integrated circuit topography pursuant to applicable legislation, or subject to protection under the law as trade secrets or commercial-in-confidence information. It refers to creations of the mind such as inventions, literary works, designs, symbols and images. It is a valuable corporate intangible asset, which is used for operating and maintaining materiel, policy formulation, decision making, advancement of knowledge and commercial exploitation to allow departments to better serve their stakeholders.

1.2 Types of IP

There are several types of IP. Four are provided below.

- Copyright
- Patent
- Trademark
- Commercial-in-confidence information

1.2.1 Copyright

Copyright includes the right to reproduce or copy an original work. The reproduction could be in whole or in part, and in any form (e.g., print, electronic, intranet).

Works protected under copyright can be categorized under four categories, namely:

- Artistic work – such as paintings, drawings, maps, charts, plans, photographs, architectural works, and compilations of artistic works with or without other works;
- Literary work – such as all forms of written documents including tables, books, reports, presentations, computer programs, and compilation of literary works with or without other works;
- Musical work– such as all musical compositions with our without lyrics including music sheets, and any compilations of musical works with or without other works; and
- Dramatic work – such as choreographic work or mime, cinematographic work, plays, stage arrangements, and any compilations of dramatic works with or without other works.

Work protected under copyright includes:

- Software
- Documents
- Drawings
- Reports
- Plans
- Photos
- Videos
- Musical work

1.2.2 Patent

Patent covers any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement thereon. Patent relates to inventions.

Examples of inventions that could be protected under patents are:

- New engineering process
- New rocket launchers
- New stealth technology
- New method for detecting chemical warfare
- Chair with a new ergonomic feature
- New hardware

1.2.3 Trademark

A trademark is a mark or logo used in association with specified wares and/or services, or a government symbol of which the commercial use is prohibited

Examples of trademarks include:

- Company logo of contractor
- Logo associated with a deliverable
- Canadian Armed Forces crests and badges

1.2.4 Commercial-in-Confidence Information

Commercial-in-confidence information is any information which provides a business advantage as a result of the fact that it is kept confidential. The terms “confidential information” or “confidential business information” is often used to also denote commercial-in-confidence information.

Examples of commercial-in-confidence information include:

- Financial statement of a company
- Customers list
- Proposed technical solution
- Contractor costing information

PART 2

2.1 Why is IP important?

IP is a valuable corporate intangible asset. The Government uses and/or creates IP on a daily basis. The Government of Canada (GoC) needs IP to conduct its business. For example, the following activities often involve IP:

- operate, maintain, repair and upgrade materiel such as defence equipment
- Access, use and reproduce information
- Create training
- Formulate policy
- Modify a report
- Upgrade or update a software
- Copy an excerpt in a book
- Reproduce an image or photo
- Download (reproduce) material from the internet
- Translate a text from English to French
- Invent a new vaccine
- Make a product
- Design or use a logo

Procurement and contracting may be used for any of the above activities. Contracts produce tangible deliverables or assets such as equipment and report. Often, they also produce intangible assets such as IP, which are required to use, reproduce, operate, maintain, upgrade, etc. the tangible asset. Therefore, when appropriate IP rights are not acquired, there are risks.

2.1 IP Risks

Examples of risks include:

- Unable to conduct GoC business
- Paying beyond market value for IP
- Paying again for IP that the Crown already owns or has a license to
- Securing insufficient IP rights to conduct Crown business such as procuring competitively
- Litigation risk based on third-party IP

These risks can be mitigated when IP is managed properly including when it is purchased at the right time for the right price.

PART 3

3.1 IP Management

This section provides an overview of IP management, focusing on four components. It is not meant to provide a comprehensive description of IP management.

Four components of IP management are:

- Plan
- Purchase
- Manage
- Report

3.1.1 Plan

There are two aspects to planning:

- Identify IP
- Define IP requirements

3.1.1.1 Identify IP

IP must first be identified before it can be managed. To be able to identify IP, one needs to have the appropriate knowledge and sometimes experience. The knowledge can be gained through training and learning. There are a number of resources available such as:

- [Canadian School of Public Service](#) “Intellectual Property” course (C282)
- DND “Basic IP Management in DND” on DLN
- DND “IP for Procurement and Contracting Officers” on DLN
- Policy on [Title to Intellectual Property Arising under Crown Procurement Contracts](#) (“Policy on Title”) and related implementation guide. This is a must read for all procurement and contracting officers
- National IP Offices. Most have excellent information on the basic of IP.
 - [Canadian IP Office](#)
 - [World IP Office](#)
 - [US Patent and Trademark Office](#)

To help identify IP the list of activities provided in section “Why IP is Important?” can be used. IP usually comes into play when something new is created, or something is changed or modified.

3.1.1.2 Define IP Requirements

There are also two aspects to defining IP requirements. First, one needs to define what rights are required and for what purposes. Second, it is necessary to determine if these rights will be purchased by acquiring a license or ownership to the IP. To make the latter determination, it is essential to understand and follow the [Policy on Title](#).

The Policy on Title establishes the default position to have the contractor own the Foreground IP arising under Crown procurement contracts under the premise that the private sector is best suited to commercialise IP, and the commercial exploitation of IP brings socio-economic benefits to Canada. However, in appropriate circumstances, the Crown may choose to own the Foreground IP via one of several specific exceptions, or requesting a Treasury Board (TB) exemption (Appendix A) of the policy. It is important to note that contractor ownership does not preclude the Crown from using the Foreground IP, provided that the Crown obtains an appropriate licence. A licence will, in many circumstances, satisfy the Crown's needs with respect to the Foreground IP.

Foreground IP is defined as IP created under the contract. Whereas, Background IP means all other IP. Background IP could exist before the contract is issued, or it could be created during the contract but its creation does not form part of the contract term. Foreground in one contract can become background in the follow-on contract.

Note, the Policy on Title use the terms Foreground/Background IP whereas the SACC clauses use the terms Foreground/Background Information and IP in the Foreground/Background Information. This is two different ways to convey the same thing.

The Policy on Title provides 5 exceptions under which the Crown can take ownership of the Foreground IP. [Section 4 of the Implementation guide](#) provides a description of the exceptions. It also includes examples for each exception. Be sure to consult the guide!

Departments can apply for an exemption to the Policy on Title to take ownership of the Foreground IP in situations where the exceptions are not applicable but there are good basis to own the Foreground.

3.1.2 Purchase

Once the IP requirements are defined, it is time to select appropriate contract clauses to satisfy the requirements. Public Service Procurement Canada (PSPC) has Standard Acquisition Clauses and Conditions ([SACC](#)) that could be use.

There are three types of SACC:

- General conditions
- Supplemental general condition
- Standard procurement clause (optional clause)

All contracts have general conditions, some have supplemental general conditions and/or optional clauses.

Use the following three step process to determine the appropriate IP clauses for a contract

Step 1:

Once the general condition is selected, review it in its entirety.

Step 2:

Identify IP clauses embedded in the general condition. Not all general conditions would have IP clauses. The table below provides a summary of the general conditions that have IP clauses.

Table 1: General Conditions with IP Clauses

General Conditions	IP Clause			
	Confidentiality	Copyright	Infringement	Foreground Ownership
2010B	x	x		
2030	x	x	x	
2035	x	x	x	
2040	x	x	x	x

Step 3:

Review the IP clauses that have been identified and determine whether to keep, remove or modify the existing clauses or add new clauses. Use supplemental general conditions and optional clauses to supplement the general condition as required. Supplemental General conditions [4006 and 4007](#) provide the most comprehensive coverage on IP than any other SACC clauses. For example, they cover reporting and disclosure, ownership of Foreground, licensing of Background, warranty and waiver and moral rights. Optional clauses on the other hand, only covers specific and narrow situations. Optional clauses relating to IP can be found mainly under the [K series](#). Consult with your IP subject matter expert and legal advisor if you are modifying SACC clauses or need to create new clauses from scratch.

[Annex 4.2 of the Supply Manual](#) can be used to identify the applicable IP clauses for the contract. The Annex provides a number of scenarios under which IP would be applicable and provide consideration of IP clauses. In a similar manner, the flowchart “Selecting SACC Clauses Based on General Conditions” provided below is another tool that could be helpful. This chart forms part of the DND “IP for Procurement and Contracting Officers” online course.



Mod 2 Appendix A2
IP Clause Selection J

3.1.3 Manage Contract

In managing the contract, one needs to ensure that the contractor complies with the IP terms and conditions. It is also recommended that procurement officers and contracting authority work closely with the technical authority to validate IP deliverables received prior to paying any invoices.

Before closing the contract, contracting authority needs to review the contract terms to identify any clauses that may survive contract expiration, and advise the Technical Authority accordingly. A copy of the contract must be kept until expiration of such clause. For example, SACC 4006 provides the Crown with a perpetual license to the Foreground Information. Therefore, contracts containing SACC 4006 needs to be kept in perpetuity or until such time as the Crown no longer has a use for the license to the Foreground.

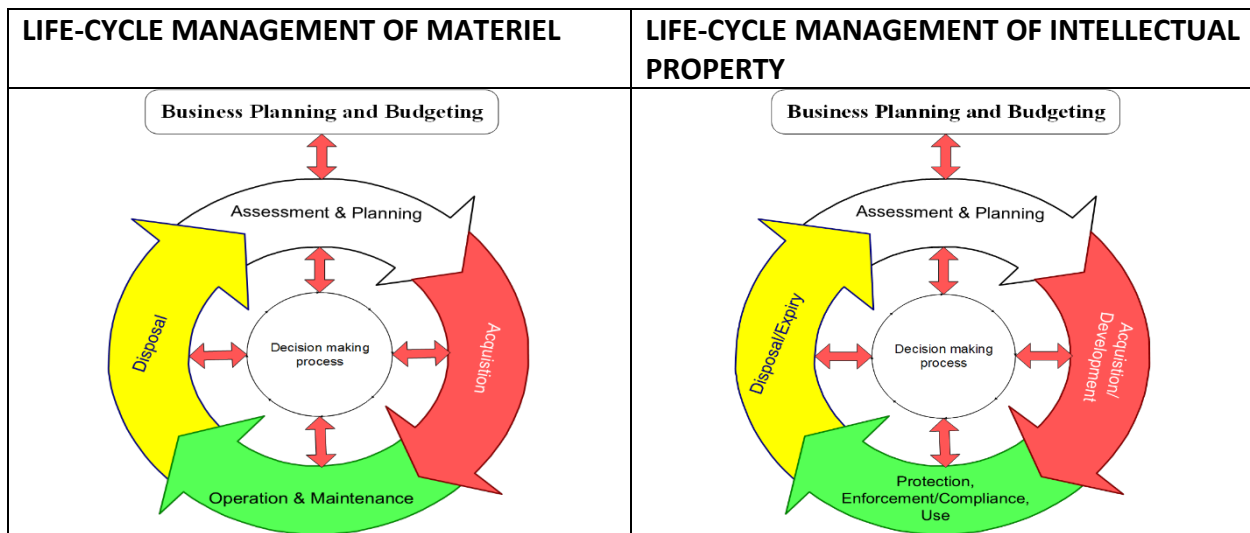
3.1.4 Report

Under the Policy on Title, there is a requirement to report on ownership of Foreground IP and the potential of commercialization of the IP. The department who is the contracting authority is responsible to do the reporting. For example, when the Department of National Defence engages PSPC as the contracting authority, PSPC would be responsible to do the reporting.

PART 4

4.1 Life-Cycle Management

Treasury Board stood-up an IP working group in July 2018 with the objective to develop a chapter on IP management. The chapter will form part of the Guide to Materiel Management. In its draft form, the chapter introduces a life-cycle management approach to IP, which is similar to the life-cycle approach of materiel. Additional information can be found on the [TBS IP Community of Practice](#).



The IP life-cycle management includes four process areas:

1. Assessment and planning of IP requirement
2. Acquisition or development of IP
3. Protection, enforcement, compliance and use of IP
4. Disposal or expiry of IP

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ANNEX 1 : URL for Hyperlinks

- Canadian School of Public Service - <https://www.csps-efpc.gc.ca/index-eng.aspx>
- Policy on Title and associated implementation guide - <https://www.ic.gc.ca/eic/site/068.nsf/eng/home>
- Canadian IP Office - <http://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/Home>
- World IP Office - <https://www.wipo.int/academy/en/>
- US Patent and Trademark Office - <https://www.uspto.gov/>
- Standard Acquisition Clauses and Conditions (SACC) - <https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual>
- SACC 4006/4007 - <https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual/4>
- SACC K series - <https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual/5/K>
- Supply Manual, Annex 4.2 - <https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/section/4#annex-4.2>
- TBS IP Community of Practice - http://www.gcpedia.gc.ca/wiki/Community:Intellectual_Property