

# MODULE 1.1 - INTRODUCTION TO INTELLECTUAL PROPERTY (IP) AND IP RIGHTS



UNIVERSITY OF  
**TORONTO**

This presentation is adapted from the IP foundation series on the Canadian Intellectual Property Office (CIPO) website.



What is Intellectual Property?

How do IP rights create value?

In this section, you will be introduced to common types of Intellectual Property and why IP rights matter.

# LEARNING OBJECTIVES FOR INTRODUCTION TO INTELLECTUAL PROPERTY (IP) AND IP RIGHTS

By the end of this section, you will be able to...

- Define what intellectual property is and what it can protect
- Describe the value of IP rights
- Explain how IP can provide businesses with a competitive advantage



# IP EXPLAINED

## WHAT IS INTELLECTUAL PROPERTY (IP)?

IP is all around us, in the clothes we wear, the coffee we buy in the morning, the electronic devices we use every day and the music we listen to on the way to work.

Simply put, IP is an umbrella term that refers to **creations of the mind.**



# IP EXPLAINED

## WHAT IS INTELLECTUAL PROPERTY (IP)?

IP is called "property" because rights are acquired with ownership but considered an **intangible asset** as opposed to a physical asset when owned by a business.

Under intellectual property law, owners are granted certain **exclusive rights** to a variety of intangible assets.

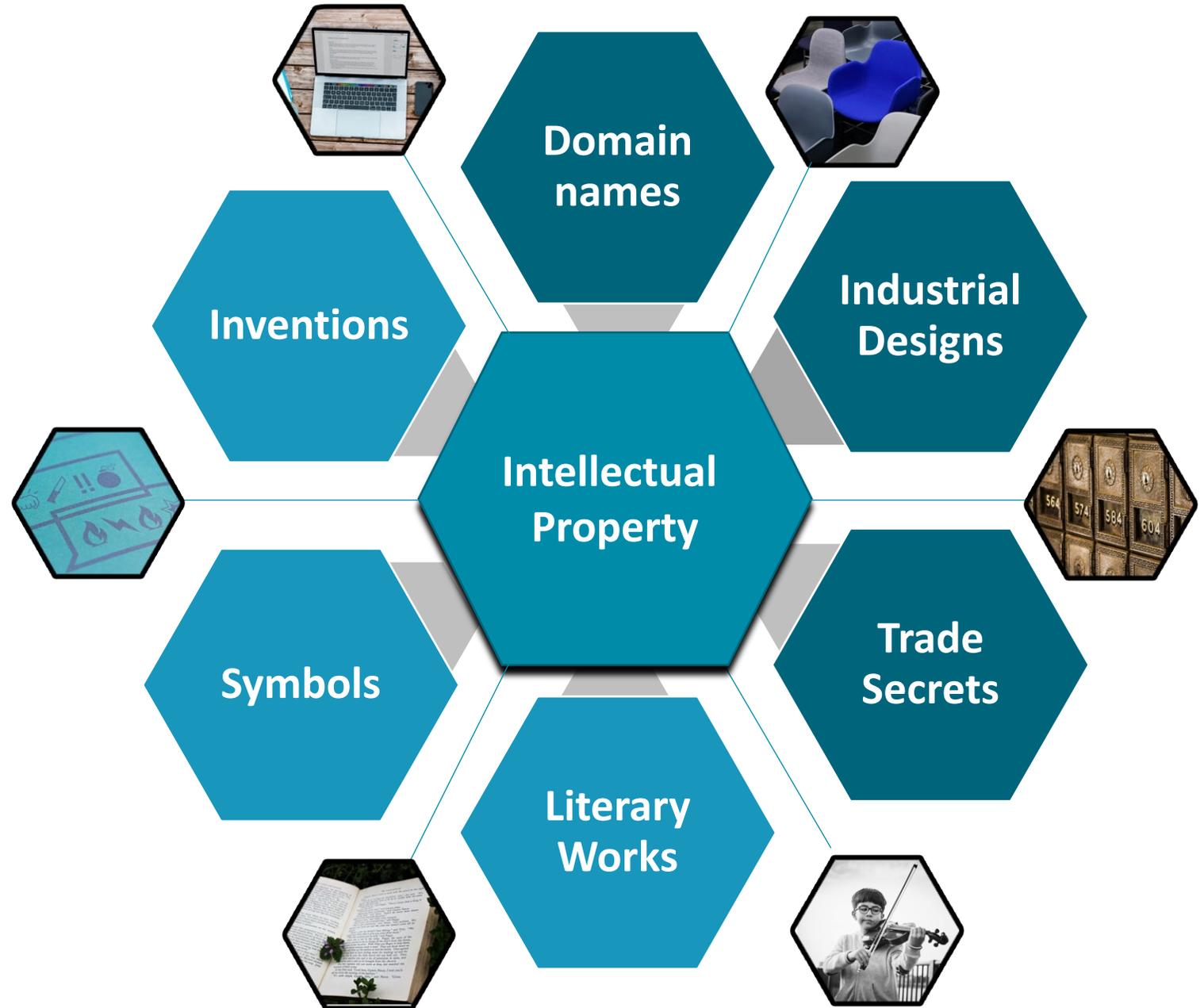
Intellectual Property (IP) is essential for Canadian innovators, entrepreneurs and small and medium-sized businesses in a highly competitive and global marketplace.



# IP EXPLAINED

## COMMON EXAMPLES OF IP

- Inventions
- Symbols
- Logos
- Pictures
- Designs
- Literary and artistic works
- Other representations used in commerce



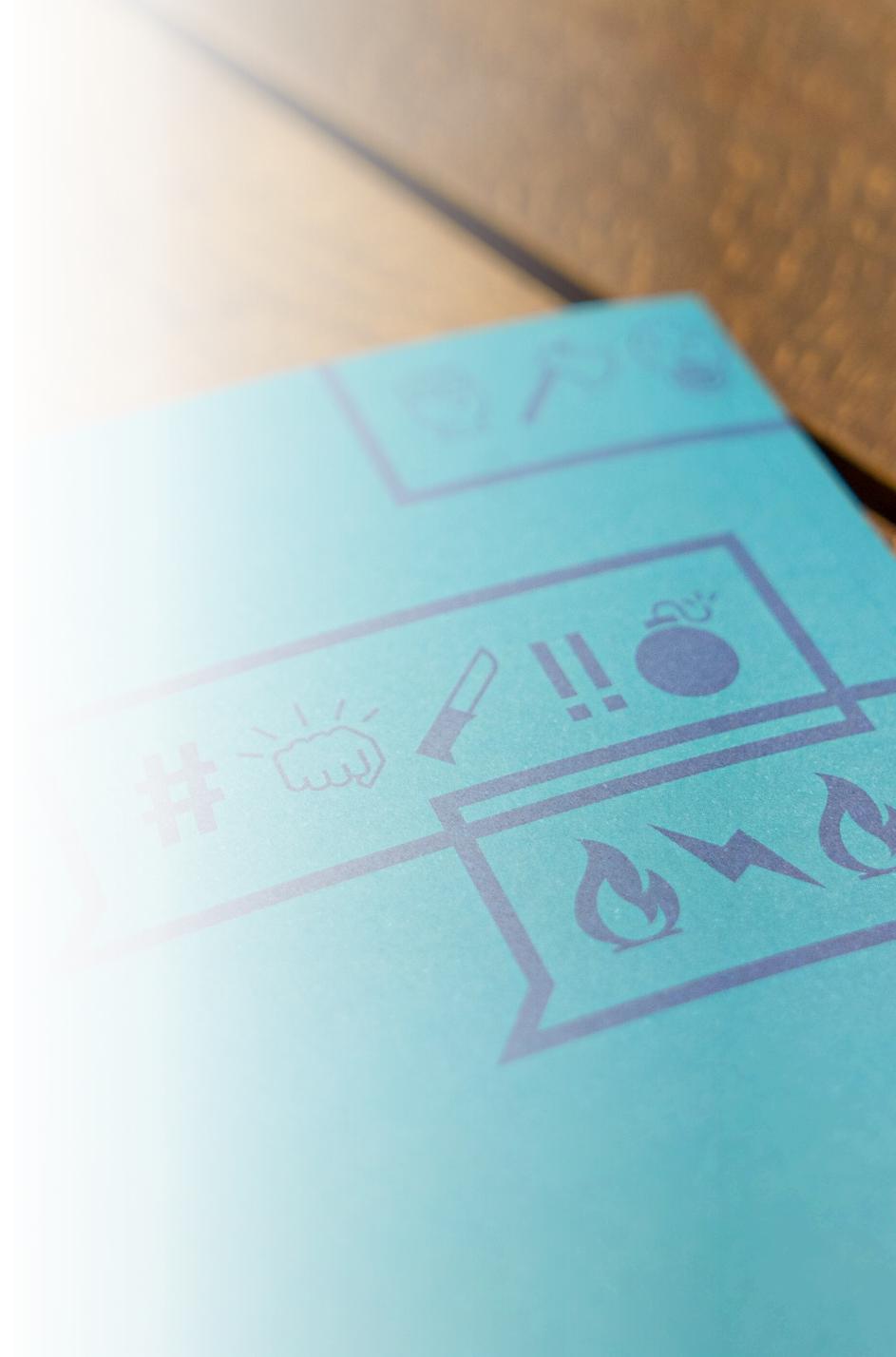
# IP EXPLAINED

## IP AND IP RIGHTS

There are different forms of IP rights.

IP rights, such as patents and trademarks, constitute the legal protection for your IP. They are an **exclusive right** that also serves as proof that you own the work and that it has become your property.

IP rights encourage innovation by providing creators such as inventors and designers with an exclusive right to **prevent others from stealing** or **taking credit** for their innovation.



# IP EXPLAINED

## CANADIAN INTELLECTUAL PROPERTY OFFICE

The Canadian Intellectual Property Office (CIPO) is responsible for the **administration and processing of the majority of registered IP rights enforced in Canada.**

Based on federal statute, CIPO grants patents for inventions and registers trademarks for products and services, industrial designs for articles with a novel design and copyright for original works.



# WHY IP MATTERS

## IP CAN BE A VALUABLE BUSINESS ASSET

You may own physical or tangible assets, such as equipment and inventory. You could also own intangible assets, such as a patent application or registered trademark.

IP can increase your **competitive edge** over others by protecting a new product, a reputable brand or a creative design that others don't have.

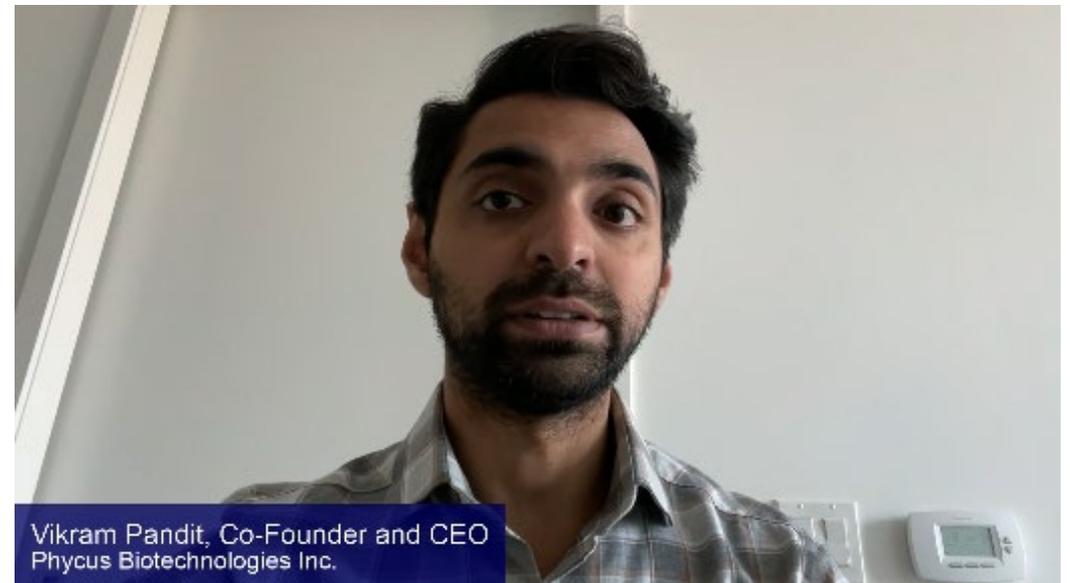
IP can help **build brand recognition and reputation** with partners and customers. Your brand becomes your IP and your registered trademark is the IP right that is used to protect your unique identity, image and reputation.



# WHY IP MATTERS

Description: Founders and CEOs of University of Toronto startups speak about what kinds of IP they take into consideration for their companies when dealing with their various fields.

Click on each video to hear what they have to say.



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# WHY IP RIGHTS MATTER

## IP RIGHTS CAN CREATE VALUE

(Source: Survey on Financing and Growth of Small and Medium Enterprises; Statistics Canada; 2017)

### Did you know?

Small to medium-sized businesses that hold formal registered IP are:



**4x** more likely to export



**2x** more likely to be high-growth



**27%** more likely to seek financing



# WHY IP MATTERS

## USING IP RIGHTS TO GENERATE REVENUE

Use your IP rights to receive funding and build market shares. Having exclusive rights to innovations is very attractive to investors.

Use your IP rights to **generate revenues** by selling or licensing your IP and IP rights to others.

**Remember:** A strong and diverse IP rights portfolio (of registered and non-registered IP rights) can significantly raise the value of your business.



# WHY IP MATTERS

## UNDERSTAND YOUR COMPETITORS' IP

Keep up to date with your competitors; identify their existing IP and know what they are working on. This could help you:

**Avoid investing money and effort into activities or products that you don't have rights to**

**Focus the direction of your business toward gaps, openings and trends in the marketplace**

**Avoid infringing on a competitor's IP rights, such as patents, thereby avoiding potential monetary penalties**

**Determine when your competitors' IP rights expire and in which countries they have protection.**



# CASE STUDY

Video: Case Study Amazon 1-Click vs Barnes&Noble

Description: Vikram Pandit, CEO & Co-Founder of Phycus Biotechnologies Inc., walks us through a case study about how patents can protect business methods.

Phycus Biotechnologies is one of many startups at University of Toronto.

## CASE STUDY: AMAZON 1-CLICK VS BARNES&NOBLE



# CASE STUDY: COMPETITIVE ADVANTAGE OF IP

## PATENTS CAN PROTECT “BUSINESS METHODS”

In many countries, including Canada and the US, patents for “business methods” can be obtained.

A “business method” is just that, a way of carrying on business such as:

- ways of managing client accounts
- ways of facilitating electronic payments
- ways of validating regulatory compliance
- and many others!

Many business methods are now computer-implemented.



# CASE STUDY: COMPETITIVE ADVANTAGE OF IP

## AMAZON'S 1-CLICK ORDERING

Amazon famously patented “1-Click” ordering, which allowed users to store payment information to avoid logging in for every purchase

Initially rejected in Canada, a Federal Court of Appeal case examined the Canadian application

- concluded that the method had a **physical effect** and therefore couldn't be automatically dismissed as “abstract”

CIPO re-examined the application, and granted the patent

The Amazon patents in Canada and the US were highly profitable

- **licensed** to Apple, among others



or 1-Click Checkout



# CASE STUDY: COMPETITIVE ADVANTAGE OF IP

## CANADIAN PATENT FOR AMAZON'S 1-CLICK PATENT

The Canadian patent (CA 2246933, now expired) claimed:

A method in a client system for ordering an item, the method comprising: ... **persistently storing the client identifier at the client system**; ... sending to the server system a request to order the identified item along with the client identifier, the client identifier **identifying account information previously supplied** by a user of the client system **wherein the user does not need to log in** to the server system when ordering the item...

Any other party performing the above method in Canada without a license would be **infringing** this patent!



or 1-Click Checkout



# CASE STUDY: COMPETITIVE ADVANTAGE OF IP

## 1-CLICK VS EXPRESS LANE

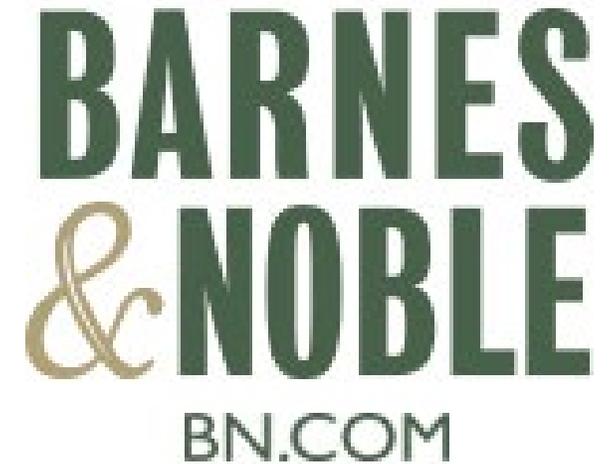
The rival bookstore Barnes&Noble also offered an ordering option called “Express Lane” that allowed a user to make a purchase with one mouse click.

Amazon sued Barnes&Noble for infringement and the courts ordered Barnes&Noble to remove Express Lane from its website.

Barnes&Noble changed its ordering system to a minimum **two-click** system.

**Even unconventional inventions might be protectable with patents!**

**Don't dismiss business methods automatically, but be aware of the legal jurisdiction.**



# FORMS OF INTELLECTUAL PROPERTY (IP) IN CANADA

For the remaining sections of this module, we will do a deeper dive into five forms of IP in Canada. They include:

1. Patents
2. Copyright
3. Industrial Designs
4. Trademarks
5. Trade Secrets

The table on the next slide covers basic information about each of these IP rights. It can be used as a reference guide while we explore these topics in more detail.



# FORMS OF INTELLECTUAL PROPERTY (IP) IN CANADA

The table on the right is available as a pdf in the webpage below this slide deck.

Type of IP Right	Protects	Registration	Relative Cost	Duration
<b>Patent</b> (US – Utility Patent)	Inventions: <ul style="list-style-type: none"> <li>• Machines</li> <li>• Compositions</li> <li>• Processes/methods</li> <li>• Useful improvements</li> </ul>	Yes	Expensive	20 years from filing
<b>Copyright</b>	<ul style="list-style-type: none"> <li>• Literary works (books, software)</li> <li>• Dramatic works (movies, plays)</li> <li>• Artistic works (photos, drawings)</li> <li>• Compilations (databases)</li> <li>• Musical works</li> </ul>	Optional	Inexpensive	Life of author + 50 years following end of that calendar year
<b>Industrial Design</b> (US – Design Patent)	How something looks (it's appearance)	Yes	Moderate	15 years
<b>Trademark</b>	<ul style="list-style-type: none"> <li>• Brand names</li> <li>• Phrases</li> <li>• Logos</li> <li>• Web addresses</li> <li>• Distinctive designs or symbols</li> </ul>	Optional	Inexpensive	10 years and renewable
<b>Trade Secret</b>	<ul style="list-style-type: none"> <li>• Formulas</li> <li>• Processes</li> <li>• Designs</li> <li>• Recipes</li> <li>• Customer and supply lists not publicly disclosed</li> </ul>	No	Inexpensive to Expensive	Indefinite until publicly disclosed

# SUMMARY OF LEARNING OBJECTIVES FOR INTRODUCTION TO INTELLECTUAL PROPERTY (IP) AND IP RIGHTS

You should now be able to...

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