



Copyright and Trademark Law for Startups and Entrepreneurs

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Types of Intellectual Property

- **Patents** - Inventions and processes
- **Industrial Design** - Non-functional aesthetic features applied to a useful product
- **Trade Secrets/Confidential Information** - Anything you want to keep secret
- **Copyright** - Artistic, musical, literary, dramatic works and compilations
- **Trademarks** - Brand names, packaging, distinguishing features of products

Overview: Copyright Law

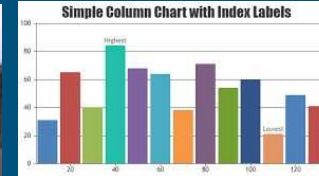
- What does copyright protect?
- How do you obtain copyright protection?
- Criteria needed to obtain copyright protection
- Term of copyright protection
- Types of Infringement
- User-Generated Content

What does Copyright Protect?

- Literary works



- Artistic works



- Dramatic works



- Musical Works



- Compilations

Criteria for Copyright Protection

- Copyright protection arises automatically
 - Do you need to publish the works first?
- There are two specific criteria you need to meet in order to gain copyright protection in Canada
 1. Originality
 2. Fixation



Criteria for Copyright Protection: What is Originality?

- All works need to be original
 - “Original” is not actually defined in Canadian legislation, instead it was clarified through judges looking over decisions
- When assessing originality one needs to look at the big picture

Originality Test:

1. Did the idea come from you?
2. Did it require the use of some skill and judgment to create the work
 - **“Skill”** – use of one’s knowledge, developed aptitude or practiced ability in producing the work
 - **“Judgment”** – use of one’s capacity in the assessment or formation of an opinion

Criteria for Copyright Protection: What is Fixation?



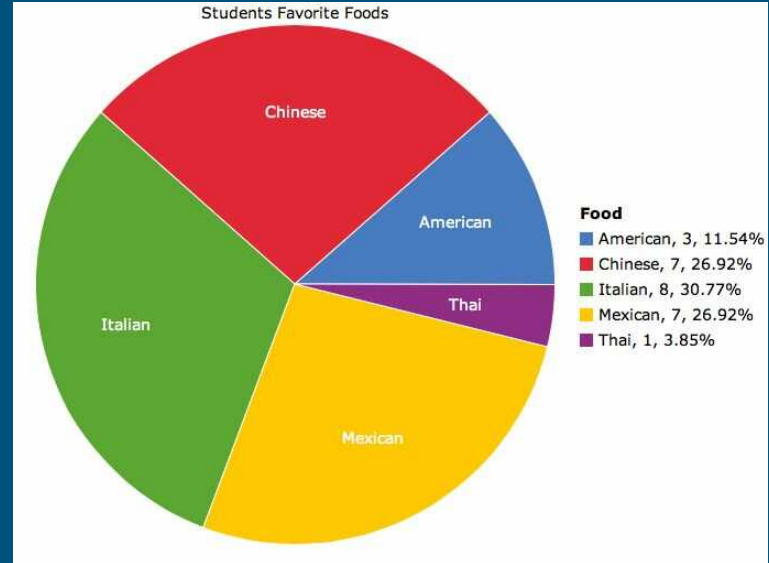
- In Canada, computer programs, dramatic works, and sound recordings need to be fixed
- Copyright arises as soon as the work is written down or otherwise recorded in some reasonably permanent form
- It's best to put into some tangible material form otherwise it can be tricky to obtain protection
 - Ex. Presentation

Example: Is this Copyrightable?

Customer Contact List

Name	Phone #	Cell #	Address	Notes

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How long will your Copyright Protection Last?



- This will vary between some countries
- Canada: Life of the Author + 50yrs

What Is Infringement?

- Infringement - Did someone use, copy, distribute or display the work without permission to do so?
- Infringement is very case specific
- Assess if the copied feature is a substantial part of the original creator's work (not whether the copied features were a substantial part of the secondary creator's work)
- Distributing material which you already know is infringing another person's right in Copyright is also an infringement

Can I Use Someone Else's Work?

- Fair Dealing is used in Canada - asks can I use this without infringing someone's copyright?
- 1. Use must be for a specific purpose:
 - Research, private study, education, parody, satire, criticism, review or news reporting
- 2. How it was used was fair?
 - Purpose of dealing, amount of dealing (substantiality), alternatives available, nature of work (is work public or private), effect of the dealing on the work (hypothetical effect on market)
- Fair Use (USA) does not require a specific purpose of use

Example:



User-Generated Content:



THE CREDIBLE HULK

"You won't like me when I'm angry. Because I always back up my rage with facts and documented sources."



Overview: Trademark Law

- What do Trademarks Protect?
- Types of Trademarks
- How do you obtain Trademark Rights?
- Current Trademark Systems
- Applying for a Registered Trademark
- Selecting a Trademark
- Protecting Trademark Rights

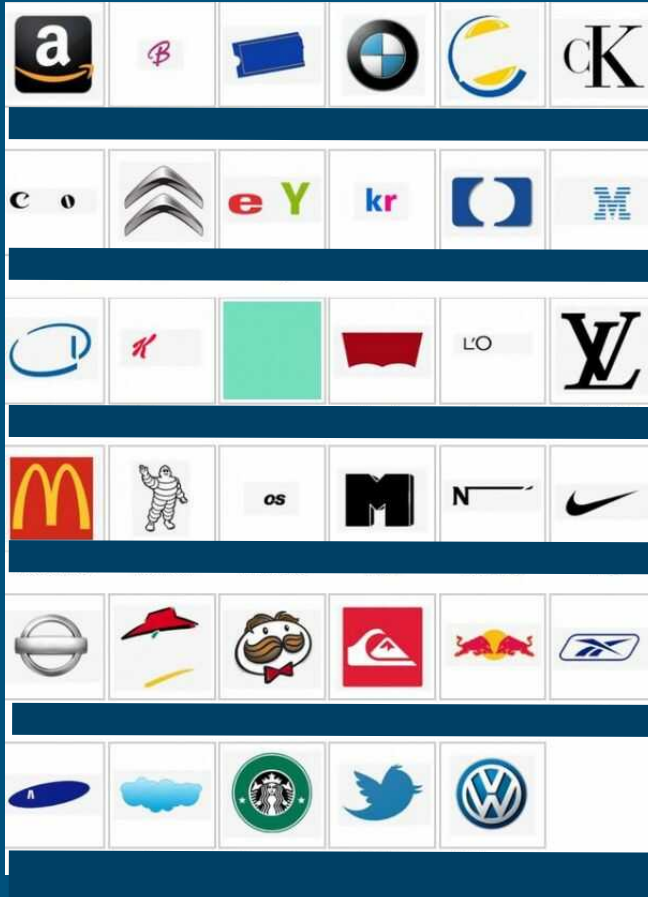
What Do Trademarks Protect?



Types of Trademarks:

- Words/ Phrases (product names/ slogans)
- Designs/Symbols (logos)
- Shapes of Products/Packaging
- Colour
- Sounds (Jingles etc.)
- Smells (Ex. perfume)





How do you obtain Trademark Rights? Use

You can obtain Trademark rights by:

- **Using the mark:** it appears on a product
 - “A mark must be used for the purpose of distinguishing itself in the marketplace”
 - To meet the “use” criterion, a mark must be displayed in the normal course of trade and consumers must associate the mark with the product/service at the time they first encounter it

Current Trademark Systems

There are two trademark systems:



1. Unregistered trademarks

- Legal protection use in a particular jurisdiction
- Good for local protection (not Canada-wide)
- No fees or applications

2. Registered trademarks

- Legal protection is governed by the *Trademarks Act*
- Good for Canada-wide protection
- Makes it easier to gain rights in other jurisdictions
- Registration Fees + Application Process

Duration of Trademarks



Selecting a Trademark



Tips for Selection Strong Word Marks

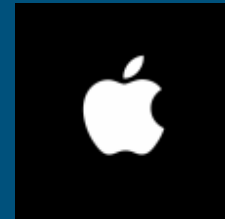
Types of Marks:

- **Compound marks:** marks formed by two or more words
 - o Example: Coca-Cola v. Pepsi-Cola, Pizza Pizza
- **Elliptical marks:** omission of word or phrase that would complete or clarify the meaning
 - o OFF!
- **Composite marks:** combined words and/or words and designs
 - o Subway



Trademarks which are not registrable

1. The name or surname of a living individual (or died within 30 years)
 - Consider: Is the mark actually a name? Is it primarily merely a name or could it be something else?
2. Clearly descriptive or deceptively misdescriptive in the English or French language (Ex. "APPLE" for electronic devices)
 - Consider: does the trademark describe the product itself? Will an average consumer of ordinary intelligence be confused?



The Trademark Registration Process



1. Determine if the trademark is **registrable** under the Act
2. Make an application to the **Registrar**
 - The registrar **must refuse** the application if the trademark is:
 - i. **Not registrable**
 - ii. The applicant is **not entitled to register**
 - If neither condition is present, the Registrar will give **public notice** of the mark
3. Mark open to **oppositions** (If not: **registered**)
4. **Expungement** proceedings can be begun by any **interested party**

Why should you Register a Trademark?



- Competitive advantage - exclusive use of the mark with the associated products or services
- Evidence of ownership
- Puts others at notice not to use a similarly confusing mark
- Build goodwill into the brand (build a reputation)
- Valid and enforceable across Canada
- Can help with licensing your brand

Protecting Trademark Rights

Some ways to protect your rights if a conflict arises:

- Infringement can be found if the mark is identical and used for the same products/services, or if it is confusingly similar
- Where use of the mark by another party is likely to depreciate the value of the goodwill attached to the mark this is something you would want to protect (*Perrier Case*)



Whose Trademarks Are these?



Combining Different Forms of IP

Case Study: Coca-Cola Bottle

- Trademarks:
 - Word Mark: "COCA-COLA"
 - Overall look of the bottle (Distinguishing guise)
 - Design Mark for the label
- Trade Secret:
 - Coca-Cola Recipe
- Industrial Design:
 - Bottle
- Copyright: (depends what the products/wares are)
 - Bottle Shape
 - Label design





Intellectual Property

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Shareholders Agreement

- Set the parameters of each co-founders contribution to the company
- Set confidentiality and intellectual property protection parameters
- Be prepared for shareholders disputes

Getting Company ready for VC Funding

- Find the stage your company is at
 - Depending on the stage of the company perform an evaluation
- Prepare a well documented and in-depth term sheet
- Understand the form of venture capital investment you will be receiving

Exit Strategy

- Understand the VC Fund's exit strategy
 - Merger and Acquisition
 - Acquisition
 - Initial Public Offering

- Not selling the start-up; instead re-investing the profits

Products

- Define the Intellectual Property being licensed.
- Trademark, Copyright, Industrial Design, or Patent

What to do with IP?

- License the intellectual property
- Sell intellectual property

Sell Intellectual Property

- One of the easiest methods of commercializing intellectual property is to sell it.
- May wish to keep academic or improvement rights in the intellectual property

Licensing Intellectual Property

- Provides the licensee with the permission to do something that it would otherwise be unable to do
- Essentially defines what the licensee is purchasing

Type of License

- Exclusive
 - licence gives the licensee the right to use the intellectual property to the exclusion of everyone else, including the owner.
- Non-Exclusive
 - licence gives the licensee the right to use the intellectual property, but not to the exclusion of anyone else.
- Sole
 - license gives the licensee the right to use it along with the licensor

What can they do?

- Define what rights have been granted.
- Sell, use, import, make?

What is the territory?

- Define where the rights may be exercised.
 - North America
 - World
 - Be aware of the changing unions and redefine the territory

- How can the rights be exercised?

Sublicense

- Ability of the licensee to further license all of part of the rights granted to them
- Decide who has the power to manage and responsibility to manage the sublicense
- Licensor may wish to retain some rights to approve sublicense terms and conditions

Questions?