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Alex's practice includes all areas of intellectual property law, in particular patent drafting and prosecution, preparation of patent infringement and validity opinions, and advising on patent strategy, with a focus on mechanical devices and computer and information technology.

## Drilling for Patents: Uncovering Hidden Riches

by Alex S. Ross

As many businesses know, intellectual property, and particularly a patent portfolio, can be a valuable asset. Patents can provide marketing advantages, exclusivity and the ability to force competitors to pay licence fees to sell a competing product. Therefore, as with any other valuable asset, the obvious question regarding patents is, "How do we get more?"

In many cases, however, this is the wrong question. A business may have significant amounts of intellectual capital, much of which is potentially patentable, but may not even realize it. As with the "black gold" under Jed Clampett's swampland in *The Beverly Hillbillies*, a company may be sitting atop untold riches in "intellectual gold." The question then becomes, "How do we get at what we already have?"

One of the best ways of "drilling for patents" is to develop a corporate culture in which innovation is recognized, fostered and rewarded. Many people who work on the development of new technologies may come to see inventing things as nothing out of the ordinary, and may therefore fail to recognize patentable inventions. Employees should be educated as to what types of things are potentially patentable, and encouraged to bring new ideas forward as candidates for patent protection. This can be done informally, but it is better

implemented through formal invention-mining programs, with designated evaluators, and recognition and incentives for those whose inventions are selected for patent applications.

It is also important not to let patentable subject matter slip away due to disclosure. Most countries adopt an "absolute novelty" standard for patents, meaning that any prior disclosure of the invention can preclude patent protection. Therefore, the employee education process must stress the importance of keeping inventions secret, and appropriate policies must be put in place to protect confidential information. Although some countries, including Canada and the United States, do provide a one-year "grace period" for disclosures originating with an inventor, rights in important markets, including Europe, can be lost due to premature exposure. In addition, the United States has a rule, the "on-sale bar," under which sales (or offers for sale) of a product embodying an invention, even without any public disclosure, can start a one-year clock ticking; after that, patent protection is not available. Although the demands of the market may dictate when products are to be publicized or launched, a program that identifies and evaluates inventions early on can provide enough lead time to file patent applications before such disclosure is required.

Identifying an invention will not do a business any good if the business does not in fact own the invention. In Canada, it is not automatic that a business owns the inventions of its employees, even when they are related to the employees' work or are developed on company time, using company assets. The general rule in Canada is that where an employee is "employed to invent," such as an engineer or a research scientist, the employer will be the owner of the invention. However, other employees, such as sales and manufacturing personnel, will typically retain the rights to their inventions, unless their employment agreement explicitly provides otherwise. Therefore, before starting work, every employee and contractor (or at least those who may potentially develop intellectual property) should sign a written contract that formally assigns (or agrees to assign) to the employer all of the employee's or contractor's rights to any invention that relates to the employer's present or future business, whether such invention is made on or off the job. Such an agreement should not only assign the employee's or contractor's rights to inventions, but also their rights in respect of other job-related intellectual property, such as copyright and industrial designs. The agreement can also be used to set out the confidentiality obligations of the employee or contractor. Where an existing employee is being asked to sign a new contract, an employment lawyer should be consulted, in order to help ensure that the agreement will be enforced by a court.

Jed Clampett found his oil through the fortunate accident of shooting a hole in the ground at just the right spot, but a business cannot count on such fortuity and expect patents to simply spring forth. By taking concrete steps ahead of time, a business can set up a program to identify patentable inventions, ensure their ownership rights and file timely applications for protection. In fact, like a good oil rig, a well-designed invention-mining program can keep the patents flowing.

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