



Intellectual Property (IP) Best Practices in The Time of COVID-19

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By Isi Caulder

The global impact of COVID on the economy and every day life is spurring efforts to find solutions to the current COVID-19 pandemic. Innovative Canadian technology companies, either existing or pivoting in the health care space, are being fueled by funding and investment opportunities and responding to urgent demands in the marketplace.

With the realities of rapid collaboration, prototyping, and in the field testing of devices and therapies within chaotic healthcare front lines come the risks inherent with the public disclosure and sharing of intellectual property (IP). Recent cybersecurity alerts warn healthcare and research institutions working on COVID-19 of targeted hacking efforts designed to steal their intellectual property.

Alongside the drive to innovate and collaborate, it is more important than ever for startups to take stock of their IP, be aware of common pitfalls, and take steps to proactively adopt some key best practices to survive and thrive.

Take Stock of Your IP

Successful startups are mindful of the different types of IP rights and understand how they can be used to protect and leverage product development efforts to achieve key business goals.

Trade Secrets

Recent cybersecurity alerts are warning healthcare and research institutions working on COVID about targeted hacking to steal IP.¹ This is just another reminder of the importance of vigilance and taking reasonable steps to establish and maintain the secrecy of key technology and related information.

Trade secrets can offer protection for various aspects of COVID innovation such as software source code, algorithms, data training sets, formulae, compilations of information, commercial methods, techniques, programs etc. While no application or registration is required to obtain trade secret protection, reasonable steps must be taken to establish and maintain secrecy. In turn, the covered information may be protected for an unlimited period of time for as long as the secret lasts and has commercial value.

Practically speaking, taking “reasonable steps” to maintain the secrecy of a trade secret typically involves logistical and digital mechanisms (e.g. firewalls, encryption and authentication methods, data security measures, password protections, download disabling) to restrict and monitor access to trade secret information. More guidance and practical tips for meeting these requirements can be found in a prior Bereskin & Parr’s article.²

There are important limitations to trade secret protection. Trade secrets do not provide protection against reverse engineering and independent discovery. Also, while inventions that are held as trade secrets may not prevent patenting by a third party (limited exceptions to infringement are available for prior secret use).

Ultimately, the choice of using trade secret protection for a particular innovation will depend, on one hand, on the likelihood of patentability or protection by some other IP means, and the possibility of establishing and maintaining secrecy on the other. For example, many “black box” innovations (i.e. located on a company-protected server) may be better kept as trade secrets due to the practical difficulty of reverse engineering by customers.

Patents

Patents protect the functional technical aspects of an invention and provide the owner with a legal right to prevent others from making, using, selling and importing that invention for a period of time. However, an innovation will only qualify for patent protection based on whether it is new, non-obvious, patentable subject matter and whether it has utility. Patents must be registered in each country where protection is desired as patent rights are “country by country”.

Patents are used to strategically achieve or maintain a position in the marketplace, increase share value and/or secure investment. Since every patent begins as a trade secret, it is strongly encouraged to have non-disclosure agreements in place for any disclosures to minimize



the risk of public disclosure of the invention. Many companies are unsure what aspects of their technology may be patentable and how best to navigate third party patent rights. The answer depends on the kind of specific technology at issue.

The best way to assess whether there may be patentable aspects for a particular innovation is to first review the innovation, consider the technical problem that is being solved and then catalog the various interesting aspects of the technical solution. Then prior art patent searches can be done to “test” whether these aspects are new and non-obvious in view of existing patents, published patent applications and other publicly available documents (e.g. IEEE or Nature publications).

Designs, Copyrights and Trademarks

Industrial designs, also known as design patents, protect novel and non-functional, aesthetic aspects of products. Industrial designs can protect the appearance of products such as medical devices. They can also be used to protect the appearance of graphical user interfaces (GUIs) associated with for example, a COVID tracking mobile phone application, or a user input screen for a diagnostic software product. Design applications should be filed while the design is still confidential. Design protection can be a strategic complement to other IP protections for technology where products have a unique look and feel.

Copyright covers literary works such as software code, manuals, pamphlets, lectures, packaging, and it arises automatically upon creation. Copyright arises automatically when an original work is created and protects original expressions embodied in software including: computer source code, visual user interface elements, API structure, user documentation and product guides. Copyright however does not extend to the functional aspects of software. Registration is also available, and improves enforcement remedies.

While data itself is not copyrightable, copyright can cover original compilations of data in a database and especially when data has been specifically arranged into structured datasets. This protection is afforded under the concept of a compilation copyright that protects the collection and assembling of data or other materials. Although AI training data sets may be protected as compilations, the underlying data is not automatically granted protection. Some jurisdictions like the U.K. provide specialized IP protection for database rights³

Trademark rights provide an exclusive right to use a mark in respect of goods and/or services. When picking a brand it is good to bear in mind that some trademarks are inherently stronger than others. Coined words and words that have no connection to the product or service will be inherently stronger. Words that are common and descriptive of the product or service are likely to be more challenging and expensive to clear and protect. Whatever mark is being considered, before investing in marketing and advertising, it is important to have IP counsel conduct a search to confirm the mark is available for use and registration in the jurisdictions of interest.

Avoid Common IP Pitfalls

In the heat of rapid collaboration, prototyping, and testing it is important to ensure proper control and steps taken to secure IP ownership and to maintain confidentiality. Here are a few common pitfalls to avoid.

“Did we really disclose that invention?” Startups should bear in mind the importance of confidentiality generally and put in place measures to protect confidential information internally and externally. Patent rights in many countries of the world can be lost once an invention is publicly disclosed. The development of a consumer facing prototype can be particularly dangerous, as typically there are many necessary disclosures to third parties such as prototype developers and test subjects. Startup companies should maintain a standard Non-Disclosure Agreement (NDA) ready for use when working with third parties to protect their IP.

“Way too busy to think about patent or design filings.” Another important pitfall to avoid is delaying strategic patent and design filings. While it is understandable that in the heat of product development, taking steps to obtain patent and design protection fall to the wayside, this can result in the loss of important patent and design rights.

“I’m pretty sure we own the patent rights.” Startups need to be mindful of who owns the patent rights. Ownership of patent rights start with the inventor(s) and can be assigned from there. It’s important to ensure that employees assign ownership of all patent rights (and other IP rights) to the startup company and that this be carefully documented in employment agreements and IP assignments.

“I can’t believe another company is using our name!” Another common pitfall is failing to clear the use of an important mark prior to brand launch. In the rush to get a product out to market, a mark can be hastily selected and used in the marketplace (e.g. on social media). This can result in trademark infringement risks and costs associated with re-branding.

Use a Best Practices Checklist

To obtain the necessary rights to the IP that you need to continue research and development efforts and to commercialize products and services, these best practices should be top of mind:

- **Think about your IP early.** Educate yourself about the types of IP protections available and consider which ones may apply to what you are developing and creating as you go. IP can be key to long term success and positioning within a competitive marketplace.
- **Keep your Trade Secrets Safe.** Along with the “reasonable steps” discussed to secure trade secrets, safeguards can include



restricting employee access to a company's confidential and trade secret information, putting in place non-disclosure agreements with secrecy obligations when sharing trade secrets with business partners, and guarding against reverse engineering.

- **Protect innovations with confidentiality.** Every patent starts out as a trade secret. As the patent potential for your innovation is being assessed, it is important to maintain confidentiality for innovations. Many "black box" type innovations are better kept as trade secrets due to the difficulty of reverse engineering by customers.
- **All agreements should address IP.** Collaboration and employment agreements amongst others should address the ownership, assignment and confidentiality matters with respect to IP. Also, all inventions should be tracked internally and assignments from the inventors to the company should be put in place.
- **File strategic patent and design applications early.** Watch for innovative features as products are developed and conduct prior art patent searches to assess patentability. Promptly file strategic patent and design applications for promising features.
- **Conduct targeted freedom to operate (FTO) checks as needed.** Maintain awareness of competitive IP through regular patent watches to monitor third party IP rights and to assess associated risks.
- **Clear and file trademarks on key brand(s) early on and pick a distinct brand name and logo.** Plan to use a distinct brand in the marketplace for impact that can be protected through trademark registration.
- **Mark your trademarks.** It is important to ensure that the brand is presented as a trademark, and remains distinctive. Using the "TM" or "®" symbol as appropriate and setting the name apart from surrounding text can help. Doing so provides a variety of legal and marketplace advantages.
- **Provide copyright notice.** Provide copyright notice, such as in the format "Copyright © YEAR OF FIRST PUBLICATION, AUTHOR."
- **Be collaboration and investor ready.** Investors typically assess whether startups have taken steps to protect and safeguard their IP and are keen to see the results. IP rights provide assurance of business viability and are the basis for revenue through license, sale or transfer. Be ready to strategically discuss your IP with potential investors or collaboration partners.

It is important for companies who are developing and selling COVID-19 related products to put in place a proactive and complete strategy for IP protection and risk evaluation. Such a strategy should include not only measures to secure patent, trade secret, copyright and design protection, where available, but also measures to monitor third party IP rights and assess associated risks.

¹ Forbes, April 17, 2020 "FBI Says Foreign States Hacked Into U.S. COVID-19 Research Centre: Report" <https://www.forbes.com/sites/daveywinder/2020/04/17/fbi-says-foreign-states-hacked-into-us-covid-19-research-centers-report/#78bfe7c03c25>

² <https://www.bereskinparr.com/doc/no-secret-no-remedy-tips-for-preserving-your-trade-secret-rights>

³ *The Data Protection Act 1998 (c 29)* United Kingdom Act of Parliament and follows the EU *Data Protection Directive 1995* protection, processing and movement of data.

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