

Submission to the
House of Commons Standing Committee on Finance

2014 Pre-Budget Consultation
For the 2015 Federal Budget

August 6, 2014



INTELLECTUAL PROPERTY INSTITUTE OF CANADA
INSTITUT DE LA PROPRIÉTÉ INTELLECTUELLE DU CANADA

About IPIC

The Intellectual Property Institute of Canada (IPIC) is the professional association of patent agents, trademark agents and lawyers practising in all areas of intellectual property law. Our membership totals over 1,700 individuals, consisting of practitioners in law firms and agencies of all sizes, sole practitioners, in-house corporate intellectual property professionals, government personnel, and academics. Our members' clients include virtually all Canadian businesses, universities and other institutions that have an interest in intellectual property (e.g. patents, trademarks, copyrights and industrial designs) in Canada or elsewhere, and also foreign companies who hold intellectual property rights in Canada.

Our members know the strengths and weaknesses of the Canadian intellectual property (IP) regime because they help Canadian innovators obtain rights in Canada and around the world. We have a long history of working with the federal government on a wide range of issues that are vital for Canadian economic prosperity. We thank the Standing Committee on Finance for the opportunity to make a recommendation for the 2015 Budget.

A Logical Step Following the 2014 Budget

The 2014 Budget proposed to better align Canada's intellectual property framework with international practices. The government has begun this process by working towards the implementation of five IP treaties.

Budget 2014 said that "Canada's existing framework for protecting intellectual property is not aligned with international practices, creating unnecessary costs for our innovative businesses. Harmonizing Canada's intellectual property regime with international norms will help Canada's innovative businesses access international markets, lower costs and draw foreign investment to Canada by reducing the regulatory burden and red tape faced by businesses."

The next step to align Canada's IP framework with international practices is to protect confidential communications between clients and their patent and trademark agents.

Recommendation

Include in Budget 2015 amendments to the *Patent Act and Trademarks Act* so that confidential communications between clients and their patent and trademark agents will be protected from forced disclosure in litigation.

The Problem

Confidential communications between IP owners and their Canadian patent or trademark agents are not protected from forced disclosure in litigation. For the IP system to work well, Canadian innovators must

be able to have full and frank discussions with their advisors. The lack of protection places Canadian businesses and universities at a competitive disadvantage.

They are at a disadvantage in Canadian litigation, as well as in litigation in other jurisdictions, such as in the U.S. where the courts can force the disclosure of the communications if the protection does not exist in the country of origin. They must contest litigation with one hand tied behind their backs in the international sphere.

Canada Lags Behind

The United Kingdom, Australia, New Zealand, France, the European Patent Organization and other jurisdictions have adopted statutes that protect from forced disclosure in litigation the confidential communications between clients and their patent and trademark agents. These countries have done so because they recognize that this is important for the administration of justice and so that the users of their IP system are not placed at a disadvantage, particularly in the important market that is the United States.

These problems in our system affect Canada's reputation, and the erosion of confidence in our system is not conducive to investment and to innovation. For example, the International Chamber of Commerce and the U.S.-based Intellectual Property Owners Association have highlighted Canada's deficiency regarding the protection of communications.

Solution

The problem can be resolved at no cost through simple legislative amendments. For example, in 2012 Australia adopted legislative amendments that consisted of a couple of paragraphs to update its protection for confidential communications.

There is widespread support in Canada from corporations, business groups, law firms and other organizations for this solution.

Conclusion

When speaking to the *Economic Action Plan 2014 Act, No. 1*, the Honourable Michelle Rempel, Minister of State (Western Economic Diversification) reaffirmed the government's commitment "to have the appropriate intellectual property regime in this country – modern and standardized with other countries – to allow that intellectual property to be protected and translated into the marketplace and, more importantly, bring us into alignment with some of our key trading partners as we seek to look at other trade agreements". Rectifying the problem of the lack of protection for confidential communications between clients and their patent or trademark agents will help Canadian businesses compete on the world stage and attract investment.

Please contact the Executive Director of the Intellectual Property Institute of Canada (IPIC), Michel Gérin, at 613-234-0516 or mgerin@ipic.ca, for more information.