

THE MEDIUM

CURRENT INTELLECTUAL PROPERTY AND TECHNOLOGY LAW ISSUES

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INTELLECTUAL PROPERTY ISSUES IN CORPORATE-COMMERCIAL TRANSACTIONS



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When Volkswagen Group offered £430 million for the assets of Rolls-Royce Motors in 1998, legend has it that Volkswagen acquired the factory, plus the rights to certain brands, but not the famous Rolls-Royce trade-mark name. The Rolls-Royce brand was in fact controlled by aircraft-engine maker Rolls-Royce plc, not Rolls-Royce Motors. Thus, after the acquisition, Volkswagen had no rights to the valuable Rolls-Royce brand name, and they watched as rival BMW snapped up the trade-mark rights for £40 million. The lesson? Get advice on intellectual property (IP) issues when negotiating your business deal.

IP assets can be critical in the course of corporate-commercial transactions such as:

- the purchase and sale of business assets;
- equity investments or share sales;
- secured loans or credit facilities;
- buy-outs, mergers and take-overs.

Many companies – even those that are not pure technology businesses – have important IP assets that require special attention in the course of negotiations. If you are a business owner, consider these important steps:

- Review IP protection and registration requirements when positioning your company for a sale or investment. For example, consider patentability for proprietary inventions, review trade-marks and branding and consider obtaining registrations; get advice on copyright registrations and industrial design protection.
- Prior to entering into negotiations, consider a full IP audit: a comprehensive review of IP assets, which can cover everything from the current status of Canadian and foreign IP registrations, to chain-of-title issues, invention disclosures, licenses agreements and confidentiality policies. An audit will also catalogue all technology that is owned, in-licensed, out-licensed and subject to security interests. This ensures that you,

as a business owner, know what assets you hold, you know the status of those assets, as well as any gaps that need to be filled to ensure your IP portfolio is well-managed.

- During the course of negotiations, investors, lenders or purchasers will want to complete due diligence. For buyers or investors, the due diligence process should determine whether the company's business depends upon proprietary IP, or in-licensed technology. In some cases, a virtual data room is appropriate, to post details on IP assets and registrations.
- Asset purchase documents should address IP issues specifically. Take time to review and negotiate these provisions, as they have important implications for both buyer and seller. IP assets should not be automatically lumped in with other acquired assets. In particular, the documents should: (i) define the scope of purchased IP assets, including the attendant rights and liabilities; (ii) contain appropriate representations and warranties regarding the acquired IP assets; (iii) reflect the pre- and post-closing covenants relating to IP assets; (iv) address IP infringement and litigation issues; and (v) contemplate additional documents such as assignments and forms that will be filed with the appropriate Canadian or foreign intellectual property registry.
- Lastly, consider the timing of the release of funds in closing an asset purchase deal which involves the acquisition of IP assets such as patents or trade-marks in Canadian or foreign jurisdictions. Transfers can take several days or weeks to be recorded in a foreign registry and a purchaser may consider holding a portion of the closing funds until the transfer is properly recorded.



To review your intellectual property issues contact Field Law's IPT group.

UPDATE: SOUND MARKS IN CANADA

The Canadian Intellectual Property Office (CIPO) has announced that it will accept sound marks for registration in Canada. A lawsuit by MGM paved the way for this development. MGM has pursued its iconic “lion’s roar” as a sound mark since the application was first filed in October, 1992. Applications for the registration of a trade-mark consisting of a sound should:

1. State that the application is for the registration of a sound mark;
2. Contain a drawing that graphically represents the sound;
3. Contain a description of the sound; and
4. Contain an electronic recording of the sound.

Contact our trade-mark agents for advice on registering sound marks in Canada.

THE LAW OF MOBILE APPS

The law of mobile apps is a constantly evolving area in Canada. Our team has developed custom iOS end-user license agreements and has advised app developers in the areas of licensing, click-through agreements, copyright, patents, trade-marks and privacy law. See applaw.ca for updates and contact our licensing lawyers for advice in this area.

WHAT’S BEEN HAPPENING:

- January 25, 2012 – Shohini Bagchee presented on “Patenting Genetic Inventions” to the Grant MacEwen University Genetics and Society undergraduate class.
- February 28, 2012 – Richard Stobbe presented “Introduction to Intellectual Property and Licensing” to the University of Calgary Masters of Biotechnology class.
- February 8, 2012 – Richard Stobbe was invited to act as a judge for student projects at Mount Royal University – The Entrepreneurial Experience.
- March 1, 2012 – Field Law hosted The Licensing Executives Society – Meeting of the Calgary Chapter on the topic of: The Alberta Innovation System, with representatives from Innovate Calgary and Alberta Innovates - Technology Futures.

- March 9, 2012 – Richard Stobbe was interviewed in the March 9th edition of The Lawyers Weekly on the subject of new gTLDs.
- May 4 -9 – Neil Kathol is attending the INTA (International Trademark Association) Annual Meeting and Conference in Washington, D.C.
- June 6, 2012 – the Field Law Intellectual Property and Technology Group presents “Intellectual Property and Technology” in Nisku, Alberta. To register, visit fieldlaw.com
- October 9 and 10, 2012 – Richard Stobbe is presenting “Allocating Risks in the Cloud, Representations, Warranties, Limitations, Indemnities and Remedies” at the Federated Press “4th Cloud Computing Law” conference in Calgary, Alberta.

FIELD LAW INTELLECTUAL PROPERTY GROUP

Our IP and technology group brings comprehensive knowledge and extensive experience to matters dealing with patent, trade-mark, copyright, industrial design, trade secrets, IT and other IP issues. We endeavour to provide services that are strategic, timely, and efficient and effect optimal results. Our group seeks to protect your technology in a challenging and changing era. We would be pleased to be of service to you.

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DISCLAIMER

The Medium is a commentary on current legal issues in the intellectual property and technology area and should not be interpreted as providing legal advice. Consult your legal advisor before acting on any of the information contained in it. Questions, comments, suggestions and address updates are most appreciated and should be directed to:

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