



FAQ for Technology Startups

Be it clean tech, life sciences or information technology, entrepreneurs are a driving force in Canada's economy. The technology industry is the third largest contributor to provincial GDP, with thousands of technology companies, employing over 84,000 people, generating revenues of C\$23B.¹ The following are some of the most common legal questions we are asked by founders who are aiming to set their technology startups on the path to success.

Startup Program Offering

Stikeman Elliott's Vancouver practice offers a Startup Program that brings top-tier legal services to the startup community.

See page 4 for details.

Protecting Intellectual Property

Q: How do you protect trade secrets and confidential information?

A: All confidential information and IP should be protected by carefully drafted agreements between the company and all of its contractors and employees. While there is a presumption that the company owns IP that is developed by employees, the company should take further measures to protect its IP and confidential information in the employment agreements signed by each employee at the time of hiring.

With respect to independent contractors or consultants, there is a presumption that IP developed by a contractor or consultant in the course of its engagement will be owned by the contractor or consultant unless an agreement provides otherwise.

The company should also address confidential information and ownership and use of IP in agreements that are signed by all of its customers, investors, partners and prospects. If the company is providing any products or samples to the other party, these agreements should also include a prohibition against reverse-engineering.

Q: What are the key issues that should be addressed in an IP licensing agreement?

- A: The company should ensure the following issues are addressed in any licensing agreement:
- clear definitions of each party's background IP
 - ownership of, and rights of use to, any improvement or other IP developed by either party, or both jointly, both during and after the term
 - the application or field of use for the IP under license and whether the license includes development rights
 - whether the license is exclusive, non-exclusive or a "sole" license (i.e. exclusive except for the licensor's own use)
 - the term and geographic scope of the license
 - whether the license may be sub-licensed or assigned by the sub-licensee
 - the termination rights of each party
 - indemnities and limitations of liability
 - clear definitions of the royalties or license fees payable and audit rights to the licensor; and
 - responsibility for preserving and maintaining the IP, including prosecution, maintenance and enforcement

¹ BCIA, Growing BC's Technology Industry: A 4-Point Plan for Growth, December 2014.

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