

GENERAL INFORMATION
ON
PROTECTION IN CANADA
FOR
INTEGRATED CIRCUIT TOPOGRAPHIES

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PREFACE

The manufacture of integrated circuits is big business. In recent years, the Canadian Electronic Parts and Components sector, of which integrated circuit manufacturing comprises the largest portion, has grown at a compounded average rate of 29%. If these trends continue, total Canadian revenues in 1999 will approach CA\$ 12 Billion for this sector. In the United States, the figures are even larger, with sales in 1997, the last year for which reliable estimates are currently available, exceeding US\$ 56.8 Billion. Given the substantial profits at stake, competition in the industry is fierce. This competition, coupled with the tremendous intellectual resources necessary to design integrated circuits, and the high costs entailed in the construction of manufacturing facilities for their production, results in an industry characterized by very high levels of research and development spending; expenditures of eighteen to twenty percent of total revenues on research and development are not, for example, uncommon.

In such an environment, the temptation is great for competitors to limit their own research and development expenditures, and instead, copy or imitate the innovations of other players in the marketplace. The patent laws do play a role in controlling these activities, and for further information regarding patent protection, the reader is urged to consult our firm's brochure entitled *AGeneral Information on Obtaining Patent Protection in North America@*. However, a significant aspect of the integrated circuit industry, and one that is growing in importance, involves the creation of custom topographies, such as, for example, might be deployed in hearing aids. Since the creation of these custom topographies would often be considered a *Aroutine@* exercise for persons skilled in the art of topography design, patent protection would, in these cases, be unavailable, notwithstanding that the topography may very well represent a substantial investment in corporate resources, and notwithstanding that a substantial injustice would result if competitors were able to copy the topography with impunity. For this reason, in 1993, the Canadian government brought into force the *Integrated Circuit Topographies Act*, to protect the intellectual work products of integrated circuit topography designers.

The purpose of this brochure is to answer some common questions, and to clarify a few of the misconceptions surrounding this still relatively new form of protection for integrated circuit topographies. Further, we hope that the information provided will start you off in the right direction toward taking full advantage of the protections available under the law, so that you may maximize the protection of your integrated circuit products in the marketplace. If, after reading this brochure, you would like further clarification, we would be pleased to answer your general questions without charge. If the information you require involves providing an opinion on the registrability of your proposed topography, or requires a detailed discussion of your particular fact situation, then it will be necessary for you to arrange an initial consultation with one of our lawyers. A flat-rate charge will be levied for an initial one hour consultation, during which time you can obtain further detailed information about the topics covered in this brochure as they relate to your specific situation and receive specific information on how to proceed in protecting your topography.

TABLE OF CONTENTS

PREFACE..... *i*

1.0 WHAT IS AN INTEGRATED CIRCUIT PRODUCT?..... 1

2.0 WHAT IS A TOPOGRAPHY?1

3.0 PROTECTION OF INTEGRATED CIRCUIT TOPOGRAPHIES.....1

4.0 CONDITIONS FOR REGISTRATION.....2

5.0 THE REQUIREMENT OF ORIGINALITY.....3

6.0 WHEN TO REGISTER AN INTEGRATED CIRCUIT TOPOGRAPHY3

7.0 OBTAINING REGISTRATION OF A TOPOGRAPHY3

8.0 PROTECTION IN OTHER COUNTRIES.....4

9.0 MARKINGS4

10.0 YOUR NEXT STEP5

11.0 FEE ESTIMATES FOR CANADIAN INTEGRATED CIRCUIT TOPOGRAPHIES.....5

1.0 WHAT IS AN INTEGRATED CIRCUIT PRODUCT?

An “integrated circuit product” is defined in section 2 of the *Integrated Circuit Topography Act* (S.C. 1990, c.37, as amended) to mean a product, in a final or intermediate form, that is intended to perform an electronic function and in which the elements, at least one of which is an active element, and some or all of the interconnections, are integrally formed in or on, or both in and on, a piece of material.

2.0 WHAT IS A TOPOGRAPHY?

A “topography” is defined in section 2 of the *Integrated Circuit Topography Act* (hereinafter “the Act”) as the design, however, expressed, of the disposition of the interconnections, if any, and the elements for the making of an integrated circuit product, or the elements, if any, and the interconnections for the making of a customization layer or layers to be added to an integrated circuit product in an intermediate form.

3.0 PROTECTION OF INTEGRATED CIRCUIT TOPOGRAPHIES

Integrated circuit topographies are protected in Canada by registration under the *Integrated Circuit Topography Act*. Registration of a topography gives the registered owner the exclusive right to prevent others from reproducing the topography or any substantial part thereof, manufacturing an integrated circuit product incorporating the topography or any substantial part thereof, and importing or commercially exploiting the topography or any substantial part thereof or an integrated circuit product that incorporates the topography or any substantial part thereof.

The exclusive right commences on the filing date of the application for registration, and terminates at the end of the tenth calendar year after the earlier of the calendar year in which the topography is first commercially exploited and the calendar year of the filing date of the application.

It is important to remember that topography protection is purely a creature of statute, such that there is no protection for a topography available at common law. Accordingly, if your topography has not been registered, you can make no legal claim to proprietary ownership of your topography, and you have no legal protection against imitation of your topography by others who learn of it through non-confidential sources. Thus, any person could reverse engineer your topography, and reproduce, sell, lease, offer or exhibit for sale or lease, or otherwise distribute for a commercial purpose, integrated circuit products embodying your topography without compensating you.

4.0 CONDITIONS FOR REGISTRATION

An original integrated circuit topography may be registered in Canada if:

1. the creator of the topography is, at the time of its creation, or on the filing date of the application, a national of Canada or an individual or legal entity that has in Canada a real and effective establishment for the creation of topographies or the manufacture of integrated circuit products; or
2. the creator of the topography is, at the time of its creation, or on the filing date of the application, a national of a country that affords protection for topographies in accordance with a convention or treaty to which Canada and that country or an intergovernmental organization including that country are contracting parties, or an individual or legal entity that has in such a country, or in the territory of a member state of such an intergovernmental organization, a real and effective establishment for the creation of topographies or the manufacture of integrated circuit products; or
3. the creator of the topography is, at the time of its creation, or on the filing date of the application, a national of a country or of a member state of an intergovernmental organization that the Minister of Industry has certified by notice published in the *Canada Gazette* to be a country, or intergovernmental organization, that confers protection, on nationals of Canada or legal entities that have in Canada a real and effective establishment for the creation of topographies, or the manufacture of integrated circuit products, that is substantially equal to the protection conferred under the Canadian *Integrated Circuit Topographies Act*, or an individual or legal entity that has in such a country, or in the territory of a member state of such an intergovernmental organization, a real and effective establishment for the creation of topographies, or the manufacture of integrated circuit products; or
4. the creator of the topography is, at the time of its creation, or on the filing date of the application, a national of a WTO member state; or
5. the topography is first commercially exploited in Canada and the application is filed within two years thereafter.

For the purpose of the foregoing, a “national”, in respect of a country, includes an individual who is a citizen or resident of, or who is domiciled in, that country.

5.0 THE REQUIREMENT FOR ORIGINALITY

As previously indicated, only “original” topographies may be protected. For the purposes of the Act, a topography is “original” if it has not been produced by the mere reproduction of another topography, or of any substantial part thereof, is the result of an intellectual effort and is not, at the time of its creation, commonplace among creators of topographies or manufacturers of integrated circuit products. However, it should not be taken from the foregoing that each element of a topography need be an original creation. In fact, even new topographies which consist entirely of combinations of portions of existing topographies may be original, provided that the compilation itself represents the results of sufficient intellectual effort. In this regard, the test of originality for topography protection resembles the similar test applicable for copyrightable works.

6.0 WHEN TO REGISTER AN INTEGRATED CIRCUIT TOPOGRAPHY

An original integrated circuit topography may be protected by registration under the *Integrated Circuit Topography Act* in Canada provided an application for registration, accompanied by the requisite fee, is filed before the topography is first commercially exploited or within two years thereafter. Topographies which have been commercially exploited in any country for more than two years prior to the filing of a Canadian application for registration may not be protected under Canadian law, as the topography is then said to be novelty barred. **Therefore, it is crucial that you file a Canadian Integrated Circuit Topography Application before the expiry of two years from the first commercial exploitation, anywhere, of your topography.** As long as your topography has not yet been commercially exploited, there is no time limit for filing an application to register same.

7.0 OBTAINING REGISTRATION OF A TOPOGRAPHY

In order to obtain a registration for an integrated circuit topography, it is necessary to prepare and file an application, together with the government filing fee. An application for an integrated circuit topography typically consists of the following: a title to identify the topography; a statement as to the date on which, and place at which, the topography was first commercially exploited or, if the topography has not been commercially exploited, a statement to that effect; the name and address of the applicant; a statement describing the interest that the applicant holds in the topography; and a complete sets of overlay sheets, drawings or photographs illustrating the topography.

Where a topography that consists of more than two layers contains confidential information, portions of the overlay sheets filed with the application may be blocked out (provided that the blocked-out portion on any particular sheet does not exceed 50 per cent of the total area covered by the sheet, and provided that no more than 50 per cent of the overlay sheets contain blocked out portions). The quid pro quo for allowing for the filing of blocked-out overlay sheets is that topography design data must be provided in printed form for those areas blocked out. Even then, it is

possible to for an applicant to block out 50 per cent of the design data filed, but in this event, if the topographies has been commercially exploited, four or more integrated circuit products incorporating the topography must be deposited.

When a complete integrated circuit topography application is filed with the Registrar of Topographies, no examination of the topography will take place to determine originality or compliance with the requirements of the Act. The Registrar will, however, reject the application if the creator does not meet the nationality requirements, or if the application is filed more than two years after the date of first commercial exploitation of the topography.

8.0 PROTECTION IN OTHER COUNTRIES

It is not possible to obtain an "international" integrated circuit topography registration. In fact, many countries have not yet enacted protection for integrated circuit topographies, even for their own citizens. However, protection for Canadians may be obtained in most of our major trading partners, including, Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States. If you are interested in protecting your integrated circuit topography in other countries, please let us know, and we can provide you with more detailed advice and cost estimates to further your particular business plan.

9.0 MARKINGS

If a registered topography is to be commercially exploited, it is important to apply appropriate markings to the integrated circuit products which incorporate the topography, or at least to the containers which house the integrated circuit products, due to the benefits which are obtained through proper marking. In Canada, if a registered topography is infringed, the owner of the topography may be entitled to monetary relief for such damage, but if there is no topography marking present on the allegedly infringing articles, and the infringer can show that he could not reasonably have known that the topography was protected, then the only relief available to the owner of the topography may be an injunction to prevent further infringement. In that case, the owner of the topography would not be compensated for the monetary losses incurred by reason of the infringer's activities. This aspect of Canadian topography is similar to concepts applicable in Canadian copyright law, and is also similar to the situation applicable in the United States regarding topography marking. **Accordingly, if you have a registered integrated circuit topography, it is extremely important to make sure that the articles which incorporate the topography are properly marked.** In Canada, appropriate markings include the titles of the integrated circuit topography registrations substantially as they appeared on the register at the time of the infringement. In the United States, the marking requirements are different. Integrated circuit topographies in the United States are known as "mask works", and appropriate markings include the symbol ® along with the name of the owner of the mask work. Therefore, a suggested form of notice, which would

satisfy both Canadian and United States marking requirements, would be in the following form:

Ⓜ *{Owner's name}{title of topography}*

e.g. Ⓜ **ACME INC. - SUPER FAST CHIP DESIGN**

10.0 YOUR NEXT STEP

If, after having read this brochure and any others enclosed herewith, you are interested in pursuing legal protection for your integrated circuit topography, please contact our office to set up an initial office conference with one of our intellectual property law professionals to review your situation.

With regard to confidentiality, all disclosures made to our firm are received in the strictest confidence. As a firm of Barristers & Solicitors and Patent & Trade-Mark Agents, we are subject to the disciplinary proceedings by both the Law Society of Upper Canada (which licenses lawyers to practice in Ontario) and the Patent Office (which licenses patent agents to practise in Canada). Moreover, we are also members of the Intellectual Property Institute of Canada, which professional organization sets and administers a Code of Ethics for all members practising in Canada. If requested, we will date and sign a Disclosure Form at the initial interview, so as to provide you with a written record of your disclosure to us.

11.0 FEE ESTIMATES FOR CANADIAN INTEGRATED CIRCUIT TOPOGRAPHIES

In all cases, we work on a time spent basis, and tasks are normally divided between the professionals in our office in order to complete work in a cost effective manner. The following estimates for integrated circuit topography related services are based upon routine cases of average complexity which entail an average expenditure of time on the part of the professional(s) involved. These estimates are subject to change depending upon the complexity and time frames for particular tasks. Further, the estimates are based upon performing the services as routine cases and not on an expedited basis. Premiums may be applied if expedited service is requested. Thus, the estimates which follow should only be seen as a guide to the charges which you will ultimately incur. All of the cost estimates given below, except where specifically noted, are exclusive of disbursements and H.S.T. If more detailed cost estimates are required for particular tasks, please do not hesitate to ask.

As to the time frames normally required to complete the services, these vary from time to time depending upon our current workloads, and should be discussed with the professional handling your affairs at the time of your initial interview.

		<u>OUR FEE</u>	<u>GOV'T. FEE</u>
1.	Initial office conference (depending on professional Involved, rate/hr.)	\$ 225. - 275.	
2.	Preparation and filing application for registration of an integrated circuit topography; reporting the filing to you; receiving and reporting receipt of Certificate of Registration and forwarding same to you;		
	Canada	\$ 1,500	\$ 200
	U.S.A.	\$ 2,500	\$ 20 (US)
3.	Filing integrated circuit topography assignment, when received ready for filing (single registration)		
	Canada	\$ 250.00	\$ 75
	U.S.A.	\$ 250.00	\$ 50 (US)
4.	Preparing integrated circuit topography assignment (single application or registration)		
	Canada	\$ 250.00	
	U.S.A	\$ 250.00	

FURTHER INFORMATION CONCERNING THESE ITEMS AND CHARGES FOR OTHER MATTERS WILL BE FURNISHED ON REQUEST. ALL AMOUNTS ARE IN CANADIAN DOLLARS UNLESS OTHERWISE SPECIFIED. HST IS NOT INCLUDED IN THE ESTIMATES.

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ABOUT THE AUTHOR

Patrick Hofbauer is a lawyer with over twenty-three years of experience in patent and trade-mark matters. He is also a patent and trade-mark agent registered to practise before both the Canadian and U.S. Patent and Trade-Marks Offices and is a member of numerous legal and professional organizations, including The Intellectual Property Institute of Canada, AIPLA, the Licensing Executives Society and the Association Internationale pour la Protection de la Propriété Industrielle. Mr. Hofbauer is a Toronto native who has lived in Burlington, Ontario since 1986.