



Budget Days in Canada : Much ado about, well, stay tuned...

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At the Federal Level

Since its election in 2015, the Liberal government has been touting the launch of its Innovation Agenda. Although the chatter preceding the budget seemed to indicate that at least some aspect of the Agenda would be announced in the Budget, it was not to be the case. For whatever reason, the Minister of Finance, Bill Morneau, chose instead to lay the groundwork for an Intellectual Property Strategy, while being scant on details.

The Minister did signal that intellectual property is an important cornerstone of the innovation agenda. In this context, the government is looking into a model for regulating the patent and trademark agent profession, and the House of Commons through some of its committees, is exploring IP policies concerning tech transfer, the introduction of a first patent funding program, and the deployment of a patent box tax incentive, among others.

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The Budget did propose to create a new \$1.26B (CDN) Strategic Innovation Fund, to consolidate and simplify existing business innovation programming, in particular the Strategic Aerospace and Defence Initiative, Technology Demonstration Program, Automotive Innovation Fund and Automotive Supplier Innovation Program. Using a streamlined Fund, it is expected that businesses will have access to a simpler application process, quicker processing and assistance that is more responsive and focused on results.

Details regarding the Fund will most likely be released by the government as they introduce budget legislation. That still leaves the matter of the much-promised Innovation Agenda hanging for another day. Stay tuned.

At the provincial level

In what could be termed as a coincidence, the Québec government released its own budget a scant week after the Federal budget, on March 29. Although the government promised substantial investments in different sectors, the details of the impact of these investments in IP are not yet known.

What follows are some of the key investments proposed:

- \$180M to encourage research and innovation in higher education establishments;
- \$305M to encourage innovation and a new generation of scientists, including:

- \$25M to support the National Optics Institute in three key sectors: advanced robotics, the Internet of Things, and 3D printing
- \$60M to develop skills and to support emerging innovators
- \$60M to accelerate the transfer and marketing of Québec innovations
- \$100M to create an artificial intelligence super cluster
- \$125M to promote the development of the innovative manufacturing sector
- \$22.5M to capitalize and increase the capitalization of two funds focused on start-ups and SMBs
- \$43M to support innovative agriculture and food processing

These and other measure represent over \$700M in investments, a significant sum. However, many of these investments will be part of Québec's next research and innovation strategy, which the Minister of Economy, Science and Innovation will release....*at a later date.*

It is particularly telling that in the documents accompanying the Québec budget speech, "intellectual property" is mentioned only a few times, and when it is, it is in connection with culture. One particularly interesting passage in the context of the Québec Culture Capital Fund reads as follows:

"The following goal will also be added to the above objectives: supporting and developing Québec intellectual property with a view to ensuring that projects funded by this Fund will lead to the development of strong businesses and brands in Québec."

Branding is one thing, and important. However, intellectual property covers much more than this, and needs to be recognized and encouraged as such. The Québec government's First Patent initiative is a very good program, that needs to be continued. The Deduction for Innovative Companies, introduced last year (the "Patent Box") is another laudable effort, notwithstanding the fact that the details regarding the application of this last measure are not yet known.

Governments at all levels, the press and the general public need to have a better understanding of "innovation": the word is being used frequently, offhandedly, and often with a misunderstanding of its meaning. Innovation in all its forms must be encouraged; innovation that leads to intellectual property rights that can be protected, defended and monetized must be properly supported, and valued, as it is the foundation of the knowledge economy that is touted as being the savior of the Canadian economy. I am optimistic that the measures announced by both levels of government will pay special attention to IP.

