HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Industry, Science and Technology

INDU • NUMBER 039 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Tuesday, October 2, 2012

Chair

Mr. David Sweet

Standing Committee on Industry, Science and Technology

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● (1100)

[*English*]

The Chair (Mr. David Sweet (Ancaster—Dundas—Flamborough—Westdale, CPC)): I call the meeting to order.

Good afternoon, ladies and gentlemen. *Bonjour à tous*. Welcome to the 39th meeting of the Standing Committee on Industry, Science and Technology.

We have four witnesses before us today from three different organizations. From the Canadian International Council, we have Karen Mazurkewich, who is director, intellectual property. From the Aerospace Industries Association of Canada, we have Lucie Boily, vice-president for policy and competitiveness, and Maryse Harvey, vice-president for public affairs. I understand you will be sharing your time. Finally, we have Tony Stajcer, who is vice-president of corporate research and development at COM DEV International.

I believe you have all been notified that you have six to seven minutes for your opening remarks, and then we'll go to rounds of questions.

I'll start with Ms. Mazurkewich. You have seven minutes, please.

Ms. Karen Mazurkewich (Director, Intellectual Property, Canadian International Council (CIC)): Thanks. Good morning.

My name is Karen Mazurkewich, and I'm here on behalf of the Canadian International Council, which is an independent member-based council established to strengthen Canada's role in international affairs.

Almost two years ago, the CIC approached me to write a report on how Canada ranks internationally with respect to its intellectual property regime. As a former journalist with the *Wall Street Journal* in Asia and the *Financial Post*, I asked the obvious first question: who speaks for intellectual property in Canada? I was struck by the response: everyone and no one.

To be precise, the job of the intellectual property office is to administer IP regulations, but it doesn't have the mandate to create policy. In fact, four ministries have input on IP policy. However, the most senior person in charge is only a mid-level bureaucrat at science, industry, and technology. While the U.S. has an IP czar who reports to the President himself, and the U.K. has a chief economist on IP and three other economists reporting to him, Canada has no one at a senior executive level who speaks for IP.

The Chair: Ms. Mazurkewich, our interpreters may have a problem with that level of speaking. Could you make the cadence a bit slower? They would appreciate that.

Ms. Karen Mazurkewich: Oh, sorry. All right.

To continue, then, my next question was "Why?" The reason, I believe, is that Canada suffers from IP fatigue.

There are protracted battles within the pharmaceutical industry, and the international pressure for stronger copyright enforcement has distracted policy-makers. Canada is stuck in a decades-old debate that has distorted the prism through which IP policy is viewed. As a result, it hasn't developed a comprehensive IP policy that addresses the needs of the future technology firms. Pharma research is important, but it will not be the biggest driver of jobs in this country. We need broad IP policy to support new technologies, particularly now that the boundaries are blurred between agriculture and pharma, nanotechnology and forestry, software and medicine.

I'm here to speak for some of the start-ups and small entrepreneurs with the biggest growth and job potential. The research conducted on behalf of the CIC showed that foreign companies that snap up Canadian start-ups favour those with IP assets; in fact, 66% of the IP that was sold as part of Canadian mergers and acquisitions deals between 2005 and 2009 went to firms outside this country. We have an IP leakage problem, people.

While I'm not suggesting halting foreign sales, we need to understand that if we want to build innovative companies, we need to anchor a significant portion of our IP in this country.

How do we do that? We need to look at the commercialization of technology. We know that our universities collectively have one of the worst track records in the developed world for commercializing technology. Our researchers write papers, but we can't seem to get the research off the page. Technology sits on the shelf. We have to encourage universities to work with industry to speed up the collaboration process and get ideas to market.

There are some solutions. Canadian universities should centralize technology transfer offices and create simplified legal agreements that take into account the risks that the private sector makes in commercializing invention.

The federal government can encourage this by structuring its incentive programs to reward universities that are industry-friendly and by supporting consortiums that bring industry and universities together to solve technology gaps.

We need to build capacity programs that teach entrepreneurs IP management skills. For example, we can look to Denmark's “growth houses”, which offer funding so that start-ups can perform patentability searches and subsidize the cost of filing a patent or trademark. I've heard repeated complaints from industry that university doctoral candidates are chasing technologies that have already been patented or pursuing technology that is obsolete in that it's not where the market is moving. We need to be more engaged.

Governments need to incentivize businesses to generate more patents. The CIC advocates that the federal government create a direct subsidy or make changes to the tax credit system to give entrepreneurs the option of hiring lawyers to file patents.

Canada should also establish its own public-private patent investment pool to fund patents in critical sectors. Currently institutions spend enormous amounts of time and money looking for renters who will license their technology. A patent investment fund would pool related patents and make them available for licensing on an industry-wide basis. The fund would also be in a position to purchase IP from high-tech firms that fall into bankruptcy, such as Nortel, or provide equity to entrepreneurs seeking to trade licensing rights for cash. In short, a patent investment fund would be like the amazon.com for Canadian patents.

We also advocate the creation of specialized IP courts. They already exist in some developed countries and in emerging markets such as China. Patents are being used as weapons of mass litigation, and we need to give our companies better support through the legal system.

Finally, we need a gold standard for patents. To that end, the government should improve the examination of patent applications and upgrade the Canadian Intellectual Property Office's antiquated database so that it can be searched online as easily as the U.S. archive. It should also let third parties contest an application before a patent is granted. Israel publishes applications and then weeds out the bad-apple patents by re-examining any applications that have been challenged. We should do the same.

● (1105)

In closing, I would argue that IP is complex and ever-changing. Wise governments undertake regular IP reviews that are conducted by independent experts. Most developed nations have carved out IP strategies, recognizing that a dynamic and carefully conceived IP policy is vital to their prosperity. Canada needs to join the race.

On behalf of the CIC, I'd like to thank you for inviting me here today, and I'm happy to take some questions later.

The Chair: Thank you, Madam Mazurkewich.

Now we'll move on to Ms. Harvey and Ms. Boily for seven minutes.

● (1110)

Ms. Maryse Harvey (Vice-President, Public Affairs, Aerospace Industries Association of Canada): Thank you, Mr. Chair.

[*Translation*]

Thank you very much for inviting me to appear before you today.

[*English*]

I will start by providing you with a little bit of an overview of our industry and the context in which we operate. My colleague, Lucie Boily, will talk about the precise challenges we face.

The Aerospace Industries Association represents both aeronautics and space manufacturers and service providers. The industry employs about 80,000 Canadians across the nation. There are about 150,000 indirect and direct jobs. About 15,000 to 20,000 engineering and scientific staff work in this industry, so it's a very high-level, high-knowledge industry. It has yearly revenues of about $22 billion and exports of 73% to 75%. Investment in R and D is about $2 billion per year.

Our companies are evolving in the changing global context. We must adapt if we want to remain competitive. The industry, as you may well know, is highly globalized in nature. We have very long and costly R and D cycles. It's an industry in which there is no margin for error, basically. It is very capital intensive. To win world mandates, tier 1 and tier 2 suppliers must take on some risk, do design and engineering, and develop some IP, as well.

In terms of the industry's vision and opportunities, the Canadian aerospace industry has a clear vision: given the outstanding growth in commercial aircraft and space technologies around the world, we want to grow our market share. The expected growth is $3.4 trillion for commercial aircraft. We are talking about 34,000 new aircraft in just the commercial aircraft aspect.

If Canada is to remain competitive, we want to grow. We want to grow across the nation. To do that, we're going to need some policies and programs, including IP policies, that evolve with us and allow us to be competitive.

How do we capture and increase our current market share? We need strategic and early positioning on new aircraft platforms that are going to be flying in the near future. We're going to have to move up and into the global supply chain and make sure that our companies do, including small and medium-size companies. We're going to have to make sure that we increase the design capability of mid-size companies and that we enhance our international collaboration to increase our R and D intensity across the value chain.

On global pressures and their impact on IP management, every other nation interested in attracting R and D and aerospace has very aggressive mechanisms in place to attract foreign investment, which means flexible IP policies, among other things. It also means access to specific markets that are increasingly linked to local investment in those markets. Therefore, if we want to access several large markets, we must sometimes locate some work in those markets to win mandates and have access to those markets. That is the reality now.

Cost pressures from airline operators, of course, have an impact on our cost reduction in terms of the production of systems and parts.

We need to have new ways of measuring success in the aerospace industry. It's really about the creation of high-level, sustainable employment. We need new market penetration. We have to be more diversified. The development of world product mandates on major aircraft and the development and commercialization of new technologies is how we are going to define our success and keep our competitive edge. The growth of our industry, in terms of revenue and export, will certainly come from continued excellence in technology and IP generation.

The Chair: Madam Boily, you have about two and a half minutes left.

Ms. Lucie Boily (Vice-President, Policy and Competitiveness, Aerospace Industries Association of Canada): Well, IP is definitely becoming a pivotal issue for the growth of the Canadian aerospace industry, and I will speak to two aspects of that. One of them is under the commercial funding agreements of programs such as SADI, and the other is with respect to government procurement.

There are four major issues with large impact. The restrictive IP policies of certain programs like SADI limit the collaboration across borders, as the IP is deemed the property of Government of Canada. As Maryse said, the new aerospace programs are the result of collaborative efforts, and international partners require sharing of IP. Therefore, our industry is at a great disadvantage because of the fact that IP is restricted to the government.

It also stifles commercial exploitation for some foreign companies that have subsidiaries in Canada. Very often they're at a disadvantage with their sister companies when they bid internally for world product mandates, because they don't have the right to use the technology outside Canada. Also, it's very difficult for our companies to implement competitive industrial strategies because they cannot get work done in other countries where there are low-cost sources, and therefore they're at a cost-competitive disadvantage.

The last, but also extremely important, issue is in terms of government procurements or federal acquisitions of foreign aircraft. Very often government does not negotiate the rights to the IP that give the high value-added work to the companies, and this work is kept by the primes in their own countries. Our SMEs particularly are at a great disadvantage, because they don't have access to this IP because government does not negotiate it at the front end.

There are a number of solutions. Certainly there have to be optimal and consistent IP guidelines across all government departments, and we have to reduce the restrictions on programs. We have to be much more open so that we can meet the demands of other countries, and we have to reinforce our procurement policies by negotiating upfront access to IP, which is so necessary to create more of these high-value jobs that the industry already provides.

Thank you very much.

● (1115)

The Chair: Thank you very much, Madam Boily.

Now we will go to Mr. Stajcer for seven minutes, please.

Mr. Tony Stajcer (Vice-President, Corporate Research and Development, COM DEV International Ltd.): Good morning, Mr. Chairman and ladies and gentlemen. Thank you for inviting me here to speak on the intellectual property regime in Canada.

My name is Tony Stajcer. I am vice-president of research and development at COM DEV International Ltd. COM DEV is an international company supplying space satellite equipment to the major satellite integrators around the world. I look after the R and D, a function in COM DEV looking to capitalize on our R and D investments and also to maintain an IP database as well as to ensure that we protect our IP and that we commercialize across the globe.

IP plays an important role in innovation. There is an entire chain, from generating IP at the front end with university collaboration, through what we call the valley of death, and finally through market development and commercialization.

Today I will talk about two aspects. One is that as a company, we are involved in collaborating with universities. As my colleagues have pointed out, collaboration between industry and academia needs to improve. I want to also emphasize the next step, which is the valley of death where there are limited funds to take the technology across that gap and get it to the commercialization stage so we can create jobs and value in Canada.

On the first point, the industrial and academic collaboration, there are many different models for IP ownership when we support universities. We provide industry funds into universities. At some universities, the inventors own it—the professors. In other cases, a university IP office owns the intellectual property. In these cases, we have invested a lot of money in universities, but we've had no consistent mechanism to define the IP rights and execute them such that we can be encouraged to take that next step and invest in commercializing that IP.

We find the same things. As my colleague Karen pointed out, the IP sits on the shelf. Some of it is outdated by the time it gets developed. There is an impediment to industry to start pulling that IP off the shelf, investing in it, and going to the next stage.

All in all, there are some good examples of programs, such as Mitacs, for example, whereby you develop a program with a university. You fund the Ph.D. and grad students who work on it. They also work in the industry a minimum 50% of the time, but the IP is owned by the company. The company is in the best position to commercialize the IP because the markets are well developed. A full set of suppliers are already in the chain. The people in industry who are in the markets are best positioned to understand how that IP actually applies.

One of the key issues is IP that is developed. The university believes it's world-breaking, but they have no idea what the market actually wants. From that point on, you usually require that IP plus a lot of background IP and other IP that you will add through the next stages of development before you get to commercialization. Therefore, the value of that IP is difficult to forecast right from the outset.

We need some mechanism that encourages collaboration and that does not put a stop or obstacle in the way of having companies invest in that IP and pulling it in. We need to encourage companies to say they will have a development licence. Once they get to that point, we have to track the IP—who adds what to that—and the final product. Once you have the commercialization plan, then you can start to negotiate what the IP value really is. At the beginning, it's irrelevant, because it's very difficult to understand how it's going to fit into the final product. That example is to encourage a standardization of an IP model at that front end, such that we can take that research and push it into the next stage.

The second point I wanted to make was that as we get into the next stage, we are seeing limited funds to take that IP further. This is the high-risk area. We have done TRLs 1 to 3. We have some fundamental research on the shelf. We can see how it could apply. The next step is a very risky investment period.

● (1120)

This is where, I believe, for our innovation cycle in Canada—and this was identified by the aerospace review that was led by John Saabas—we said there is a valley of death and there is not enough funding to fund the ideas and take them through that gap. You have to be able to accept failure. You have to be able to take on 10 ideas, 10 technologies, and you have to be able to say you will understand if six, seven, or five fail. The idea is you have to do that to get the three, four, or five winners. Obviously we'd like to get more winners, but you have to be able to accept that failure.

Companies are not well positioned to invest fully in that area. This is where the government has to play, as in the SADI program or other programs like Mitacs. Mitacs is a very small program, and I like the model, but it could be extended. This is where government and industry have to co-invest in taking that technology across that gap.

There are inconsistent IP rules across the different types of funding mechanisms. This is one of the problems. If you go after one fund, you have one set of problems; if you go after another one, you have another set of problems. It takes a long time to negotiate issues. In that area, the speed of getting that IP consistent across various programs, as well as developing a mechanism such that there is no impediment to making that transition quickly....

As an example, we have had a program for two years for which, in the time we negotiated the funding and support, we've almost missed the market. We missed the timing. We cannot recover that. It's very important that we have the right set of tools to negotiate IP quickly and decisively, get into the next stage of development, and get it through the valley of death.

The Chair: Thank you very much, Mr. Stajcer.

Thanks to all the witnesses for their opening remarks.

Now we'll go to our rounds of questions. The first round is seven minutes. We'll go over to the Conservative Party. Mr. Carmichael, you have seven minutes.

Mr. John Carmichael (Don Valley West, CPC): Thank you, Chair.

Thank you to our witnesses for attending today.

Clearly this committee is focused on finding solutions to the issues you've raised today. It was interesting that in May of this year the government representatives told us that Canada is the place of second filing; we're not the primary filing point, and for many reasons. We've now met with a number of different universities. I presume you've read their testimony. We've talked to them about the different models they employ.

Ms. Mazurkewich, if I could start with you, I tried to keep up to your solutions, but they were hard to.... I'm going to have to read tomorrow's *Hansard* to make sure I have them all.

I agree with all of you on finding some sort of standard model, because I found the universities' solutions so varied. I think this is where we can play an important role, as government, to find solutions that are more standardized, more productive, more likely to result in commercialization, which is what we want to achieve.

I wonder, Ms. Mazurkewich, if you could address this aspect. In a couple of your recommendations you talked about incenting IP-friendly universities. It sounded to me as if lots were IP-friendly, but can you address the model of who owns the IP, who shares in the cost, where the money comes from, etc., a little further? Then maybe we'll go over to Mr. Stajcer and then back over to you folks.

● (1125)

Ms. Karen Mazurkewich: The difference between Canada and the U.S. is the fact that the U.S. did standardize academic and industry agreements through the Bayh-Dole Act quite a few years ago. Those have been standardized. In Canada it's a grab bag of different universities having different decisions as to who owns which piece of IP and how they're going to do it.

I think the most important thing that we need to look at.... I think it would be very difficult to get all the universities to come to a standardized agreement. I've been told, when I started my report, to give it up—that they tried it 10 years ago and it didn't happen—so my argument would then be to look at the legal agreements. Let's find some more standardized legal agreements that could be used across the universities, maybe through some template clauses, to simplify things at the stage where industry comes in with the universities and starts meeting and negotiating some of these agreements, rather than trying to get all the universities to change the rules.

I think programs such as the FedDev programs have worked with universities to bring industry together with universities. I think they need to look very carefully at the ownership of IP. This is an issue about the culture at universities and how the universities have been seeing IP as what we call “Google chasers”. They're all looking for that one big deal that is going to give them lots of new revenue. That happens maybe once every 20 years, especially in the pharmaceutical industry, where there might be a big drug, but as we know, one patent does not a product make. The universities need to understand that a little more. Some of the programs that we initiate, through the FedDev programs and such, could try to incentivize the universities to change how they do the agreements with industry.

Consortiums are also a great way to work, and there have been some really good examples of consortiums in which several universities get together. This has happened in the aerospace industry in Quebec, a very good model that has been copied internationally. I'm told it took something like four years to hammer out. They got several universities together and hammered out what you'd call a pre-existing agreement so that every time an aerospace company is doing a deal with a university, they don't have to go back over the same ground over and over again. I think consortiums are a great way. Government should really try to help create more consortiums—industry-academic consortiums—in a number of different sectors, and use the aerospace sector as a good model.

Mr. John Carmichael: Thank you.

Mr. Stajcer, would you comment?

Mr. Tony Stajcer: I tend to agree on having a standard model, if that is possible. My main concern is to get into discussing the model at the stage where industry starts to take over. The industry has to start driving right from the point where the research ends, because how you fit that technology into the market is key. The roadblock there is that we need an agreement about which industry can say, “We can live with that and we can implement that”. Don't stop innovation there, because nothing gets into the pipeline. If nothing gets in the pipeline, nothing gets out.

Yes, we need to encourage industry at that point, saying that they will have ownership of the IP to some respect. For example, I support a research chair, for over $1 million, over a number of years. Actually, it's gone into millions of dollars. The IP is not owned by me; I have the first right to do an agreement, but the IP is not owned by us, or the only right we have is to look at it and say, “Yes, we will negotiate a licence for that IP”, as a first refusal. However, I think it has to extend beyond that, in the sense that it can be an impediment. We need to take those impediments down.

● (1130)

Mr. John Carmichael: It strikes me that proprietary ownership is probably one of the biggest hurdles we face throughout, though.

I wonder, Ms. Harvey or Ms. Boily, if you could address the consortium model and how the universities play into that.

Ms. Lucie Boily: Yes, somebody said in one of our working groups that negotiation of IP clauses between partners often takes months, and the situation is normally worse when universities are involved. IP has no value until it's commercialized. The model that Ms. Mazurkewich referred to is a CRIAQ model, and that is a model that is negotiated up front between industry partners, meaning large firms—usually OEMs—smaller firms, and universities. The template is negotiated up front among all the partners, so this is not an issue of a university developing an IP and then transferring it or something; it's much more at the outset of the development of the research, and it's definitely collaborative among all of them.

The Chair: I'm sorry. Our time has run out on that round.

Mr. John Carmichael: Thank you.

The Chair: Thank you, Mr. Carmichael.

We'll go on now to Madame LeBlanc.

[*Translation*]

You have seven minutes.

Ms. Hélène LeBlanc (LaSalle—Émard, NDP): Thank you very much, Mr. Chair.

I would like to thank all the witnesses for their very interesting presentations.

I would like to follow on Mr. Carmichael's comments about the consortium model that was developed in Quebec and that, as a result, was distributed or adopted across the world. This is a great source of pride.

Could you please tell us what the advantages of this model are and how we could reproduce it in other sectors of the industry or in other parts of Canada? Would that be possible?

Ms. Lucie Boily: First, one of the advantages of this type of model is that it allows our industries and universities to cooperate from the outset. In addition, that helps our industry to work with partners abroad, partners who have those types of tools and are able to cooperate. There are models in Europe, such as the FP5 model.

If we want to apply this in other sectors, we should really start by looking at the consortium model. It is not necessarily something that we can take and apply automatically across Canada. We have to try to determine how this can be developed in other provinces. At any rate, a lot of people are very interested in many of the features of the CRIAQ model.

Ms. Hélène LeBlanc: Have you received any assistance or support from the federal government and the Quebec government to develop this program and, as I said, to perhaps reproduce it elsewhere in Canada? Did you get a positive response from the two levels of government?

Ms. Lucie Boily: The CRIAQ, or the Consortium for Research and Innovation in Aerospace in Québec, is a Quebec program. So the provincial government funded the program, but it is still a program that many of our businesses across Canada are using.

As part of the review of the industry that we are completing, this model is certainly being proposed to and reviewed by everyone. Once again, we are looking for solutions. We are seeking assistance to set this up, but we cannot use a cookie-cutter approach, if I may put it that way.

Ms. Hélène LeBlanc: No, of course not.

● (1135)

Ms. Lucie Boily: The federal and provincial governments really need to get involved to see what is going to work best.

Ms. Hélène LeBlanc: Thank you.

In the aerospace industry, what are the main challenges in terms of innovation, on the one hand, and intellectual property, on the other hand? I think that you have pointed it out, but could you perhaps give us more details? How can developing intellectual property be beneficial for innovation and vice versa?

Ms. Lucie Boily: As we said earlier, developing intellectual property is extremely important, given the globalization of the industry. In that context, our companies have to send lower value-added work abroad. Sometimes, we have to make sacrifices and concessions to keep the development of intellectual property in research here. That means a lot of jobs for five, six or seven years. One of our companies has done a lot of work on the Boeing Airbus program, and about 60 engineers worked for seven years to develop the intellectual property. Those are high-paying jobs. At one point, there was a reference to IP strategies and that is what this is.

Sometimes, we have to make concessions and send less strategic intellectual property abroad, because something else is already being developed and our industry will be able to manufacture a product elsewhere at a lower cost. That enables businesses to be far more competitive. But, if it is not allowed, that can become a problem in terms of the support we receive from SADI or other sources.

Ms. Hélène LeBlanc: Now, in the age of globalization, we often have to do business with other countries and that is how transfers are being done.

In your brief, you have made some recommendations on intellectual property in relation to the strategic aerospace and defence initiative (SADI).

What are your recommendations on intellectual property as it relates to SADI specifically?

Ms. Lucie Boily: I believe that the SADI people are aware of the problem and that, on occasion, they have managed to make adjustments that enabled our companies to do it. Then again, if there is a change in management, sometimes the new person does not know what is going on. In that light, the first thing to understand is the imperatives of globalization and the fact that our industry is fully globalized. The program has to recognize that. That is one of the first considerations. Then others have to be able to tailor their conditions to allow those using the program to share intellectual property, or IP, especially if we are talking about less strategic IP. There has to be an openness in that respect. That is my first recommendation.

As I said earlier, the federal government has an amazing opportunity to use government procurement to negotiate agreements with manufacturers—the primes—thereby obtaining IP. That IP will then allow our businesses to do the maintenance for the aircraft purchased. It is not normal that the maintenance is not done by a Canadian company, here in Canada. But to do this, you need to own the IP. We cannot allow other companies from abroad to decide which part of the IP they keep and which part they give to Canada. All too often, those people ask for what is in the best interest of their company. So they keep whatever has the highest added value.

The Chair: Thank you, Ms. Boily.

[*English*]

I would have let that go a bit longer, but to finish that answer was appropriate.

Now we'll go to Madam Gallant for seven minutes.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): Thank you, Mr. Chairman.

Through you to our witnesses, first of all to Mr. Stajcer, what tools do you believe are needed to negotiate IP ownership more quickly so that we don't miss that market opportunity to which you referred?

Mr. Tony Stajcer: We have to educate. I think it comes down to education.

I have had the experience of negotiating with universities, both in buying patents and in licensing of rights to the IP. The education for the universities, in terms of what the IP really means, is important. A lot of times we actually have to take that IP and layer on other IPs to be able to make it to the market, so education is an important factor in having the universities understand how the IP progresses all the way through to commercialization.

Other than that, every university has a slightly different mechanism. For some I have had to negotiate directly with the inventors, who were a professor and some students, and some of the students had already left the university. Other universities have an office that negotiates for them. They need to come together. There needs to be a mechanism for how they're going to approach IP.

One of the suggestions I had is about a development licence. We have a licence to develop it royalty-free, but if it goes to commercialization, then at that point we can see the value of the IP and negotiate a proper licence. To take that impediment back by saying the company will have IP rights to commercialize it and the university will have IP rights for teaching purposes and further education is at that point good enough to proceed.

When we get to commercialization, we can see the value of the IP. Then we negotiate for real, as opposed to up front. Companies that want to get into it quickly, especially SMEs, see this long process and say, "I don't have time to do this. It's going to go through hoops, and it's different for every university." They don't even approach universities for some of their IPs. It just sits there. They'll get around it in another way.

I'm hoping something can be done in that area.

● (1140)

Mrs. Cheryl Gallant: All right.

How are other countries bridging the valley of death? What funding mechanisms or instruments are they using?

Mr. Tony Stajcer: In our industry, which is the space industry, in Europe the governments are actually investing heavily in space. They realize that there is a real science driver there, a driver for high-value jobs. We in Canada have fallen slightly to a disadvantage, as Europe has recognized the importance of the space industry. I speak now for the space industry only. They are investing heavily in aerospace.

We as a company, then, are disadvantaged in that we don't have enough funding in that valley of death to actually fund the technologies we may need to be world-competitive. In two areas we are world-competitive, and we do internal investments in the millions of dollars to stay ahead, but we're slowly inching back because of the heavy investments being made by other countries in that same area while the IP is allowed to remain with the company to commercialize and to create jobs.

Mrs. Cheryl Gallant: All right.

Still on the aerospace subject—I believe Madam Harvey referred to this—what is it about our IP policy that is impeding the Canadian aerospace industry from gaining a greater share of the global market?

Ms. Maryse Harvey: The SADI program is the strategic aerospace and defence initiative whereby government, as soon as it partners with a company, becomes owner of the IP that's generated through that specific funding program. This is a problem, because it impedes our companies from transferring some of this IP—some of the lower-value data—to their own sister companies in other nations, where goods or part of the goods being manufactured could be manufactured at a lower price, which would allow us to keep a competitive edge regarding costing.

Mrs. Cheryl Gallant: This is a common complaint I hear across the board about SADI, but is it the national security aspect more than the commercial ownership?

Ms. Maryse Harvey: For aerospace generally it's not a security aspect. If the good doesn't have any military applications, it wouldn't apply in this case.

Mrs. Cheryl Gallant: Okay.

In terms of SADI, you mentioned the IP limitations. Is it specifically, then, the requirement for the Government of Canada to own it that is preventing the further commercialization?

Ms. Maryse Harvey: Yes. It prevents the flow or the transfer of IP when that flow is strategically important for a company.

● (1145)

Mrs. Cheryl Gallant: Thank you.

To the first witness, you mentioned that other countries have an IP czar or chief. You also mentioned that we have a varied and overlapping group of sciences that require this: pharma, agriculture, nano, forestry, software.

Are you suggesting that we have one individual in charge, or a panel? How would we ever find one person who would have the expertise in all these areas to be an IP czar?

Ms. Karen Mazurkewich: Well, other countries have IP czars. It's people who just understand the nature of intellectual property and how it needs to be managed.

Intellectual property is an asset. It's an intangible asset, but it needs to be managed. You can find lots of people with a lot of IP expertise in this country who could take a leadership role in the government to speak for IP. What's happening now is that you have several departments—foreign affairs, industry, heritage, and justice—that all play into IP policy. There's not one person who speaks for it, whereas other countries do have one person. They have strong people, perhaps a judge in IP or someone coming from the private sector.

You can find someone who could speak for IP in this country. They don't need to be experts in every single sector; they just need to understand how this game is played.

Mrs. Cheryl Gallant: Now, in everyone's testimony—

The Chair: Madam Gallant, that's really all the time there is.

Mrs. Cheryl Gallant: Okay.

The Chair: I'm sorry about that. The clock is always our enemy, in every committee.

Go ahead, Mr. Hsu, for seven minutes.

Mr. Ted Hsu (Kingston and the Islands, Lib.): Thank you, Mr. Chair.

I want to start out by asking for some more details about a statement that Ms. Mazurkewich made about Canada leaking IP.

I wonder if you could describe what that means in detail. Does that mean that people are moving? What exactly does that mean? What is moving where?

Ms. Karen Mazurkewich: You are asking what's moving where. Okay. We did some research looking at how many small and medium-sized companies were involved in mergers and acquisition deals in Canada over a period of five years. What we discovered was that about 58% of the companies that were sold went to overseas buyers, and 66% of the IP went abroad, which means that overseas buyers heavily covet our companies that are rich in intellectual property.

Now, what I was saying is that I don't say that we need to stop all foreign acquisitions of Canadian companies, but we need to recognize that something is missing in this country. Something is not anchoring.... We're not keeping enough of our IP in this country. I think, and maybe Tony would agree, that anchoring IP in this country would also help to create jobs.

The problem is the valley of death phenomenon. We develop companies, but we can't get the companies that do develop IP, at least to an extent, past that valley of death, so other companies come in, buy those companies, and take them out. What are they buying? They're buying our heavily IP-rich companies.

Mr. Ted Hsu: I understand that there's ownership of IP, ownership of data and things like that, but are people actually moving out of the country?

Ms. Karen Mazurkewich: It's a combination. In some cases the companies just buy our companies, take the IP back, and use it in their own firms. In other cases they buy the companies, and then the people who created and developed that intellectual property leave as well, to further develop it elsewhere.

Mr. Ted Hsu: Okay. They move into a laboratory somewhere else.

Ms. Karen Mazurkewich: Yes.

Mr. Ted Hsu: What are some examples of countries that are doing the opposite, that are collecting IP as opposed to leaking IP? Are there—

Ms. Karen Mazurkewich: Or maybe keeping IP?

Mr. Ted Hsu: Well, no. Somebody's gaining if we're losing, right?

Ms. Karen Mazurkewich: Yes.

Mr. Ted Hsu: Which countries are picking up IP?

Ms. Karen Mazurkewich: Do you mean from Canada?

Mr. Ted Hsu: Around the world, which countries are doing the opposite?

Ms. Karen Mazurkewich: Well, the United States, for example, is doing the opposite. They're buying a lot of companies with heavy intellectual property.

China is doing it now, more and more. There are a lot of deals being cut. They totally understand that IP is critical in developing innovation, and they're a nation that has not been strong on innovation. In the past, they've been stronger in copying, as we know, but their innovation policies have changed dramatically in the last couple of years. They're heavily buying and investing in companies that are IP-rich.

There are a lot of companies doing it. If you look at the scale of where Canada is, we're giving up more IP than we're keeping, I think, in this country.

● (1150)

Mr. Ted Hsu: If you look at all of, say, the OECD countries, are half of them gaining and half of them losing IP generally, or are there a couple that are grabbing a lot and the other ones are...?

Ms. Karen Mazurkewich: Well, what's interesting—and it's hard to explain how this is all playing out— is that when the World Bank looked at IP deficit, Canada had -4.5%, a $4.5 billion deficit, in terms of intellectual property. That's what they call the rights and rents, meaning who pays licensing. On the other hand, most of the other countries in the OECD had a positive number. That's one indicator that there is something going wrong here, and what it is exactly.

Mr. Ted Hsu: If I understand you correctly, Canada is in a small minority of OECD countries that have a deficit in IP flow.

Ms. Karen Mazurkewich: That's according to the World Bank. Yes.

Mr. Ted Hsu: Okay.

My last question is about the licensing process for IP at universities. Are there universities that are doing it right and whose best practices maybe can be copied?

For example, in my riding, Queen's University has PARTEQ, which has a commercialization arm and an intellectual property arm. Are there universities that are doing it better than others and that we should be looking to as examples?

Mr. Tony Stajcer: I think they're all different. There are some things....

What I'm suggesting is that they take an overly long time because we have to educate on what the next process is and how much investment has to go on beyond just the initial IP. I think the mechanism just takes a long time, and it looks cumbersome because you have to negotiate.

Currently, as I've said, the Mitacs program, which is a federal program, allows that collaboration to happen very quickly. It's predefined. That program can be worked with any university. I think that's an example of a good model, a good process.

Some are easier than others, but they're all different. I took four or five months to negotiate a very small contribution that I had to a university, when it was very difficult to see any value that would come out of that right up front.

It just takes different amounts of time. Apart from Mitacs, I haven't come up with a very good model. Others can correct me.

Ms. Karen Mazurkewich: Yes, the consortium model is good. PARTEQ is trying to do a consortium as well. I think the model is to prenegotiate some of the stuff up front so that the industry can hold on to and develop the IP, the university keeps it for research purposes, and later on, as Tony was saying, you negotiate some of the royalties.

It think this is something that every university could do and every province could encourage. This is a model that is not one-size-fits-all, but one size could be made to fit various sectors, and I think we need to encourage it.

Mr. Tony Stajcer: I wanted to add that in terms of the IP leaving Canada, I believe a lot of it has to do with the fact that we're still in that valley of death. We need funding, and there's a lack of available funding for the companies, so the multinationals see that opportunity to take over a company. As well, the market in the U.S.—or China, for that matter, or Europe or Germany—is much bigger, so the company sees that if it goes with this company into the U.S., it can go into a larger market and make more money.

The impediment occurs because we do not keep those incubating companies long enough. There isn't enough funding to maintain that development to get to a point where you can really see the high commercial value. We have some funding and we struggle along, and then we need to continue funding to develop that IP internally, and there's a lack of it. I think that's also partly why some of that IP leaves.

The Chair: Thank you.

That's all the time we have for now.

Mr. Stajcer and Mr. Hsu, thank you.

Now we're going to go to five-minute rounds, and first up is Mr. Braid. You have five minutes.

Mr. Peter Braid (Kitchener—Waterloo, CPC): Thank you, Mr. Chair.

Thank you to all of our witnesses for being here today.

Ms. Mazurkewich, on the issue of IP leakage, could you just clarify either the World Bank or the OECD stats? What time period do they cover?

I have a second part to that question: are we starting to turn this around at all, or is the situation the same today?

Ms. Karen Mazurkewich: They do calculations, and the World Bank does it on an annual basis. When I did my report, I believe it was in 2009 or 2010 that the number was -$4.5 billion. They continue to look at that.

● (1155)

Mr. Peter Braid: Do you have a gut sense, or a more precise sense, of whether we are starting to turn this around? It's now 2012. Do you know?

Ms. Karen Mazurkewich: I don't think so.

Mr. Peter Braid: Okay.

On this notion of having a senior official in government as a champion of IP, you mentioned the U.S. example and that of the U.K. Do you have a specific recommendation on what this role might look like in the Canadian context and where the position might be housed?

Ms. Karen Mazurkewich: Yes. I think a position could be made at the industry level, or from Mr. Goodyear's ministry, so that there is an IP specialist who answers directly to a minister on these issues. I would say a high-level executive.

Mr. Peter Braid: Okay, thank you.

You mentioned in your testimony a government program in Denmark that helps to support small businesses and helps them navigate through the IP process. Could you elaborate a bit on that and also point our researchers to where they can get more information about this program?

Ms. Karen Mazurkewich: They can get more information from my report.

I travelled extensively. Denmark did what's called growth houses, which are regional centres of innovation, not unlike what Communitech is doing as well. The difference with the growth houses, which I found quite interesting, was that in addition to the mentorship functions that something like Communitech does, they also had some very small grants, direct investments, to help young researchers and entrepreneurs figure out patentability, or what's called “freedom to operate”, to determine that if they're going to go and develop a technology, they're not infringing on somebody else's licence. They give as much as $500 to $1,500, and some work directly with lawyers for a period of time.

To make it very simple, it's another layer on top of what, say, a Communitech model is doing.

Mr. Peter Braid: It's an accelerator centre, a mentorship type of model.

Ms. Karen Mazurkewich: Yes, but it has a focus on IP coaches and it has some direct investment for IP development.

Mr. Peter Braid: Excellent.

You also suggested this notion of a patent pool and a patent investment fund. Can you point to any similar models anywhere in the world for us?

Ms. Karen Mazurkewich: The best one I looked at was happening in Europe. The European Investment Bank, the Caisse des Dépôts in France, and several others were pooling money to buy patents. This was the model I was suggesting that Canada look at or even join, because they felt the same way: they were concerned that there were too many patents sitting on the shelves at universities and if they could buy those patents and put them together in patent families and license them, it would be a win-win for the universities, for industry, for everyone. As well, there might be a good little handy investment there for the banks, given what happened with Nortel and how much money those patents brought in.

Mr. Peter Braid: The U.S. has a provisional patent process. Do you have any thoughts or comments on that? Is this something we should consider?

Ms. Karen Mazurkewich: It's a provisional patent process in terms of...?

Mr. Peter Braid: I'm going back to the spring and the earlier phases of our study. My understanding is that in the U.S. there is a process that allows people to file quickly and speed up the process, and it's a provisional patent protection.

Ms. Karen Mazurkewich: Yes. Most Canadians, as you already know, do file first in the U.S., so they are part of that provisional process anyway. Tony could probably respond as well as to whether Canada could use one, but the reality today is that most companies go first to the U.S. and then to Europe, and the minute they do that, they can do provisional patents.

Mr. Tony Stajcer: We do file provisional patents in the U.S., but there are pluses and minuses to going with provisional patents. You cannot introduce a new IP within it; you have to describe it within the first filing.

There is that quick way, and it is a good way for companies to file, because it sets the date. You can then file patents in the U.S. or in Canada after that date because that sets the priority date, so we're not necessarily disadvantaged doing it in Canada.

I think we file in the U.S. first because that's the bigger market. We want to protect the bigger market.

The Chair: I'm sorry; once more, time is up.

Now we move on to Mr. Harris for five minutes.

Mr. Dan Harris (Scarborough Southwest, NDP): Thank you.

Thank you to the witnesses. This has been good already.

Ms. Mazurkewich, you alluded to the patent investment funds in your earlier remarks. Without delving into it, are there one or two examples of other countries that have this that you think we should be looking at?

● (1200)

Ms. Karen Mazurkewich: Yes. Europe is already developing one. France has one already. China is starting one. Quite a few are developing. Japan has one. Korea set up a very aggressive one. They're emerging all over the world. These sovereign patent funds are being created to go up against the private patent funds that already exist out there and are highly litigious.

Mr. Dan Harris: If we had had such a patent investment fund, do you think we might have been able to maintain more control over the patents that were sold off when Nortel went bankrupt?

Ms. Karen Mazurkewich: They would have bought them.

Mr. Dan Harris: It also is interesting, and other witnesses mentioned it previously, that the IP from Nortel had more value than the bricks and mortar assets, and that it sold for more money.

You were talking about Canadian start-ups being bought by other companies and brought to different areas. Obviously they're going to be of different sizes, but would there be an average size to those companies when they get gobbled up?

Ms. Karen Mazurkewich: They get gobbled up in pretty early stages. I think an average would be around the $30 million mark. Tony, do you have an idea?

Mr. Tony Stajcer: I'm not as familiar with that. They generally get into an area where they're starting to make inroads, but they still need further capital for investment, and that's where they have difficulty; they can see the market potential. I think it's in the $10 million to $30 million range as well.

Mr. Dan Harris: Then those would be fairly productive companies.

Ms. Karen Mazurkewich: Yes, they are.

Mr. Tony Stajcer: They would already be started in business. They can see they're entering the market and they've got some start-up markets. That's why they would buy it.

Ms. Karen Mazurkewich: That's why it's attractive.

Mr. Tony Stajcer: They've validated the business at this point.

Mr. Dan Harris: I'm glad you mentioned the valley of death earlier. Is COM DEV facing any real-world experiences right now? Do you have any projects that are stalled because of a lack of funds?

Mr. Tony Stajcer: We have just recently spun off a company called exactEarth and we've invested more than $50 million of our own funds into this. The business is starting to take off. It's a satellite data services business, a very exciting new industry that's being built in Canada. It's still in need of funds because as you continue, the competition is starting to catch up. We are developing programs in conjunction with the government to try to support that.

One of the things I alluded to before is that it's taken two years, so from when we started until now, the world's changed, the competition's changed, and our timing has changed. It's been difficult to get the funds at the right time. They're at the point where they have $10 million to $15 million. What's the next step?

Mr. Dan Harris: Of course, there's the intellectual property that's put into patents that companies have and control, but then there's also the intellectual property that's in people's minds. When high-valued individuals working in these companies can't get further development, they go and work somewhere else. That intellectual property, of course, follows them. Often it can create a problem, because they'll go from that Canadian business and move directly over to a competitor in another area. Have you faced any of that?

Mr. Tony Stajcer: What we try to do is patent the core IP. If a person leaves, yes, there is a drain of IP, because not everything's embodied in the patent, but you can, with that patent, ensure that the company cannot compete in the same area. You have to be diligent about your core IP, and ensure that you protect it and patent it in the markets that you're going to serve. That's the key. If the market is small in Canada, you may choose not to patent in Canada, for example. You have to make sure of the core IP that you build a business on, which is what we did in exactEarth. We're patenting worldwide. We're going into many countries where the markets are, including Canada. That's an important point. Even if my chief scientist leaves—a Canadian scientist who developed the algorithms—we are protecting that business.

The Chair: Thank you, Mr. Harris.

Now we will go to Mr. McColeman has five minutes.

Mr. Phil McColeman (Brant, CPC): Thank you.

What you're offering today is providing some much needed information in terms of our study.

I have a couple of brief questions. Ms. Harvey, you mentioned 34,000 new aircraft. Over what period of time is that demand out there?

● (1205)

Ms. Maryse Harvey: This is a study done by Boeing, and there's one also by Deloitte. They do it annually, and it's on a 20-year timeframe.

Mr. Phil McColeman: That's over 20 years, projecting 34,000 units?

Ms. Maryse Harvey: Yes. Those are commercial aircraft.

Mr. Phil McColeman: That's in the commercial side of the business?

Ms. Maryse Harvey: It's only the commercial segment of aeronautics, yes.

Mr. Phil McColeman: I'm interested, Mr. Stajcer, to know who the investors are in that period of the valley of death. What are the groups? Are they angel investors? Who are these people?

Mr. Tony Stajcer: Actually, it's our company, the industry. We also have a strategic partner that has access to European markets and has co-invested in that company. They put in $15 million to acquire a certain share; this is public knowledge. We want to make sure that we open up the markets when we have a co-investor, because that's an important point. The company now is at a point where it needs to go to the next jump.

There could be potential exits where other larger companies may integrate it in because it's a new service, a new product in the world. We have to be careful that we protect our core IP, because that's what the company was built on. We're trying to create that industry in Canada, but we have a European partner and we're looking potentially at a U.S. partner, because the market is governments and civil services.

Mr. Phil McColeman: Excellent.

Ms. Mazurkewich, the federal government plays a role in post-secondary education, particularly universities, but a very limited role, frankly, with the devolution of education to the provinces and territories. You understand this subject matter probably better than we do at the table. How do you see rolling out a potential unified IP policy? Would it not be more a function of provincial authorities than of the federal government, or do you see it as the federal government, or as a combination?

I'll give you a bit of background. I've travelled to a lot of universities across the country as part of our post-secondary education caucus. I see that wide variance in IP. Some universities don't have any idea of where to start; others, like the University of Waterloo, are advanced to a whole other level, and there is everything in between. They're struggling with it, and you know that, I'm sure. Obviously Mr. Stajcer, in terms of his negotiation with these institutions, knows that.

If we are to make an effort to standardize and to set policy in place for universities, how would you see doing that as the federal government?

Ms. Karen Mazurkewich: Let's be clear. Today we're talking a lot about what we call technology transfer from universities to industry. That's only one piece of the IP puzzle.

As a short answer I would say yes, the federal government has a great role to play, whether it's creating patent investment funds, whether it's having a single IP czar, for lack of a better word, who speaks for IP, whether it's different agreements dealing with the NSERC and other FedDev programs, etc.

There are an enormous number of things that the federal government could do to help unify policy, to make CIPO stronger, in terms of how they manage and administer the patents there. Tech transfer is one particular issue of the IP puzzle. Yes, it rests more with the provinces, absolutely, and so there needs to be coordination, but I think through some of the government funding—through NSERC, NRC, and other programs—there are lots of levers that the federal government can use to help change the culture of the universities to better understand—because I do not think they do—that a patent today does not necessarily equal a product, except maybe in the pharma world, but is an incremental developmental stage, and that all of these legal agreements and relationships need to change.

Thank you.

● (1210)

The Chair: Thank you, Ms. Mazurkewich. Thank you, Mr. Coleman.

Now we'll go on to Mr. Stewart, who was with me early this morning checking out commercialization of research as well.

Mr. Kennedy Stewart (Burnaby—Douglas, NDP): That's right. It's pretty topical today, isn't it?

Thank you very much for the presentations. I'll start by saying there are a number of intriguing ideas on how to fix our IP deficit and other problems. Most seem to call for increased government investment in particular areas, very strategic investment, and it seems that if we're going to fix this IP deficit and other problems, it's going to cost more money, essentially, and that seems to be what we're talking about here.

This does seem to be against the trend, though. The Jenkins report showed that our R and D expenditure in Canada overall has been dropping. Government investment in R and D has declined to about 0.2% of our GDP with business development, especially with the collapse of Nortel, so I'm wondering if you can give us some idea of how much more we should be investing in this area in order to make us a global competitor and get us back onto the plus side of the OECD equation.

Mr. Tony Stajcer: How much we invest is a tough question. I think the issue is that if we have a mechanism that brings industry to the forefront with matching funds from the government, it will create more commercialization and you'll have money flowing back in. Innovation is a cycle. You need to start with research and go through the development and demonstration phase to commercialization, but that has to feed back.

How much more is an interesting question. You can look at different industries and say that we need this much more, we need that much more, but I think we need to be competitive on a world scale and I think, if I saw the correct numbers, that in terms of what governments invest, some of them are in the 1% of GDP category or in that neighbourhood.

My colleagues can better answer what we need to do to be competitive.

Ms. Karen Mazurkewich: I think it's really hard to put a number on it. I wouldn't dare try, but I do think, because I know money is always an issue, that some of these problems aren't necessarily financial, and we wouldn't want to just throw more money at the problem, throw more money into R and D.

What we're talking about today is how we go from the page into product and what's missing there, and I think there are some solutions, such as what we've discussed today with regard to universities and with educating small and medium-sized businesses. I work with three start-ups right now; one of them lost his IP because he didn't patent it, so when I got on board, the first thing we did was go and do a patentability project. A lot of small businesses or young entrepreneurs don't even understand that.

There are lots of things we can do that aren't just putting more money into research and development. I would like to emphasize that.

Mr. Tony Stajcer: I wanted to add that the SADI program or other programs that are like it, if we have the right terms and conditions and we can execute those quickly, are the first step. Then we'll see if there are gaps, but I think some of those programs are not fully utilized because of some of the IP clauses and ownership clauses that are in there.

Repayment, for example, also takes into account the overall company business, as opposed to a new product that's being developed. It is a very hard pill to swallow, if the product fails, that the repayment then has to be on the rest of the IP that was never actually paid for by the government. There are some clauses in some of these programs that have prevented them from being fully utilized. The first step would be to streamline them and get it in process quickly, standardize some of those IP agreements and make sure the industry cannot fall behind.

If it takes me two years to negotiate, I'm two years out of date. I'm behind. I could fail completely.

Mr. Kennedy Stewart: For example, you mentioned the idea of a patent investment fund. Just as a ballpark figure, what are you looking at, and what would be the best way to recover moneys for the government from such a fund?

Ms. Karen Mazurkewich: A patent investment fund could be a combination of private and public. There are private equity companies that would be very interested in doing this.

These are not cheap. It would be upwards of $50 million to start a patent investment fund, but look at CPP, the Canada Pension Plan Investment Board. They have a lot of investment, a lot of our pension funds. It could be interesting to explore similar models not unlike the Northleaf model, a private equity model that's working quite well, to try to help venture capital. Again, it was a public-private venture in Ontario in which the Ontario government gave some money to some private sector.... I think some of the pension funds may have been involved. They have gone out to invest in companies.

There are some interesting models, which I have described in my report, that could be explored. They're not cheap, but it wouldn't necessarily require the government itself to put up a lot of money up front; it would be in partnerships.

● (1215)

The Chair: Thank you, Mr. Stewart. That's all the time we have.

Ms. Maryse Harvey: Could I add a comment about SADI? We really want to make the point that simple changes to the terms and conditions could result in more IP generation in Canada and more investment in R and D.

There are several examples whereby companies will not subscribe to SADI because of the terms and conditions, which basically cost very little to change. If you want a number, we could provide you with a number, if we really want to increase R and D intensity in Canada and remain competitive with other nations.

I just want to make the point that there are also things that could be done that cost no money to government. We're looking at that through the current aerospace review of policies and programs.

The Chair: Thank you.

Now we're on to Mr. Carmichael for five minutes.

Mr. John Carmichael: Thank you, Chair.

We've covered universities and so many of these different issues, but to follow my colleague, I'd like to stay on the patent investment fund for a minute.

Mr. Stajcer, you talked about taking perhaps 10 patents—whatever the number is—and that the likelihood of success is fairly minimal in terms of the risk level. How do we encourage those private-public partnerships?

You talked about CPP, and they have very real investment guidelines. The risk tolerance is going to be a significant problem here. I think that's obviously why we're at the table today, trying to figure out where the balance is in making this work.

Could you address that?

Mr. Tony Stajcer: I agree that's a high-risk area.

One of the issues is that you cannot get VC funds to fund that development. Companies are obviously tightening their belts. They also don't have the full capability to invest in these.

Also, I'm not talking about 10 patents; I'm talking about 10 ideas. One of the things is that some of those need to then be pulled through to the commercial end. We have to be able to accept that if we invest in 10 ideas, $1 million on each, then we have to look at the outcome. Does that $10 million generate three businesses that make $200 million in revenue? We understand that we have to do that and let the other seven fail, because if you don't explore that, you will never get to the end.

That's how I look at it; I look at my success rate. I'm closer to the market, so my success rate should be higher because I should know the problems, but at the stage where it comes out of university, you generally don't have a single idea, a single patent, that says that's going to be a success. You generally have to layer on other IP as you develop it and get into the final production.

We are a little more of a risk-averse society in Canada. I look at some of the U.S. initiatives; I've been at a meeting where we were looking at potentially developing a new battery material, and the level of investment was in the millions of dollars. We had to do a minimal amount of work, and we asked "How much do we need to develop this?"

It can be done fairly quickly, but you have to be able to accept failure.

Mr. John Carmichael: I come from a business background in my previous career. I'm fully aware that if you believe in success, there could be a few false starts along the way.

Mr. Tony Stajcer: Right.

We have to measure the investment we'll make at that point to the total benefit that we get at the end. If a few fail, that's what we are expecting, but unless we take that step—

Mr. John Carmichael: Yes, I fully agree with you. That's my concern on—

Ms. Karen Mazurkewich: No, I think there's confusion between investing in patents and a patent investment fund. What I am discussing is a pure private equity model whereby, if you already have 50 patents and you want to sell off 20 to save some money or generate some cashflow for your business or cross-license to that fund, then this fund becomes a player in which a cross-licenser buys patents from Tony so that he can reinvest money into that.

That's very different from direct subsidies in patents themselves, just to be clear.

Mr. John Carmichael: Yes. We're talking ideas here versus established patents—

Ms. Karen Mazurkewich: Exactly.

Mr. John Carmichael: —which have a more solid foundation already in play.

● (1220)

Ms. Karen Mazurkewich: Yes.

Mr. Tony Stajcer: Patents are one of the ways in which you can protect your IP. There are a number of other factors you have to consider—the size of the business, whether it is a process or software, whether it could be copyright. There are other protections for that. Otherwise you might want to just publish and have the freedom to operate, so you publish it to do that.

Mr. John Carmichael: Right.

Mr. Tony Stajcer: There are many different mechanisms. I for one actually am looking for how I utilize my patents through brokers and license to other companies, but an investment fund like that would be helpful to me.

Mr. John Carmichael: I have one minute left, so let me be quick.

I wonder if you could talk about the directory, the amazon.com. How do we corral the idea of the patents and put them in a place where we can do something productive with them?

Ms. Karen Mazurkewich: I think you would want to find someone to hire, a private equity partner like Loudon Owen, who has already done it. You remember i4i; he made $250 million out of Microsoft on one patent. People like that are very interested in investing in patent funds that they could buy or license from universities, etc. It would be finding the right partner. It would probably be like a private equity player who understands this game well and has played it already.

Mr. John Carmichael: Okay. Thank you very much.

The Chair: We go now Madam Freeman for five minutes.

Welcome to the committee.

Ms. Mylène Freeman (Argenteuil—Papineau—Mirabel, NDP): Thank you, Chair; it's nice to be here.

[*Translation*]

Ms. Boily, when you talked to Ms. LeBlanc earlier, you concluded by mentioning that government procurement in terms of IP would theoretically allow us to develop maintenance technologies. Could you expand on that? I think that Ms. Harvey also wanted to add something to that. Could you talk about it further and about how it is reinvested in our economy?

Ms. Lucie Boily: Let me give you an example. We mentioned the Valley of Death just now and we are talking about the importance of developing technology demonstration programs. That is very common in other countries where they have tech demo development programs, 50% of which are funded by the government. I know that this means that the government is investing money. Seven or eight years ago, a company went to the government and asked for assistance to invest in a tech demo. The government was not able to help because of the provisions and conditions of the program.

So that company went abroad and received non-refundable support from another country. All the development and the IP went to another country, along with all the high value-added jobs. This example shows that this really isn't a zero-sum game. A non-refundable amount of about 50% may be invested, but the economic impact and the revenue for another country are quite amazing. We have missed out on a great opportunity to keep something substantial in Canada. So, in that sense, IP investments need to be a joint effort, because, ultimately, a tech demo has to do with bringing the IP to a level where the viability of the technology is demonstrated.

Ms. Maryse Harvey: In military procurement, there are clearly a lot of benefits when the government uses data and intellectual property so that we can use it and make it available to our companies. Since you have many companies in your riding, you are probably aware that this gives them the opportunity to build on this intellectual property and to develop solutions that can then be exported to other countries on platforms to which the intellectual property applies.

In a nutshell, economic spinoffs can potentially double if the government purchases the intellectual property and the platform at the same time, regardless of whether it is an aerospace platform or any other one.

Ms. Mylène Freeman: Yes, that has actually come up in my riding where we have aerospace companies, as you know.

For example, when an investment or a federal acquisition is made —so it belongs to Canada—but the intellectual property does not belong to us, the maintenance has to be done by the first company, which is usually not in Canada. So we are constantly investing in another country.

When we export it, does it keep being reinvested in our economy?

● (1225)

Ms. Maryse Harvey: That is correct. When we own the intellectual property, we can perform work at the highest level on the platforms that we purchase. So we are talking about engineering work, not just aircraft maintenance. It means engineering. It also means looking for solutions to problems that can arise after a certain number of flying hours, or before problems arise, relying on tests that can be done jointly with research institutes, and so on.

So it is extremely intricate. Many people underestimate the quality that goes into aircraft maintenance work. Not only does a lot of money go into it, but also a lot of time, because the platforms that we purchase usually have a lifespan of 20 to 30 years.

Ms. Mylène Freeman: Exactly.

Ms. Boily, would you like to add something to that?

Ms. Lucie Boily: By giving Canadian businesses only the so-called leftovers, or the minor work, Canada will lose the capacity to do maintenance. I do not think that the federal government can let Canada lose this capacity.

What I am saying is true. There are not a lot of companies. They are very good and competitive, but, if we take away the access to intellectual property, they will lose this advantage sooner or later. None will be left in Canada.

Ms. Mylène Freeman: So actually, if an investment is made...

[*English*]

The Chair: That's all the time we have, Madam Freeman. I'm sorry about that.

Now we'll go over to Madam Gallant for five minutes.

Mrs. Cheryl Gallant: Thank you, Mr. Chairman.

In terms of procurement, it was mentioned that there are a couple of areas where the federal government could help get through these impediments in IP. One that was mentioned was procurement. Could you elaborate on that? What further could the federal government do to stimulate further IP and get through this valley of death?

Mr. Tony Stajcer: Actually, in the business we started, the government is the first purchaser of the product. They are using it and developing it, and it is helping tremendously to have the government adopt it internally. It is very important if our own government adopts it and validates the product; now we can export and get it out to the world.

I do think that government procurement, and even IRBs if possible, should have a stance whereby the government doesn't simply go outside and purchase something but looks internally to what's being developed. That helps absolutely through that valley of death. It does help sustain that drive to get to the larger export market. Canada is still a fairly small market on the global scale, and we really are an international company; we have to be that way to gain an advantage and drive economic growth in Canada, because the jobs are here.

Mrs. Cheryl Gallant: In that regard, we do have the Canadian innovation commercialization program for small and medium-sized companies. Are you suggesting that we apply that in addition to the IRBs to larger companies?

Mr. Tony Stajcer: Actually, we have just recently, because we are looking for R and D participation dollars, put in an application for the CICP program. We haven't had experience with it yet, but we are hoping that is a source of funds we could utilize to improve our competitiveness and push our IP further into the market. That is a good example. I don't know all the details of that program yet. We have not worked with it, but we're hoping it's an avenue to help us commercialize and take it outside the country.

Mrs. Cheryl Gallant: For the IRAP program, certainly a company with the number of employees you have would not qualify, but would it be that type of model that would enable you to get to commercialization?

Mr. Tony Stajcer: I think IRAP is a good program, and from what I remember in the reports, it can be supported more widely.

I am thinking on all of these that the timing is very important. We have to make these funds accessible, and quickly. Timing is one of the things that drives the market very much, and if we delay on these funds.... Even with what's there now, if we can make that happen more quickly, it would be to our benefit. We would drive growth much more quickly and help those companies get into the market sooner.

That is a useful model, and if there were larger funds available to even larger companies, that would help as well.

● (1230)

Mrs. Cheryl Gallant: Okay.

Earlier a witness referred to universities and the partnerships therein, but we also have a constellation of national laboratories. They are federally funded, so we would have more input in direction, perhaps, as to the types of technology that could be funded.

What are you doing presently? Are you forming partnerships with these different national laboratories to enable your access to research at a more economical level?

Mr. Tony Stajcer: As an example, I actually am licensing patents from CRC. We also looked at some technology in patents being developed at NRC. We are looking at collaborative models utilizing those research institutions because we cannot do it all internally.

I think there does need to be a model. One of the things about IP is that there are strong anchors to that IP within those areas, so we need to find a way to work with them. They've already invested. We will invest further to take it to the market, but we have to find the right balance on that IP agreement as we transfer it from the laboratory to the final market.

In one case, we have a development licence from CRC to develop certain IP, and we will then start royalties upon product introduction. Unfortunately, between times—sometimes that time can vary—they were also asking for annual minimum payments, which is difficult to do because you haven't introduced a product yet.

Therefore shortening the timing and having an understanding.... I think part of it is also understanding and being somewhat flexible. We can actually work with those research institutes to develop some good models, I think, but I think everybody needs to be willing—

Mrs. Cheryl Gallant: More flexibility—

Mr. Tony Stajcer: Yes.

The Chair: That's all the time we have now. That concludes our second round.

Now we're moving on to our third round of questions. It will be a five-minute round. We'll go over to Mr. Wallace.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

Thank you, guests, for being here. I'm sorry that I had to slip out. I did hear everyone's presentations, but I actually had a meeting with some people from RIM, in which we were talking about the same topic we're talking about today, so I was happy to be there. I'm sorry I missed the questions, so if I'm repeating something, my apologies.

One of the things that will be happening this fall, which we announced in our budget, will be some changes to the tax system, the support system for research and development, basically based on the Jenkins report. Some of that is being implemented probably in the next budget implementation bill, but it won't actually take effect until, I believe, 2014.

I would appreciate any comments you have on what your organizations or individual companies have to say, or any comments on the Jenkins report and any of the recommendations, or whether to deal with SR and ED or, as Cheryl said, with IRAP. You covered off IRAP somewhat, but I'd like to know what your comments are on SR and ED.

Mr. Tony Stajcer: In brief, our company thinks that SR and ED is a single tool that helps all companies, regardless of what they do. You're not going into a specific fund like the green tech fund, which is only supporting the green companies.

We think it's a great tool for all Canadians to utilize. I think one of the things that they went backwards on was lowering the rate to 15%. We believe that generally streamlining that process would be the most beneficial thing that can be done to make sure that people understand the rules and what's applicable and what isn't.

Also, we would like to see it go back to 20%, actually. We're in somewhat of a.... We don't understand how the money that's being saved is going to go back—

Mr. Mike Wallace: Then your company is actively in SR and ED?

Mr. Tony Stajcer: Yes, we are.

Mr. Mike Wallace: Do you know how much money that is per year?

Mr. Tony Stajcer: Over the year, we generally have an overall development budget. That includes R and D and non-recurring engineering. It's in the range of $20 million to $30 million per year, so we are fairly active in that area. We are a $200 million company, or in that neighbourhood, so we are fairly active, but we definitely believe in that system. We think that as a minimum it should continue at the level it was.

Ms. Maryse Harvey: SR and ED is the number one R and D instrument utilized by the aerospace industry. It comes even before SADI.

However, I believe that one of the intentions of the government is to lower the rate from 20% to 15% but to increase direct support, direct investment—

● (1235)

Mr. Mike Wallace: That's correct—

Ms. Maryse Harvey: We've consulted with our members, and what they say is very clear: the aerospace industry needs both. We need SR and ED to plan long-term investment plans or programs. It's more a long-term instrument, whereas SADI is going to help fund transformational technologies in the company, so they really do complement each other. The industry definitely needs both.

I'm a little worried about the changes to SR and ED, I must admit, because it cannot be taken in isolation. The R and D tax incentive is something, but a more or less effective direct support mechanism is another. The rest of the environment, the dollar being at par, and all those variables have a global impact on our competitiveness as an industry. My point is that SR and ED should not be taken in isolation. From our perspective it should be put in a broader perspective.

Mr. Mike Wallace: Do you have anything to add, or can I ask my next question?

Ms. Karen Mazurkewich: I was only going to say that some of those changes were made to deal with some of the smaller companies. They find that SR and ED can be onerous, and sometimes you need PricewaterhouseCoopers to fill out those forms. I work with a lot of small start-ups, and direct investment was to focus on some of them.

Mr. Mike Wallace: Okay.

My next question—

The Chair: You have 20 seconds.

Mr. Mike Wallace: I have 20 seconds.

I'll comment, and maybe you can respond.

Some countries have fully refundable money and some have non-refundable money. One is a gift, in my view. There's a tremendous amount of risk in investing in R and D and IP, because maybe 30% of it materializes into something that's commercialized. Should the taxpayer not get some sense of security that it's refundable?

The Chair: We'll have to leave that as a rhetorical question for now, Mr. Wallace. If somebody can jam in that answer along the way, then so be it.

We'll move along to Madame LeBlanc. I believe you're going to split your five minutes with Mr. Harris.

[*Translation*]

Ms. Hélène LeBlanc: That is correct.

Currently, the defence industry is worried. The Government of Canada seems to be testing the aircraft in the United States. Does this close the door on Canadian companies?

Ms. Maryse Harvey: I am not sure what you are referring to. I did not know that the aircraft had to be tested outside Canada. Could you please tell us more about that?

Ms. Hélène LeBlanc: I don't have more information, but does it not say in the contract that the F-35s will be tested in the United States?

Ms. Maryse Harvey: It is possible, but we have not heard of any concerns.

Ms. Hélène LeBlanc: You have not heard of any concerns like that?

Ms. Maryse Harvey: No, we have not.

Ms. Hélène LeBlanc: I will give the floor to my colleague.

Mr. Dan Harris: I have four minutes. That is more time than I thought.

I am concerned about the RADARSAT program. The technology is Canadian and the program can bring solutions to a number of problems in space, as well as address a number of Canadian needs. Unfortunately, no funding for the program was listed in the last budget.

Ms. Boily and Ms. Harvey, could you comment on what happens when the government says that still supports a program like RADARSAT, but the funding is not there? What happens with those types of programs?

Ms. Maryse Harvey: When a program is announced, there is no question that companies in the space industry have to get ready to deliver some of the production when they receive the mandate to do so. If the funding does not come, those companies will have to make some internal decisions to reflect the reality. That means that, if there is no transfer of money, there will be too many employees and they will have to be laid off. That is our concern in those cases.

● (1240)

Mr. Dan Harris: Okay, thank you.

[*English*]

Of course I know COM DEV is involved in the RADARSAT Constellation Mission project directly. Has COM DEV made any plans with regard to making do without the funds, perhaps out of the existing funds that COM DEV has received, I believe as a subcontractor? When do those funds run out?

Mr. Tony Stajcer: I'm not directly involved in the project itself and how the funds are allocated. I understand there are some funds still, but I echo Maryse's comments that it is difficult when you have large government procurement. You staff up, and if the funds are of a sudden put on hold or delayed, you have to make business decisions. That's really all I can say on that.

Ms. Maryse Harvey: If I may add something, this stresses the importance for government to have a longer-term strategy towards space and the capabilities that are needed in Canada and have to be developed, because our companies need to be able to know in advance and plan according to what these priorities will be. This is a perfect example of a situation in which we could have used a little bit more coordination right off the bat.

Mr. Dan Harris: Great. I certainly agree, and if the decision were up to us, I think the funds would have been in the last budget, because that kind of program has all kinds of benefits from coast to coast to coast in many different areas.

With respect to that type of funding and the intellectual property, since we're talking about IP, do any of you have an idea about how much investment in intellectual property is actually in that program? Of course, this is already the third generation of this program, so it has been going on for a long time.

Mr. Tony Stajcer: I can comment that we're making advances in signal processing technology that goes on board, so you can actually get maybe better resolution, more data, better pictures of ships and so on, and better determination of the scene you're looking at.

There have been advancements, but it's not the only technology in the world. Europeans have many SAR radar satellites. We believe we are competitive on the world scale on that, but I would say that over time many hundred millions of dollars have been invested in that technology.

Mr. Dan Harris: I'm sorry. I want to cut you off very quickly. Has there been—

The Chair: Mr. Harris, we're over time. Sorry.

Go ahead, Mr. Lake, for five minutes.

Hon. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Thanks, Mr. Chair.

Mr. Stajcer, I'm just going to continue on the theme you've talked about throughout your presentation, and that's the different approaches universities across the country have towards IP. I had the chance during the summer to actually meet with some of these universities and experience first-hand those exact discussions.

Could you highlight why you think the universities have such different approaches to IP?

Mr. Tony Stajcer: I think it's a policy at the top level. For example, at the University of Waterloo the IP is owned by the researcher or researchers, and in this case it could be Ph.D. students as well. Other universities that I've dealt with, such as York, have a central office I deal with. The University of Waterloo does have an IP office as well that helps the researchers come to terms with industry and helps them to negotiate, but it still depends on the individual person, so I have to go through the office down to the researchers. They have to accept that, but I'm not sure that the university or the researchers have necessarily done so. It's more about education, as I said.

I think they have to understand. As I lay out some of what happens to the IP and how is it going to get to the market, they start to realize that this is really only the beginning of the investment period and that other layers of IP have to get layered onto that to actually make it into the commercial world. Therefore, I think part of it is education.

Part of it is that the inventors themselves want to hang onto that IP. They think it's very valuable. We do want to encourage the profs, the researchers, to actually drive that innovation and have the confidence they are developing some new technology. We do want to do that, but as I've stated, some of the research that we've seen is outdated.

I think industry needs to participate more in the direction of NSERC-type research funding. Researchers and industry have different objectives. Some of the researchers want to publish papers, want to be seen as experts in the world by making sure they get their ideas out there by publishing books and so on. They're not necessarily interested in commercializing the IP.

● (1245)

Hon. Mike Lake: Where I was going with that question is one would presume the universities have a reason for having the specific approach to IP that they have. Therefore, if someone dictated to them that they had to do it a certain way, one would also presume that the majority of universities wouldn't be already doing it that way, and they would probably be reluctant to go down that road.

Ms. Karen Mazurkewich: I think it has a lot to do with the sector. If Waterloo is software, that is something that goes to market quickly, so it makes sense for the IP to be residing with software. If you are dealing with pharma, MaRS Innovation has said they're only dealing with someone when the university and not the professors owns the patent, because they cannot take this and develop it and then have these issues.

Why do universities have different policies? It's because they have different sectors that they are dealing with. Tony and I are saying that's fine. I don't think you are going to get complete unification across universities.

What we want is more flexibility in the agreements so that there is better recognition of not paying out on milestone payments or on moneys up front, etc. There needs to be a change across the board in the culture of thinking, so as to have more flexibility in the legal arrangements.

Hon. Mike Lake: Tony, when you are making a decision to work with the university, what drives that decision?

Mr. Tony Stajcer: We look at whether there is a renowned expertise in the university in the area and direction that we're going.

In this case, we're a microwave equipment supplier to the satellite industry, so we look at where the university has built up an area of expertise. Are they renowned for that area? We will tend to invest in that area because it's then likely to result in something.

One of the first starting points is when I sponsor a chair. NSERC actually has a blanket statement that whether it's a chair or a collaborative project, all the IP belongs to the university. As a starting point, I think I would start with NSERC, to have the flexibility to have maybe a couple of models that you could follow, depending on the industry.

That would start the universities off with.... They always say, “That's the NSERC model. We have to have the IP.” That's their response, so I think NSERC has driven some of the behaviour of universities.

The Chair: Thank you, Mr. Stajcer and Mr. Lake.

Finally, we have Mr. Regan, for five minutes.

[*Translation*]

Hon. Geoff Regan (Halifax West, Lib.): Thank you, Mr. Chair.

I would like to ask the witnesses a question about the process to get a patent. The process is shorter in the United States than in Canada.

Could you tell us what options the government or the committee should consider to improve the process and make it shorter?

[*English*]

Mr. Tony Stajcer: I would definitely love to have it shorter, because the patent lawyers cost me a fortune. I think we are struggling with the length of time it takes. It does eat up a lot of resources and time. It is cumbersome.

However, that stated, it is becoming very difficult, because the novelty is becoming less and less in the technology itself. We do have to be careful; sometimes people take five or six years, but they are really pursuing something that's very marginal, which is not necessarily the best thing for patents going forward. It would be useful to have that done more quickly, so that people could say, “I have these patents supporting my business and the backbone is protected.”

Ms. Karen Mazurkewich: There are also arguments that we could upgrade the antiquated databases of the Canadian Intellectual Property Office so that they could be searched more easily online. A lot of people say they can search online in the U.S. easily but cannot do it here.

Another thing that a lot of the entrepreneurs I have talked to said was that we should let third parties contest an application before a patent is granted, because it's a great way to weed out some of the bad apples. Israel, for example, publishes applications and allows people to contest them. Then they look at the bad ones a little more.

One way to do it faster is to try to weed out some of the bad ones that clog up the system in patent thickets.

● (1250)

Hon. Geoff Regan: Let me ask Madam Boily something.

[*Translation*]

You talked about intellectual property rights in relation to government procurement. What is the practice in other countries?

What happens when a Canadian company goes elsewhere, for example? Does it negotiate those laws with foreign governments?

Ms. Lucie Boily: Usually, other countries have their own aircraft. In Canada, we have a very small defence market. As a result, we are forced to buy our aircraft, our trucks and all our military equipment elsewhere. So, if we compare ourselves to other countries that make their own aircraft or tanks, they do not have the same problem we have here in Canada.

One of our problems is that our companies do not have access to the intellectual property when they buy planes; they cannot even offer their services abroad because they do not have the intellectual property. In addition, they do not have access to those foreign markets because they are very restricted. The World Trade Organization allows governments to keep work in their own countries for reasons like national security reasons.

We are getting the short end of the stick in both cases. We don't have a defence industry or a big enough market. And we cannot get access to other countries very easily.

I am not sure if that answers your question.

Hon. Geoff Regan: That is great, thank you.

[*English*]

Should the regime for patents be different for different industries? If different industries have different natures, should there be longer or shorter patent periods depending on the nature of the industry? Do you have any views on that?

Ms. Lucie Boily: Do you mean something like a fast track for aerospace?

Hon. Geoff Regan: I'm thinking more about the duration of patents.

Mr. Tony Stajcer: I think the duration is adequate. Technology changes now very quickly. We've had some patents expire that have been there for 20 years, and the technology changed so much that we had new patents that were done five or eight years ago to protect the next product. The cycle is becoming faster, so the length of time is adequate at this point in time.

Hon. Geoff Regan: Madam Harvey, are you concerned that reduced emphasis on SR and ED will mean that instead of companies making the decisions about where to invest, government will be making those decisions?

Ms. Maryse Harvey: No. In the end, of course, companies make their own decisions, but it's based on a very global landscape and based on how attractive other nations make themselves to foreign investments.

Hon. Geoff Regan: Thank you very much.

The Chair: Thank you very much, Mr. Regan.

On behalf of the committee, thank you very much to our witnesses.

Go ahead, Madam Gallant.

Mrs. Cheryl Gallant: There were a number of recommendations made today. I'm wondering if you would instruct the analyst to itemize the recommendations so that, when we eventually do our report, we have them separated out and referenced to our witnesses, so that we can talk about incorporating them into our final report.

The Chair: Knowing this fine research staff, it's as good as done.

Mrs. Cheryl Gallant: Very good. Thank you.

The Chair: Go ahead, Mr. Harris.

Mr. Dan Harris: On a separate point, since the notice for Thursday's meeting has gone out, there are several notices of motions that have been submitted, and I noticed there was no time for business at the end of this schedule for the next meeting.

The Chair: The committee had agreed that at the next meeting, the last 15 minutes was to take a look at where we are in the IP study, based on the summary that was done for us, and to talk about next steps. That's presently what's been agreed upon.

Ms. Hélène LeBlanc: Okay, so it's not included on the notice that was sent.

The Chair: No, I felt everybody knew we'd take the last 15 minutes, but we can certainly redo the notice if you want.

Mr. Dan Harris: That basically will be committee business, then, right?

The Chair: Yes, it will be, but it was specifically for the review of the situation vis-à-vis the IP study.

Sorry; I was interrupted there. I wanted to say, on behalf of the committee, thank you very much for your testimony today.

The meeting is adjourned.

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