

coverage deters imitation and preserves a patentee's profits. If the scope is too narrow, the patentee's profits will be whittled away quickly by imitators. Thus, there is a trade-off between the term and the scope of a patent. Because patent coverage is open to interpretations, it has the potential of being abused by some countries either to attract R&D investment or to encourage imitation. This Paper recommends that trade policy analysis and negotiations should take into consideration the scope of patents. It is preferable to nail down the patent coverage upfront in international negotiations to avoid abuse and manipulation for competing industrial policy purposes.

Finally, innovation activity in Canada not only nor even primarily responds to IP rights. Our policies concerning economic growth and investment (especially foreign direct investment), competition, taxation and the development of entrepreneurship are more important. These policies together with industrial IP rights have considerable effect on a country's rate of innovation.

In summary, this Paper argues that as long as our trading partners honor the 20 year norm, it is not in Canada's interest to deviate from that international standard. Deviations from that norm run the risk of being exploited by individual countries and would complicate the multilateral trade environment. Therefore, from the trade policy perspective, this Paper concludes that: (a) *the patent term in Canada has to be consistent with those of its major trading partners*; (b) *Canada should not seek any general extension of the patent term from its current level*; and (c) *any future extension of the patent term should be limited to those industries where the economics of R&D clearly call for such a change*.