

Canadian-owned firms fared better: in 1968-69 Canadian firms received 66% of the \$22 million in grants, under the Program for the Advancement of Industrial Technology, during 1968-69 they received 67.7% of federal grants. Under the Industrial Research and Development Assistance program, foreign-owned firms received 44% of the grants during 1968-69 and only 9% of the grants under the Automotive Adjustment Assistance Program in the same year.

The Committee recognizes that for reasons indicated in Section 3.25 below it may be desirable to encourage foreign investment in slower growth regions of Canada. It also recognizes that the large foreign-owned companies are often in the dynamic, high-growth industries and are well placed and capable of meeting demands for the production of highly specialized saleable products and that these support schemes often have accumulative benefits in providing a foothold in foreign markets for other products as well.

Clearly a rigid policy of "no grants to foreign-owned firms" would be shortsighted and policies must remain flexible: however, in allocating grants, the Committee believes that an important factor to be taken into account in all these cases should be whether or not the corporation in question is Canadian-owned or foreign-owned. It is important that Federal and provincial grants be consciously used as a lever to stimulate innovation by Canadian firms with potential capability and also to induce foreign-owned firms to make equity participation available to Canadians.

3.14 *Foreign Ownership of Patents, Trademarks and Industrial Designs* Evidence made available to the Committee indicates that special problems may face Canada because of a large scale ownership by non-residents, mostly Americans, of intangible industrial property such as patents, trademarks and industrial designs which are particularly important in the most rapidly developing industries based upon improved technology.

A study based upon 1964 figures, indicated that of all patents issued in Canada 96% were issued to non-residents. The percentage of foreign patents issued to non-residents in the United States was 20%, in Germany 39%, in Great Britain 73%, in France 66%, in Japan 36% and in Sweden 77%.

Canadian laws relating to patents of invention and other intangible technological property, including industrial designs and trade marks, are based largely upon British and American laws. These countries were early leaders in technological development and it was in their interests to establish relatively strict laws for the protection of such intangible property, a large proportion of which was owned by their citizens. At the present time, most western countries except the Soviet Bloc belong to the International Convention for the Protection of Industrial Property. This convention grants reciprocal rights to citizens of countries which are parties to the convention.

The law relating to patents and other intangible technological property are not necessarily the same and indeed vary greatly with regard to their strictness among the parties to the international convention. Canada therefore has three options: (a) to dispense with such laws altogether, (b) to repeal its present laws and replace them by laws which would be less restrictive, and (c) to adhere substantially to its present system.