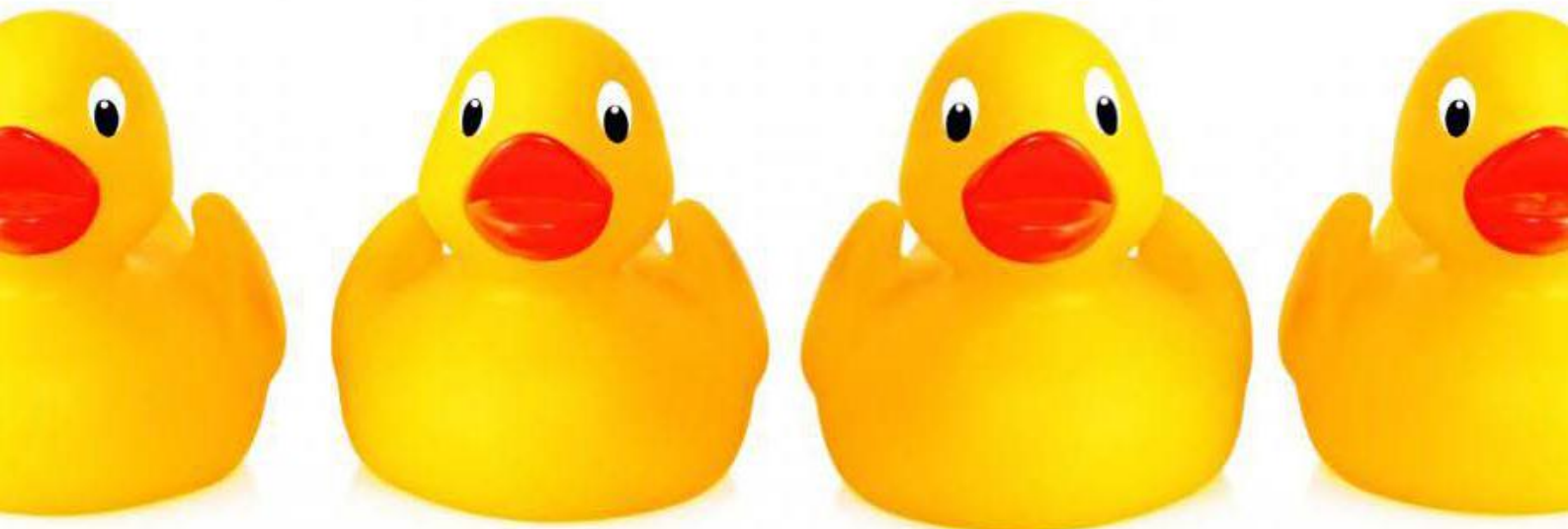


Red Monkey Coaching's Business Establishment Program



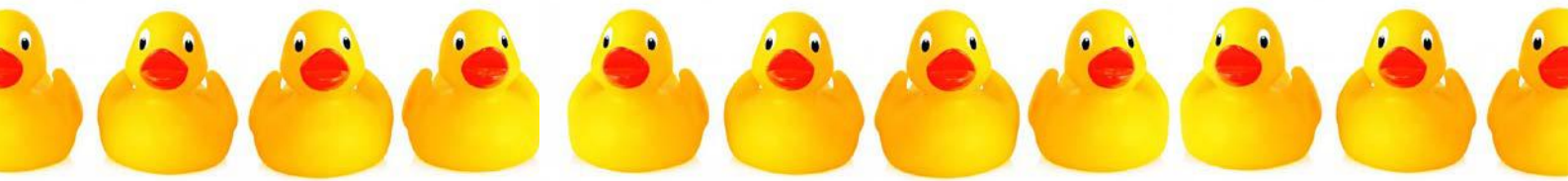
Part 8 – Intellectual Property

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Intellectual Property - What is it?

Intellectual Property (IP) can be anything from a particular manufacturing process to plans for a product launch, a trade secret like a chemical formula, or a list of the countries in which your patents are registered. It may help to think of it as intangible proprietary information. The formal definition, according to the World Intellectual Property Organisation is creations of the mind — inventions, literary and artistic works, symbols, names, images, and designs used in commerce. IP includes but is not limited to proprietary formulas and ideas, inventions (products and processes), industrial designs, and geographic indications of source, as well as literary and artistic works such as novels, films, music, architectural designs and web pages.

The four legally-defined categories of intellectual property are:

- **Patents**

When you register your invention with the government—a process that can take more than a year—you gain the legal right to exclude anyone else from manufacturing or marketing it. Patents cover tangible things. They can also be registered in foreign countries, to help keep international competitors from finding out what your company is doing. Once you hold a patent, others can apply to license your product. Patents can last for 20 years.

- **Trademarks**

A trademark is a name, phrase, sound or symbol used in association with services or products. It often connects a brand with a level of quality on which companies build a reputation. Trademark protection lasts for 10 years after registration and can be renewed "in perpetuity." But trademarks don't have to be registered. If a company creates a symbol or name it wishes to use exclusively, it can simply attach the TM symbol. This effectively marks the territory and gives the company room to prosecute if other companies attempt to use the same symbol for their own purposes.

- **Copyrights**

Copyright laws protect written or artistic expressions fixed in a tangible medium - novels, poems, songs or movies. A copyright protects the expression of an idea, but not the idea itself. The owner of a copyrighted work has the right to reproduce it, to make derivative works from it (such as a movie based on a book), or to sell, perform or display the work to the public. You don't need to register your material to hold a copyright, but registration is a pre-requisite if you decide to sue for copyright infringement. A copyright lasts for the life of the author plus another 50 years.

- **Trade secrets**

A formula, pattern, device or compilation of data that grants the user an advantage over competitors is a trade secret. To protect the secret, a business must prove that it adds value to the company - that it is, in fact, a secret - and that appropriate measures have been taken within the company to safeguard the secret, such as restricting knowledge to a select handful of executives. Coca-Cola, for example, has managed to keep its formula under wraps for more than 117 years.

Software Creation

Here are nine practical steps for protecting IP specifically where you're off shoring software work:

- Send people to **inspect the physical premises** where the software will be written. Note whether buildings have basic security check-in procedures and the like. Find out what kind of access people have to key systems.
- Look closely at the **way networks function**, particularly if you plan to use virtual private networks. These are good for cross-facility communications, but make it easier for remote employees to work from home or on notebook computers, which can increase vulnerability.
- Protect important information, such as source code, with **passwords and access codes**, and make sure that these are not widely available, either in the United States or at the outsourcing location. Approvals do reduce flexibility, but not as much as they reduce risk.
- Demand that the outsourcer have **tight human resources screening**. Look for employee retention figures, find out if competitors do business with the same companies, and if so, ensure that there is no contact between teams.
- **Know what risks** your own organisation can take. Regulated industries such as health care and financial services need to keep closer controls over data and software development than, say, packaged goods companies.
- Work to understand the **legal system and culture** of both countries. Negotiate contracts that make the offshore company responsible for the actions of its employees.
- Budget for greatly **increased telecommunication costs**, as well as for regular visits to the outsourcer.
- Make sure that any **test data** being used does not expose real information traceable to real customers.
- Always **maintain an original copy of source code**. This step seems obvious, but in one Y2K outsourcing case, a company was unable to prove a bug had been added to a program because it had not kept its source code.

Different kinds of patents:

There are two types of patents in Australia:

- A standard patent gives long-term protection and control over an invention for up to 20 years. There are various stages to gaining a patent and an applicant can normally expect to receive a reply to a request for examination within about 14 months. If an earlier commencement of examination is required, applicants can ask for expedited examination.
- An innovation patent is a relatively fast, inexpensive protection option, lasting a maximum of eight years, and is designed to protect inventions that are not sufficiently inventive to meet the inventive threshold required for standard patents. IP Australia usually issues a report on a granted innovation patent within one month of receiving the request for examination.

International patent protection

An Australian patent provides protection only within Australia. World Patents do not exist.

Australia is party to a number of international agreements which can reduce the complexity of applying overseas. A person interested in applying for a patent in other countries has two options.

They can:

- File separate patent applications in each country. This can be cost effective if it only relates to a few countries.
- File a single international application with the World Intellectual Property Organisation (WIPO), a specialised agency of the United Nations - www.wipo.int - and select the relevant countries (including Australia).

The application will automatically take effect in those countries but the need to meet the national requirements and costs in each case can be deferred for a significant period. This provides extra time to reassess the value of the invention and its export potential before committing to the high costs involved.

In Australia, IP Australia will issue an international search report for a patent application within nine weeks of receiving the search copy of the international application unless the application is for more than one invention.

Trademarks

- A trade mark is used to distinguish goods and services of one trader from those of another trader. This means that someone cannot register a word or words that directly describe the goods or services as a trade mark.
- A trademark can be a word, phrase, sound, smell, shape, picture, aspect of packaging or any combination of these.

The *Trade Marks Act 1995* provides the framework for the protection of statutory rights in trade marks. There may be common law rights in unregistered trademarks.

Distinction between a trademark and a business, company or domain name

Registration of a business, company or domain name does not in itself provide any IP rights. Only a trade mark gives that kind of protection.

It is important to understand that registering a particular business or company name does not mean the same name will be available as either a domain name or a trade mark. Nor does it give more right to a domain name than anyone else. In fact, business, company and domain names are often best protected when they are also registered as trademarks. Since each system is separate, it is necessary to search all relevant databases to ensure the desired combination of name, trade mark and domain name are achieved.

Trademark registration

Although trade mark rights may exist without registration, registration establishes those rights more clearly. It can be an expensive and time-consuming exercise to take action at common law for trade mark infringement. Australian Trade Commission Intellectual Property Protection in Australia – March 2011 > 3

A registered trade mark provides the exclusive legal right to use that trademark in relation to the classes of goods and services for which it is registered. A trade mark owner may also choose to license or sell their trade mark.

Time limit

Initial registration of a trade mark lasts for ten years. After that time registration can be renewed for successive periods of ten years on payment of the appropriate fee. If a trade mark has not been used by the applicant, or on behalf of the applicant, for a period of three years, another party can make an application for removal of it from the Trade Marks Register.

Who administers trademarks?

Applications should be filed with the Trade Marks Office of IP Australia. This office will examine the application to see if it meets legislative requirements.

Trade mark applications are usually examined within four months or less, however the period of time taken between filing and examination of applications can vary considerably due to significant fluctuations in the number of applications lodged at any given time. Expedited examination can be requested. Note: IP Australia is not responsible for maintaining and enforcing trademarks. This is the responsibility of the trade mark owner.

International trademarks

Australia is a signatory to the Madrid Protocol relating to the international registration of trademarks.

The advantages of using the Madrid Protocol system include:

- Only a single international application is required.
- It is in one language: English or French.
- It is filed through the Trade Marks Office of the home country.
- Protection can be sought in up to 81 countries and more countries are planning to come on board.

The Madrid Protocol is not the only way to apply for a trade mark overseas, however, as it is still possible to file an application directly within each country.

Domain Name

The protection of a business's domain name – their internet address – is extremely important for companies. Domain name registrations are valid globally and cannot be used by any other person or company; however, they do not provide trade mark rights.

Australia's domain names finish with the au prefix, and are registered for renewable two year periods. There are many registration companies to apply to register an internet domain name in Australia. For a complete listing, go to: www.auda.org.au

Designs

Design refers to the features of shape, configuration, pattern or ornamentation which can be judged by the eye in finished products. A registered design provides a legally enforceable right to use, license or sell your design.

Registration of designs is regulated under the *Designs Act 2003*. A design application can be filed containing one design, a single design in relation to many products, or multiple designs provided all the designs fall within the same classification class.

The applicant has six months from the priority date of the application (this is the date which the application was first lodged with IP Australia) in which to decide to register or publish any of the designs in an application.

Registration requirements

To be registrable, a design must be new and distinctive. 'New' means the identical design (or one very similar) has not been publicly used in Australia nor has it been published in a document within or outside Australia. For example, a design would not be considered new if it had been 'published' on the Internet before the date it was filed (or its priority date, whichever is earlier).

A design is 'distinctive' unless it is substantially similar in overall appearance to other designs already in the public domain.

Design registration is used to protect the visual appearance of manufactured products and is intended to protect designs which are applied industrially rather than a single artistic work (in the latter case, copyright protection would apply). Design registration only covers the appearance of the article and not how it works.

Time limit

The initial period of registration for a design lasts for five years from the date of filing; however, it can be renewed for a further five years. If it is not renewed the registration will cease.

Who administers designs?

Applications should be filed with the Designs Office of IP Australia. They will assess whether the design meets the legislative requirements. Examination normally is completed within four months after lodgement of the application. IP Australia is not responsible for maintaining and enforcing designs. This is the responsibility of the design right holder.

International registration of designs

Australian design registration provides protection only within Australia. Australia is party to the Paris Convention which can reduce the complexity of applying for design registration overseas. It is possible to apply for a design in a foreign country by following one of two strategies. They are:

- Make a new application in each foreign country as if making an application for the design for the first time — i.e., a normal national application.
- Make a new application in each foreign country within six months of the Australian application and specify the date on which the Australian application was lodged as the priority date of the application — i.e., an application under the Paris Convention.

Copyright

Copyright protects the original expression of ideas, not the ideas themselves. At the time of creation, copyright protection automatically applies to original works of art, literature, music, films, broadcasts and computer programs. Material is automatically protected from the time it is first written down, painted or drawn, filmed or recorded.

Copyright protection is provided under the *Copyright Act 1968*. Copyright owners are granted exclusive rights to do certain acts with an original work or other subject matter including: communicating online, licensing others in regard to copying the work, performing it in public, broadcasting it, publishing it and making an adaptation of the work. Rights vary according to the nature of the work.

There are a number of 'fair dealing' provisions in the *Copyright Act* which except certain uses of material from infringing copyright. This covers uses of material relating to research or study, criticism or review, and judicial proceedings or professional advice.

Using a copyright notice

Although a copyright notice – © – with the owner's name and date of publication is not necessary in Australia it reminds people that the work is protected, lets people know who owns the copyright and, in certain cases, may be necessary to establish copyright in other countries.

Moral rights

Individual creators have rights called 'moral rights', whether or not they own copyright. These are the rights to:

- Be attributed as the creator of their work.
- Take action if their work is falsely attributed as being someone else's work or is altered by someone else but attributed as if it were unaltered.
- Take action if their work is distorted or treated in a way that is prejudicial to their honour or reputation.

Time limit

Depending on the material and the author of the work, copyright in works generally lasts 70 years from the year of the author's death or from the year of first publication. Copyright in films and sound recordings lasts 70 years from the date of publication, and copyright in broadcasts lasts 70 years from the year in which the broadcast was made.

International protection of copyright

Australia is a signatory to various international conventions that deal with copyright. Most of the treaties allow for automatic protection, without formalities such as registration. Member states agree to extend the same copyright protection to works first published or created by nationals of other member states as they do to works first published in their own country or created by their own nationals.

Useful websites

For more information about intellectual property protection in Australia, go to:

- IP Australia www.ipaustralia.gov.au
- World Intellectual Property Organization (WIPO) www.wipo.int
- Attorney-General's Department www.ag.gov.au
- Australian Copyright Council www.copyright.org.au

The information above was sourced from the Australian Trade Commission.

The following questions may assist you when meeting with an Intellectual Property lawyer:

- When I'm demonstrating do I need a commercial in confidence agreement in place?
- What are the steps I need to take to protect my IP?
- Can I patent this? Does it need to be worldwide?
- If I bring on a joint venture partner how will that affect the IP?
- How much will it cost and what time will it take?
- What am I automatically covered for?
- What's the difference between copyright, trademark and a patent?
- What can I do to reduce the cost?

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