



FORGET PHYSICAL PROPERTY IT'S NOW ALL ABOUT IDEAS AND INTELLECTUAL PROPERTY

AUTHOR // PETER KARCHER, BRAD VINNING & SAM BASSINGTHWAIGHTE

Ruslan Kogan, new addition to the BRW Rich List with an estimated wealth of \$315 million was recently quoted in an Australia Financial Review article saying:

"In the past it was all about physical property, who owns the land, what capital gains are there on the land, how much money you could borrow from the bank. Now all it takes is an idea, securing your intellectual property and creating a digital product that enhances lives."

This sage advice from the man behind one of the fastest growing companies in Australia www.kogan.com, is a timely reminder of steps all tech and intellectual property based companies should be taking to protect their greatest assets.

REGISTER YOUR IP - ACT EARLY

Early action is often required to secure your rights over an intellectual property ('IP') asset. Delay can be fatal to registration applications. Registered IP assets provide you, the 'creator', with exclusive rights of use and control. However, they are restricted in both their duration and scope to balance the incentives to innovate with the need for competition. For example, standard patents last for 20 years and designs for 10 years while trade marks can remain in force indefinitely provided renewal fees are paid.

The difference between business names, company names and trade marks should be established. While a registered trade mark will give the owner proprietary rights in the asset, a company name or business name will not. If you have a registered trade mark legal action

can be taken for infringement of your trade mark if the business name owner uses it for goods and services covered by your registration.

An invention cannot be registered as a patent unless it is completely original, which essentially means it cannot be publically displayed or disclosed before registration. Registration of a patent allows the owner to stop others from manufacturing, copying and/or selling the device or process. If you are interested in obtaining a patent, you will need to maintain its secrecy until the application for registration has been lodged.

EMPLOYMENT CONTRACTS

Often the most important source of IP assets will be your employees, contractors and suppliers. Use of the appropriate employment contracts and independent contractor agreements can confirm that your business owns all of the IP created by your employees and by contractors while they are working for you.

Your agreements with your suppliers should establish that those supplier associated IP assets belong to you (this may be as simple as copyright in a document), or are shared between the two businesses. A situation where service suppliers can own ideas created due to their access to your business should be avoided.

LICENSING

Licensing to another party can be an effective way to exploit your IP assets whilst retaining ownership at the same time, particularly if you do not possess the resources or experience to develop and market your

product or service. Licensing arrangements are particularly common for copyright, patents, designs and trade marks, but almost any type of IP can be licensed. There are several different types of license arrangements that can be established. Seek advice from an experienced IP advisor to determine the best option for your business.

CONFIDENTIAL INFORMATION AND NON-DISCLOSURE

Disclosure of confidential information without any agreement requiring the recipient to keep the information confidential may have the effect of putting the disclosed information into the public domain, therefore allowing anyone to use your IP.

If your business regularly deals with commercially sensitive or confidential information and needs to disclose all or some of this information to third parties, be sure to use appropriate non-disclosure agreements to confirm the proprietary nature of your information and impose limits on its use by the recipient.

Always remember, having control over who has access to your confidential information is paramount - if disclosure isn't necessary, don't share the information.

NOTIFY THE WORLD OF IP RIGHTS

The market can be notified of your rights to your IP assets through the use of functional commercial

agreements and disclosures on your web pages and in your other company documents. The use of IP asset symbols such as TM or © is advised but should not be relied upon.

Proactive use of IP asset protection allows you to build value in your business and enables you to fend off unfair competition from third parties who want to share dishonestly in your success. Always keep up-to-date accurate records of the creation process of the IP asset, evidence of ownership and contracts with all parties involved in the process.

If you have acquired an IP asset, make sure you have the appropriate assignment documentation establishing a clear 'chain of title' and your rights to the asset.

Be vigilant and take active steps to prevent others stealing your IP. Keep an eye on your competitors' marketing and promotional activities. If their activities appear to contravene your IP rights, act quickly - consult your IP advisor and notify the offender of your rights to the IP asset.

CONDUCT REGULAR IP AUDITS

As your business and brand grows and evolves, so should your IP portfolio. A regular review/audit of your IP assets, and the classes/description of those IP assets, will ensure your key brands are, and remain, registered and up to date.

FOR MORE INFORMATION, PLEASE CONTACT:



PETER KARCHER // Partner

T 02 8235 1218
E p.karcher@clarkekann.com.au



BRAD VINNING // Senior Associate

T 07 3001 9235
E b.vinning@clarkekann.com.au



SAM BASSINGTHWAIGHTE // Lawyer

T 07 3001 9257
E s.bassingthwaighte@clarkekann.com.au

ClarkeKann is a commercial law firm with offices in Brisbane and Sydney. Our expertise covers commercial & corporate transactions, employment & IR, financial services, litigation, risk management and insolvency, property transactions and resources projects, across a range of industries. For a full list of our legal services, please visit our website at www.clarkekann.com.au. To update your contact details or unsubscribe to any of our publications, email us at ck@clarkekann.com.au.

This bulletin is produced as general information in summary for clients and subscribers and should not be relied upon as a substitute for detailed legal advice or as a basis for formulating business or other decisions. ClarkeKann asserts copyright over the contents of this document. This bulletin is produced by ClarkeKann. It is intended to provide general information in summary form on legal topics, current at the time of publication. The contents do not constitute legal advice and should not be relied upon as such. Formal legal advice should be sought in particular matters. Liability limited by a scheme approved under professional standards legislation.