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IP Guide

A guide to patents, trade marks, designs
and other forms of intellectual property

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Contents

Introduction

Intellectual property ('IP') plays an important role in the world of modern commerce. Market advantage is acquired through the creation of intellectual property, which may be an innovative product or process, a novel design or distinctive brand. These are the cornerstones of any business, differentiating it from competitors and providing a sustainable edge in a competitive environment. It is therefore important that such intellectual property be protected, so that exclusive rights are obtained and maintained.

This booklet deals mainly with three forms of intellectual property protection, namely patents, trade marks and registered designs.

IP issues which commonly arise for innovators, researchers, manufacturers, traders, importers and exporters, include:

- Who owns the relevant intellectual property?
- Is a particular product, process, brand or design available for use in a particular country? That is, would the manufacture, sale, use, importation, or other exploitation of that product, process, brand or design infringe the rights of others (the so-called 'freedom to operate' issue)?
- Can a particular product, process, brand or design be protected in a particular country? That is, can exclusive rights be obtained to that particular product, process, brand or design?

We hope this booklet will assist in understanding these issues.

Patents

Patents

A patent is the right to the exclusive use of an invention.

A valid patent gives the owner [called the 'patentee'] the right to prevent others from making, selling, using, importing or otherwise exploiting the invention claimed in the patent within the country in which it is granted, for as long as the patent remains in force. It also gives the patentee the right to license another party to exploit the invention commercially, e.g. for a royalty. A patent may also be assigned.

However, a patent does not give the patentee the right to exploit an invention. (For this reason, a patent is sometimes called a 'negative' right as it is a right to prevent other parties exploiting the invention, but does not give the patentee the positive right to exploit the invention.) Whether or not the patentee is free to exploit the invention depends on whether there are any prior conflicting patents owned by other parties.

Patents can be obtained in respect of products and processes that are new and useful. In general, in order to be patentable, the invention should be of an industrial, commercial or trading character, as opposed to a purely artistic or intellectual exercise. In other words, to be patentable, a product or process must be functional.

The invention sought to be patented must be new and involve some ingenuity or exercise of inventive skill, having regard to the state of the art at the priority date. However, it is not necessary that the invention be complex or a major breakthrough. Even simple or small improvements can be patented, provided that such improvements are advantageous.

The general rule is that the invention must be novel at the priority date of the patent, i.e. not previously disclosed publicly. However, some countries allow a period of grace after first disclosure by the applicant within which it may still be permissible to apply for a patent. Nevertheless, if a patent for an invention is contemplated, there should be no public disclosure or commercial use of the invention at least until a patent application has been filed.

Standard patents generally, have a term of 20 years, although in Australia it is possible to obtain a patent term extension of up to an additional 5 years for an invention claiming a pharmaceutical substance which is registered on the Australian Register of Therapeutic Goods.

Annual maintenance fees are payable to maintain a patent in force. A patent may cease before the expiry of its full term if the annual renewal fees are not paid.

A patent may also be revoked by a court if challenged and found to be invalid.

Who has the right to obtain a patent for an invention?

Normally, an invention belongs to its inventor. Where an invention is made by several inventors, it belongs to those inventors jointly.

However, if an invention is made by an inventor in the course of employment duties, the employer is entitled to the invention by virtue of the employer/employee relationship. An employer may also be entitled to an employee's invention as a result of express contractual terms in an employment contract, or by other operation of law.

Ownership of an invention made pursuant to a contract or agreement will normally be determined by the terms of that contract or agreement.

Ownership of an invention should be determined before applying for a patent. Where there is any doubt, there should be a written assignment, agreement or acknowledgement between all the interested parties.

Can an invention be exploited lawfully?

In other words, are there any existing patents (or pending patent applications) owned by other parties which could preclude the exploitation of the invention, e.g. because the manufacture, use or sale of the invention would infringe those existing patents (or the patents to issue on pending applications)? This is sometimes referred to as the 'freedom to operate' or 'freedom to use' issue.

As mentioned above, even if a person has obtained a patent, it must be borne in mind that the patent does not give its owner the right to make, use, sell or otherwise exploit an invention, but only the right to prevent others exploiting the invention.

To ascertain whether an invention is available for use, it would normally be necessary to conduct patent searches (called 'freedom to operate' or 'infringement' searches).

Moreover, since patents are national legal rights, it would be necessary to conduct such searches in each country in which it is intended to exploit the invention.

Although it is not obligatory to conduct 'freedom to operate' searches, they are strongly recommended as part of any risk management strategy.

Can an invention be patented?

In other words, can a patent be obtained for the invention to thereby secure exclusive rights to that invention and prevent others from exploiting it? This is sometimes referred to as the 'patentability' issue.

There are several criteria which must be satisfied for the grant of a valid patent, and the main criteria are addressed below:

1. The invention must be patentable subject matter

As mentioned above, the invention should be of an industrial, commercial or trading character, as opposed to a purely artistic or intellectual exercise. The invention should be of a functional, rather than an aesthetic, nature.

2. The invention must be described in an 'enabling' manner

The invention must be described in sufficient detail in the application to enable a person skilled in the relevant field to put the invention into effect. (This requirement is imposed to deter persons from applying for speculative inventions without explaining how the inventions are to be implemented.)

3. The invention must be novel

The invention must be new when compared to the prior art. That is, the invention must possess at least one novel feature, or one novel combination of features.

4. The invention must be inventive

To be inventive, the invention must differ from the prior art in a manner which would not have been obvious to a person skilled in the relevant art at the priority date.

To assess whether an invention is novel and inventive, it is therefore necessary to consider the prior art. If the closest prior art is not known, then a novelty search should be conducted.

It is not feasible to search everything which is known publicly in the world. The scope of the search is necessarily limited by the particular databases searched, e.g. patent databases, as well as by the search budget. Thus, a clear result is not necessarily conclusive or determinative of the patentability issue. (However, a clear result would increase the presumption of novelty.)

It is not obligatory to conduct pre-application novelty searches. An official search will normally be conducted by the Patent Office in the respective country as part of the application procedure. Nevertheless, a pre-application search is strongly recommended as it can assist in preparation of the patent application and reduce downstream processing costs.

Patent searching is a specialist task and it is recommended that searches be carried out by a patent attorney. However, inventors should also conduct their own searches of the relevant art or trade and advise their attorney of the closest prior art known to them.

Obtaining a patent in Australia

Patent rights do not arise automatically. It is necessary to apply to the Patent Office (a branch of IP Australia) for the grant of a patent. This should be done before there is any public disclosure or commercial use of the invention.

When applying for a patent in Australia, the applicant must submit a 'specification'. The specification may be a 'complete' specification or a 'provisional' specification.

The specification contains a written description of the invention, usually with accompanying drawings. The invention should be described in sufficient detail to enable a person of ordinary skill in the art to put the invention into effect, without the need to exercise further inventive skill or ingenuity. A complete specification must also contain at least one 'claim' defining the invention. (Claims are optional for provisional specification.)

The exclusive right provided by a patent is defined by the claim(s) in the patent. A patent is infringed by the unauthorised manufacture, use, importation, sale or other exploitation of a product or process which falls within the scope of any one of the claims of the patent, providing that the claim is valid. A claim should therefore be broad in order to maximise the scope of the patent and prevent competitors from 'designing around' the patent easily or otherwise avoiding infringement.

However, to be valid and enforceable, the claim must be narrow enough to distinguish the invention from the prior art. Drafting a claim to meet these conflicting requirements is a professional skill which normally requires years of experience to master. For this reason, it is strongly recommended that patent specifications be prepared only by suitably qualified patent attorneys.

An applicant may file an application for a standard patent with a complete specification in the first instance. Alternatively, an applicant may file a patent application with a provisional specification. If a provisional specification is filed, the applicant can file an application for a standard patent within 12 months of filing the provisional application and claim priority from the provisional application. Filing of a provisional application effectively gives the applicant a 12 month 'option' on proceeding with the application for the patent. It is analogous, in some respects, to a cover note for an insurance policy.

The different types of applications and specifications are described in more detail below.

The 'priority date' of a claim is normally the date of filing of the specification in the claimed invention was first disclosed. The priority date is very important as it is the date at which the state of the art is assessed.

Any public disclosure or commercial use of a patented invention after the priority date will not prejudice the validity of that patent. Therefore, once a patent application has been filed, the invention as described in the specification filed with the application may be advertised, sold or otherwise disclosed to the public without prejudice to the validity of the patent to issue on that application.

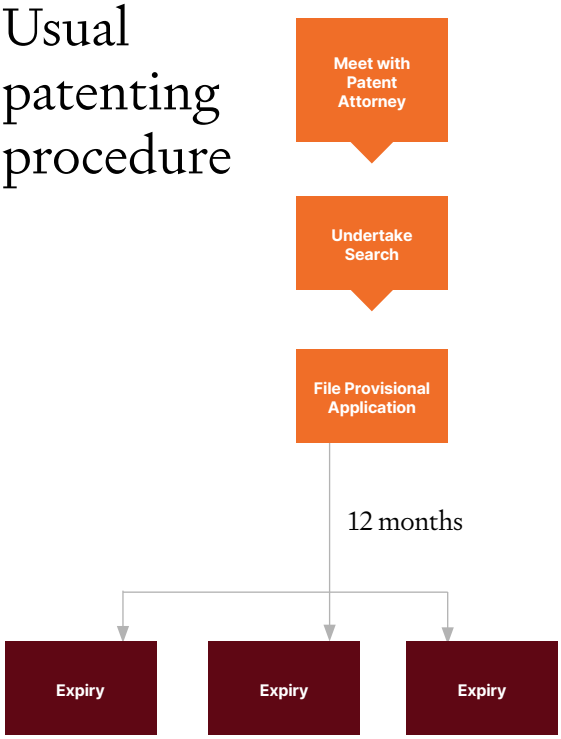
Provisional patent applications

The main purpose of a provisional patent application is to establish a 'priority date' for the invention described in the provisional specification. The provisional patent application is not examined, and no patent is granted on the provisional patent application itself.

An advantage of filing a provisional specification, as opposed to a complete specification in the first instance, is that further development and assessment of the invention may take place in the 12 months following the lodgment of the provisional application and any improvements or modifications during that time can be incorporated into the complete specification when filed. There are strict rules against adding 'new matter' to the complete specification after it has been filed. If the improvements or modifications are in themselves significant, they may be the subject of one or more intermediate provisional applications. A single complete application can claim priority from multiple provisional applications filed within the preceding 12 months.

A provisional application is therefore useful if the invention is in its infancy and changes and modifications are envisaged in the 12 month period following the filing of the provisional application. Many inventors elect to file a provisional application in the first instance. However, if no further development of the invention is necessary, or if the applicant wishes to obtain a patent as soon as possible, it may be more appropriate to file the complete application in the first instance.

Usual patenting procedure



Standard patent application procedure

The standard patent application procedure is commenced by filing a complete specification. The standard patent application may claim priority from one or more provisional applications filed within the preceding 12 months, if applicable.

An application for a standard patent has to undergo examination by the Patent Office before it can be accepted for grant. During examination, the claimed invention will be assessed for novelty and inventive step, and the specification assessed for sufficiency of disclosure and clarity.

Examination does not occur automatically. It must be requested by the applicant and an examination fee must be paid. (In some cases, it may also be necessary to pay an additional search fee if no earlier reliable search report for the same invention is available.) Usually, a 'reliable' search report will be a report issued by any one of a list of recognised patent offices around the world.

Examination must be requested within five years of the filing of the complete application, or within two months of a direction from the Patent Office to do so, whichever is the earlier, otherwise the application will lapse.

If objections are raised by the Examiner, the applicant is allowed a period of 12 months to overcome all objections and place the application in a condition for acceptance. If and when the application is accepted by the Patent Office, the acceptance is advertised in the Official Journal of Patents.

Any person may oppose the grant of a patent on an application by filing a Notice of Opposition within three months of the advertisement of acceptance. If an opposition is filed, both the applicant and the opponent are given an opportunity to lodge evidence, and the matter is then heard by a Delegate of the Commissioner of Patents.

The majority of patent applications proceed to grant unopposed.

If there is no opposition, or if the opposition is unsuccessful, a patent will be granted on the application upon payment of an acceptance fee.

To maintain the patent or patent application in force, it is necessary to pay annual fees. These fees are called 'continuation fees' during the application phase, and 'renewal fees' after the patent has been granted. No continuation fees are payable for the first four years after the filing of the complete application.

It is advisable for patented inventions to be marked with a suitable notation, such as 'patented' or 'Australian patent no. ...'. A person is not entitled to represent that an invention is patented until the patent has actually been granted. While a patent application is pending however, the notation 'patent pending' or 'patent applied for' or 'patent application no. ...' may be used.

Obtaining patents in foreign countries

Patents are granted by the patent offices of individual countries. A patent office is typically an authority of the national government of the country. A patent is normally effective only in the country in which it is granted. Since there is no world government, it follows that there is no 'world patent'. In order to obtain patent protection in multiple countries, it is usually necessary to obtain a patent in each country of interest. However, it may be possible to obtain a patent covering multiple countries in a particular region, e.g. Europe and Africa.

There are various options for obtaining patents in foreign countries, as discussed below.

Patent applications under the Paris Convention

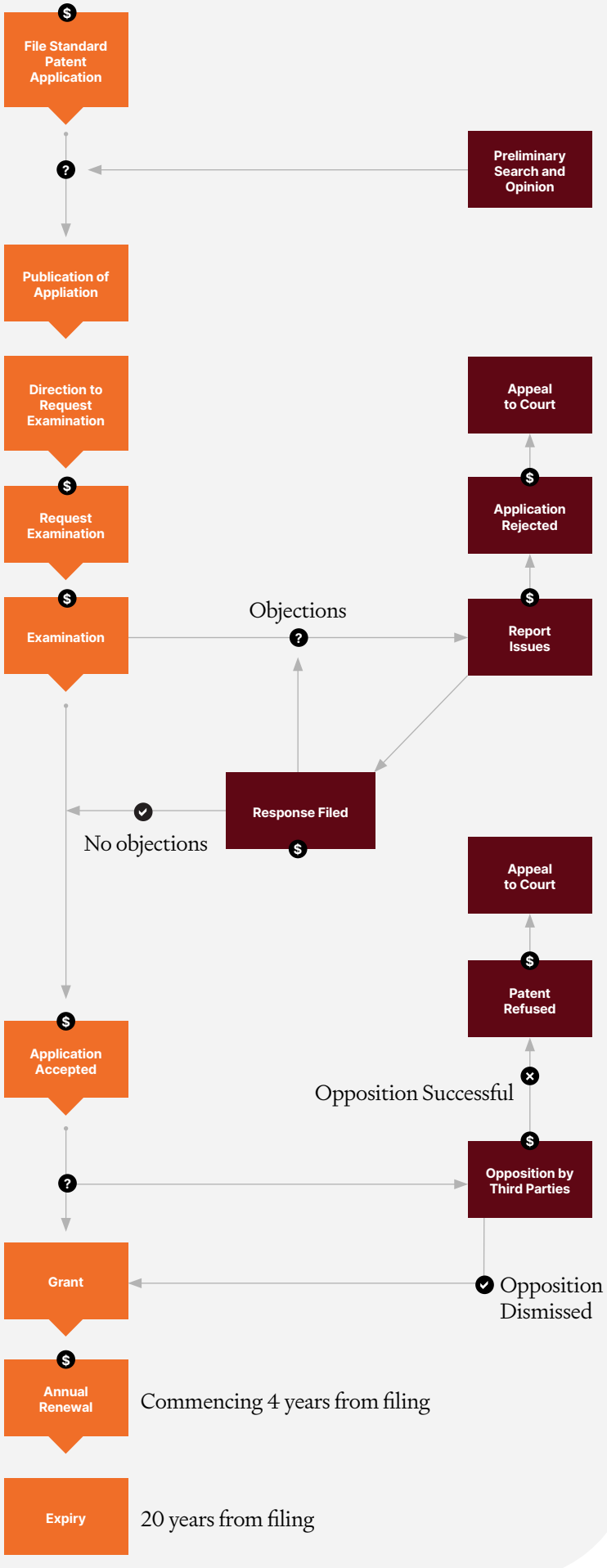
A 'traditional' method of obtaining patents in foreign countries is to lodge a separate patent application directly in each country of interest.

Once the first patent application has been filed in a country which is a member of the Paris Convention (e.g. Australia), the filing of corresponding applications in other convention countries can be deferred by up to twelve months from the first filing without loss of priority. Most countries are parties to the Paris Convention.

Therefore, if an Australian application is filed first, corresponding applications in other countries can be deferred up to 12 months from the filing date of the Australian application, while still claiming priority from the Australian application, as illustrated below

The cost of filing overseas patent applications varies from country to country, and costs in non-English speaking countries are usually greater due to the need to translate the patent specification and associated correspondence. Costs will also be incurred after filing the application due to the need to process the application through to the grant of a patent.

Australian standard patent application



International applications under the Patent Co-operation Treaty

Most developed countries of the world are also parties to the Patent Co-operation Treaty ('PCT'). Under the provisions of the PCT, a single international (PCT) patent application can be filed with the International Bureau. The deadline for filing individual applications in those countries is then deferred to 30 or 31 months (depending on the country) from the priority date of the application.

Therefore, if an Australian application is filed first, an international PCT application can be filed up to 12 months from the date of the Australian application, while still claiming priority from the Australian application. The deadline for filing national applications in the PCT countries is deferred to 30 or 31 months from the Australian application, as shown below:

During the PCT phase, an international novelty search is conducted and the applicant is provided with the results of that search. The applicant will therefore have the benefit of the search results before having to decide whether or not to proceed with national applications in any or all of the countries covered by the PCT application.

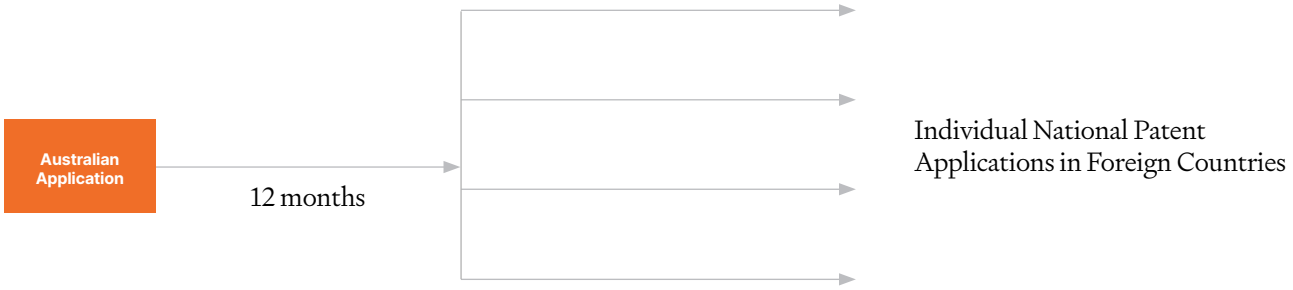
Furthermore, the applicant may (optionally) request 'International Preliminary Examination' of the PCT application to obtain a preliminary opinion on the patentability of the invention in the light of the prior art cited in the international search report.

This opinion is not binding on the national patent offices of the designated countries, but may have some persuasive effect.

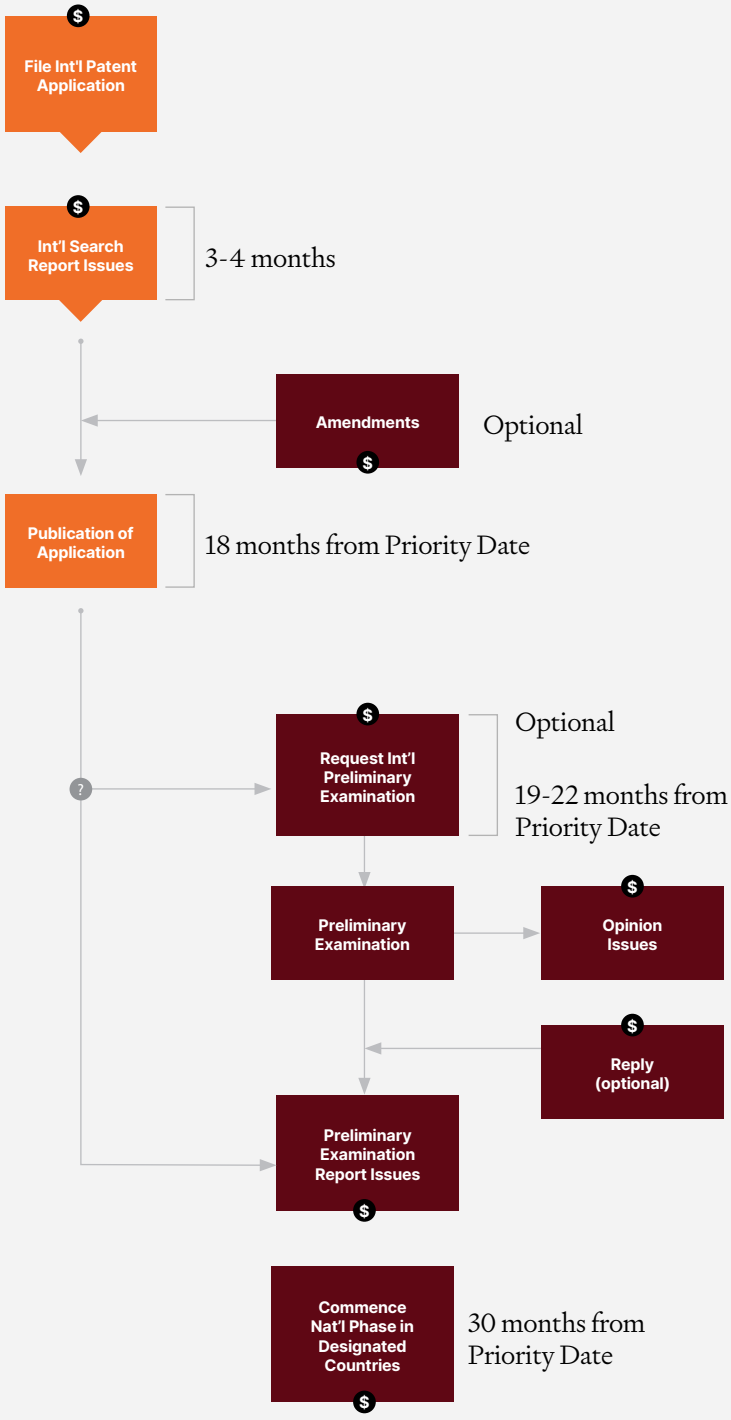
It should be noted that the PCT application is an additional or intermediate step in the international patenting process. It does not take the place of individual 'national' applications in each country, but defers the national processing in each country and the costs associated therewith. It is still necessary to proceed with the 'national phase' of the PCT application in each country where patent protection is required. The cost of the PCT application (or international phase) is additional to the costs of the national patent applications in the countries of interest.

Nevertheless, there are advantages in filing a PCT application, particularly when patent protection is required in several countries. These advantages include:

- The application can be filed initially in one language at one patent office with one set of fees, and the cost of translations is deferred.
- The International Search Report will provide a preliminary indication of the novelty of the invention, and therefore the likelihood of obtaining a patent, before having to incur the cost of national applications.
- The costs associated with national applications are deferred until at least 30 months from the priority date.



International patent application



European patent applications

Most European countries are parties to the European Patent Convention ('EPC'). Under the provisions of this Convention, a single 'European' patent application can be filed with the European Patent Office, designating one or more of the countries in the EPC.

The European patent application will be examined by the European Patent Office, and if the application is found to be in a condition for acceptance, a European 'patent' will be granted. The European patent is then registered or validated in the EPC countries of interest and a translation of the European patent into the national language may be required.

Alternatively, or additionally it is possible to request unitary effect after grant of a European patent, which provides protection in all the EU member states that have ratified the UPC Agreement at the time of unitary effect registration (currently 18 EU member states at the time of writing).

There are advantages in filing an EPC application, including:

- The application can be filed initially in English with the European Patent Office;
- The application will undergo only one examination (by the European Patent Office);
- Translation costs are deferred until after the patent has been granted

As a rough rule of thumb, if patent protection is required in more than three European countries, it is usually more cost effective to file an EPC application, rather than national applications in the individual European countries at first instance.

Patent costs

Costs are incurred at various stages in the patent process and can be classified generally into the following main categories:

- Searching [optional but recommended]
- Preparing and filing patent application
- Prosecution of application (including examination, responses to objections and amendments if required)
- Grant of patent
- Renewals (or maintenance)

The total cost of patenting is dependent on many variables and factors, such as the number of countries to be covered, the complexity of the invention and the length of the patent specification. Some of these variables and factors cannot be predicted accurately beforehand, or are beyond the control of both the applicant and the patent attorney (e.g. oppositions by third parties, prior art, official fee increases, etc.). For these reasons, fixed quotes cannot be provided beforehand in most cases.

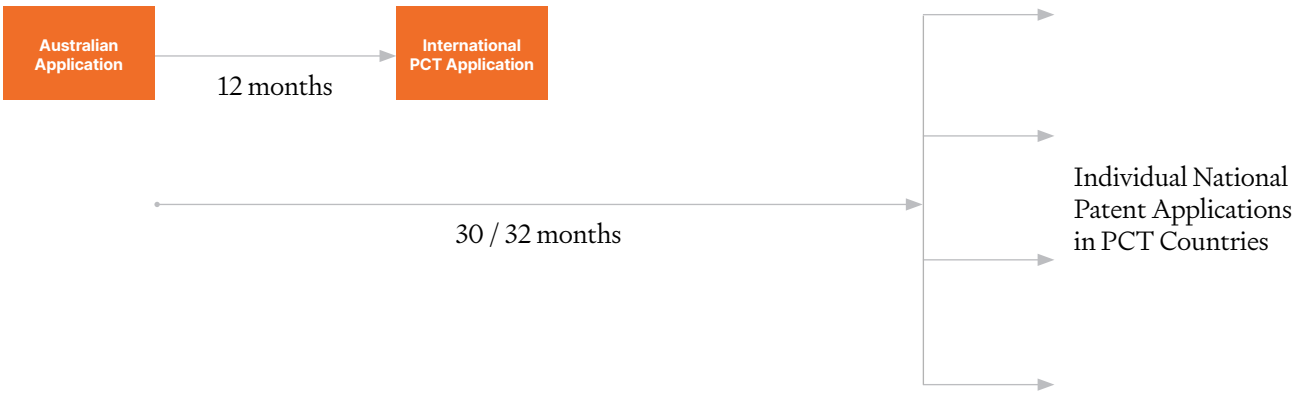
However, we are able to provide indicative or typical costs likely to be incurred during the patenting process to enable applicants to budget accordingly. More accurate cost estimates can also be provided for specific tasks.

Please contact Spruson & Ferguson for indicative or typical costs.

Commencing the patent process

To commence the process for obtaining a patent, or to assess an invention for patentability, we will normally require a description of the invention. This description should describe the invention in sufficient detail to enable a person of ordinary skill to put it into effect, and should also identify the new and advantageous features of the invention.

We are able to send you a questionnaire which sets out the information required. Please contact Spruson & Ferguson if you would like to obtain a copy of the questionnaire.



Trade Marks

Trade Marks

A trade mark, sometimes called a 'brand' is used to signify that products or services originate from a particular entity or business, or are authorised by that entity or business, or that the products or services are of a particular quality. It serves as a badge of origin and/or a guarantee of quality.

A trade mark may be any 'sign' capable of distinguishing the goods or services of one trader from those of other traders. The trade mark may be a word or words, slogan, logo, aspect of packaging, colour or colours, shape, sound and even a smell, or any combination of these.

In addition to standard trade marks used in the course of trade, other types of trade marks include:

- **A 'collective trade mark'** – which is a trade mark used by members of an association.
- **A 'certification mark'** – which is used to certify that the goods or services comply with prescribed standards. Examples of such certification marks include the well-known wool mark, and the trade mark of the Standards Association of Australia.
- **A 'defensive mark'** – which is permitted to be registered for goods or services even though it is not being used by its owner for those goods or services, because it has become well known for other goods or services, and confusion may arise if the same mark is used by others in respect of the registered goods or services.

How are rights to a trade mark obtained?

Proprietary rights in a trade mark may be obtained either by use (so-called 'common law' rights), or by registration ('statutory rights').

Common law rights arise when a trade mark is used to such an extent that a substantial reputation or goodwill is developed in that trade mark. Common law rights are intended to protect that reputation or goodwill, and/or prevent confusion or deception of consumers.

Common law rights are not, strictly speaking, proprietary rights. They are rights to take action to prevent others from using a confusingly similar mark, such as an action for 'passing off', or an action for breach of the Australian Consumer Law or a Fair Trading Act. A prerequisite for such actions is the establishment of a reputation in the trade mark, which must be proved by evidence. Consequently, from an evidentiary point of view, common law rights are usually more difficult and costly to enforce than the statutory rights obtained by registration of a trade mark.

Statutory rights are obtained by registration of a trade mark. Trade mark registration provides several advantages and benefits, including:

- Proprietary rights can be obtained early, without having to use the trade mark.
- The registration is nationwide (unlike common law rights which are restricted to the area in which the trade mark has been used and developed a reputation).
- Evidence of use or reputation is not required in order to enforce a registered trade mark, thereby reducing evidentiary requirements.
- The presence of the trade mark on the register provides notice, and a deterrent, to other traders who may be thinking of using a similar trade mark.
- Registration grants property rights which can be more easily assigned or licensed.
- Registration is a defence to an action for infringement of another trade mark.

Registration of a trade mark, although not compulsory, is strongly recommended.

Trade mark registration should not be confused with business name registration. A business name is the name under which a business is conducted. If the business name is not the proper name of the entity which is conducting the business, it must be registered in each state where the business is conducted. Business name registration is required in the public interest (i.e. to enable the public to ascertain the real owner of the business), but unlike trade mark registration, it does not grant any proprietary or exclusive rights in that name.

Although a business name may also serve as a trade mark, and a name may be registered as both a business name and a trade mark, it is important to remember that business name registration is different from trade mark registration from a legal point of view.

Choosing a trade mark

When choosing a trade mark, it is advisable to choose one which is easily registered so that registration can be obtained quickly and with a minimum of cost.

A trade mark may consist of a word(s), number(s), a logo, or a combination of these. A trade mark may even be a three dimensional shape, sound or smell (although these are more difficult to register).

The following factors should be borne in mind when selecting a new trade mark:

1. The trade mark should preferably be inherently distinctive, or at least capable of becoming distinctive with use.
2. Invented words are normally inherently distinctive and hence registrable, subject to there being no conflicts with other trade marks. Note however, that simply putting two known words together to form a new word does not necessarily constitute an 'invented' word. For example, GOODBUY would not be considered to be an invented word since it is simply a juxtaposition of the words GOOD and BUY. Examples of trade marks which are invented words include MICROSOFT, XEROX and SPAM.
3. The trade mark must not be directly descriptive of the products (goods) or services for which registration is sought.
4. Geographical names should be avoided as it is very difficult to obtain a trade mark monopoly for a geographical name.

5. Common surnames should not be chosen as trade marks since they are difficult to register. If registration of a common surname as a trade mark is sought, it is normally necessary to file considerable evidence of use of the trade mark to establish that it has become distinctive as a trade mark despite its surname significance.
6. The signature of the applicant for registration or some predecessor in his business is normally registrable.
7. Distinctive logos are normally registrable.

The trade mark should not be substantially identical or deceptively similar to any earlier trade mark which is registered or pending in relation to the same or similar goods/services. Furthermore, the trade mark must not be confusingly similar to a trade mark for which another trader has acquired a reputation in a similar field of business.

Trade Mark Clearance

Unauthorised use of a trade mark which is deceptively similar to a registered trade mark may amount to infringement, and render the user liable for damages or an account of profits.

Before using a new trade mark therefore, it is strongly recommended that a 'freedom to use' or clearance search be conducted to ascertain whether that trade mark is available for use and registration in relation to the goods or services of interest.

The search should not only cover trade marks which are registered or pending, but also trade marks being used in the marketplace without necessarily being registered.

Searching is a specialised task and it is recommended that searches be carried out by competent searchers and the results should be analysed by qualified trade mark attorneys.

Spruson & Ferguson has trade mark searchers and trade mark attorneys with the appropriate expertise and experience in searching. When requesting a search, it is important to advise Spruson & Ferguson of:

- the proposed trade mark in the form in which it is intended to be used;
- all of the goods or services on which the trade mark is intended to be used, either now or in the foreseeable future, and
- any similar trade mark of which you are already aware.

The cost of a trade mark search will vary, depending on the nature of the mark to be searched, the range of goods/services of interest, and the number of relevant marks located. The cost will also depend on whether the search is limited to a 'register' search (i.e. registrations and pending applications), or extended to so-called 'common law' trade marks (i.e. trade marks being used without necessarily being registered).

For the above reasons, it is difficult to provide firm quotations beforehand. However, we are able to provide an indicative cost when the search parameters are known for any particular case.

Registering a trade mark in Australia

Trade marks are registered in respect of specified goods and/or services. For the purpose of registration, goods and services are classified into 45 classes. An application may nominate goods and services falling into one or more classes. The cost of the application depends on the number of classes nominated (but not the number of goods/services in a specific class).

After an application has been filed with the Trade Marks Office, it will be examined by a trade marks examiner. To be registrable, a trade mark must satisfy several requirements, the two main requirements being:

1. The trade mark must be distinctive or at least capable of becoming distinctive. It must be capable of distinguishing the goods or services of a trader from those of other traders. It should therefore not be generic, or descriptive of the goods or services.
2. The trade mark should not be substantially identical or deceptively similar to any earlier trade mark which is registered or pending in relation to the same or similar goods/services. Furthermore, the trade mark must not be confusingly similar to a trade mark for which another trader has acquired a reputation in a similar field of business.

If objections are raised by the trade marks examiner, a period of 15 months is allowed within which to overcome objections, for example by submitting argument, amending the application or submitting evidence of use of the trade mark. Extensions of time may be available, with payment of the extension fees.

If there are no objections to registration, or if the objections are overcome, the application is accepted and the acceptance is advertised in the Official Journal of Trade Marks. Within two months of the advertisement of acceptance, any person may oppose the registration of the trade mark.

If opposition is filed, both the applicant and the opponent are given an opportunity to lodge evidence and the matter is heard by a Delegate of the Registrar of Trade Marks.

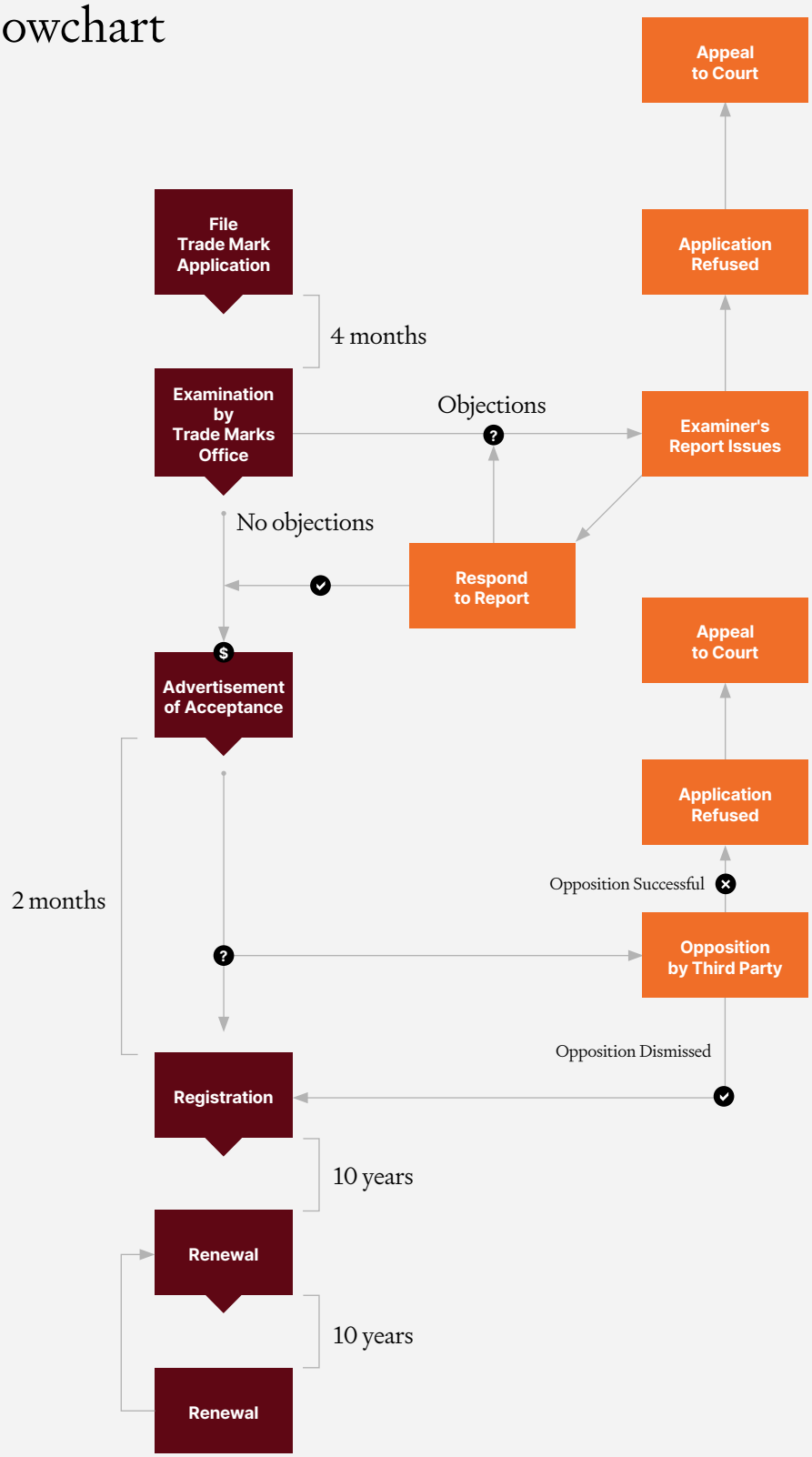
In the majority of cases, trade mark applications are not opposed.

If there is no opposition, or if the opposition is unsuccessful, the trade mark will be registered upon payment of a registration fee. The initial term of registration is 10 years from the date of filing of the trade mark application.

Thereafter, the registration can be renewed indefinitely for 10 year periods.

If a registered trade mark is not used during a continuous period of three years in relation to the goods or services for which it is registered, any interested person may apply for removal of the trade mark on the ground of 'non-use'.

Trade Mark Flowchart



Registering a trade mark in foreign countries

Almost all foreign countries have trade mark laws which permit registration of trade marks. Registration is strongly recommended in each foreign country in which a trade mark is proposed to be used or licensed, for the following reasons:

- In foreign countries, it is generally more difficult to rely upon common law rights to protect an unregistered trade mark.
- In many countries, there is a 'first to file' rule whereby the first person to file a trade mark application is entitled to registration notwithstanding the earlier use of the same mark by another person.
- Registration provides control over the use of the trade mark by a licensee or distributor in the particular foreign country.

Before using a trade mark in a foreign country, it is recommended that a search be conducted to ascertain whether the mark is, in fact, available for use and registration in that country.

It is also advisable to check that the proposed trade mark will be acceptable to consumers in foreign countries or markets. That is, the proprietor should ensure that the trade mark does not have an unfavourable meaning or does not translate unfavourably, derogatively, or descriptively in the particular foreign country.

Trade marks can be registered on a country-by-country basis, by filing a separate national application in each country of interest.

It is also possible to register trade marks for some economic regions. For example, a single Community Trade Mark (CTM) registration covers the whole European Union.

If registration is required in multiple countries or regions, it may be more cost effective to obtain an international registration under the Madrid Protocol. An owner of an Australian trade mark application or registration may apply for an international registration designating one or more countries or regions which are party to the Madrid Protocol.

Countries and regions which are party to the Madrid Protocol include, for example, China (PRC), the European Union, France, Germany, Italy, Japan, Korea (South), Russia Federation, Singapore, Switzerland, United Kingdom and United States of America.

A foreign national or international trade mark application which is filed within six months of the filing date of the corresponding Australian trade mark application can usually claim priority from the Australian application.

The appropriate route and strategy for registering trade marks in foreign countries will depend on the number of countries, and the particular countries to be covered. Spruson & Ferguson is able to recommend a strategy to suit each particular case.

Managing a trade mark portfolio

Proper trade mark management does not end with the registration of a trade mark. Management of a trade mark portfolio is an ongoing process, and should take into account the following post-registration considerations:

Removal for non-use

An Australian registered trade mark becomes vulnerable to removal if it is allowed to remain unused for a continuous period of three years. (However, a trade mark is immune from removal on this ground during the first five years after the date of application for registration).

The removal is not automatic - the trade mark will only be removed upon the application of another party. Nevertheless, it is a relatively simple matter for that party to apply for removal. If an application for removal is filed, the trade mark owner bears the onus of proving use.

Similar provisions apply in other countries.

To protect your trade marks against removal for non-use, you should ensure that the trade marks do not remain unused for more than three years. Furthermore, you should ensure that you use a trade mark substantially in the form in which it is registered so that such use is counted as use of the registered trade mark. If you change the trade mark significantly, a fresh registration should be obtained.

If a trade mark has been unused for more than three years and you do not intend to commence use immediately, but you still wish to retain the trade mark, it may be beneficial to re-apply for registration to thereby restart the five year immunity against removal.

Trade mark audits

From time to time, you should review your trade mark portfolio, having regard to the following:

New brands

New trade marks that have been adopted should be registered, so that they will have the statutory protection and other benefits provided by registration.

Expansion of product range

If the range of products or services provided under existing trade mark has been expanded, a fresh application should be filed to register the trade mark in relation to the expanded range of products or services. (This may enable the original, narrower, registration to be abandoned).

Geographical expansion

Trade mark registrations are territorial. If you are now using the trade mark in countries not covered by your existing registrations, the trade mark should be registered in the new countries so that they will have the benefits of registration in those countries.

Ownership changes

Changes in ownership of a trade mark, or changes in the name and/or address of the proprietor, should be recorded so that the Trade Marks Register is up to date.

Discontinued brands

Trade marks which have been abandoned or discontinued can be noted on our renewal records, so that they are not renewed when they next come up for renewal, thereby saving renewal costs.

Marking

Once a trade mark is registered, it is recommend (although not compulsory) to use marking indicating that the trade mark is registered. Suitable forms of marking include:

MARK® or MARK * [* MARK is a registered trade mark of Owner]

Until registration takes place, it is an offence to represent that a trade mark is registered. However, the notation MARKTM may be used even if the trade mark is not registered.

Trade surveillance

Proper management of a trade mark portfolio requires regular review, not only of use of your own trade marks, but also use of competitors' trade marks in the marketplace. You should therefore maintain a continuous watch on the marketplace, to ensure that similar trade marks are not being used in relation to similar goods or services by other traders.

You should also check whether your trade marks are being used inappropriately by competitors, e.g. as Google adwords, or in competitors' websites or metatags.

Failure to enforce your trade mark rights may result in other traders obtaining registration of the same or similar trade mark on the basis of 'honest concurrent use', and may consequently result in your trade mark being unenforceable and/or a limitation on the recovery of damages for infringement.

Unsolicited offers and scams

As details of your trade mark registrations, including your name and address, are listed on publically available databases, you may receive unsolicited offers, such as offers for listing on foreign databases or offers for renewal. Many of these are scams, or overpriced.

You should not accept any unsolicited offer or send money without checking with Spruson & Ferguson first.

Registered Designs

Registered Designs

A registered design is a statutory right which protects features of the appearance of a product (or part of it), namely its shape, configuration, pattern or ornamentation.

The exclusive rights granted by a registered design are limited to the visual appearance of a product. Registration of a design does not provide protection in relation to the construction, material, function or operation of a product.

A valid registered design gives its owner, during the term of registration of the design, the right to prevent others from making, importing, selling, hiring or using a product, in relation to which the design is registered, which embodies a design that is identical to, or substantially similar in overall impression to, the registered design.

However, a registered design does not give its owner the right to exploit the design. (For this reason, a registered design is sometimes called a 'negative' right as it is a right to prevent other parties exploiting the design, but does not give its owner the positive right to exploit the design. Whether a person is free to exploit a design depends on whether there are any prior conflicting registered designs owned by other parties.)

A registered design may also be licensed or assigned.

An Australian registered design has effect throughout the whole of Australia.

Who is entitled to be registered as owner of a design?

Normally, the person who created the design ('the designer') is entitled to be registered as owner of the design. Where a design is created by several designers, they are entitled to be registered as joint owners of the design.

However, if the design is created in the course of employment, or under a contract, with another person, that other person is entitled to be registered as owner of the design, unless the designer and the other person have agreed to the contrary.

An assignee of a designer, or the other person, may be registered as owner or joint owner of the design, as the case may be.

Ownership of a design should be determined before applying for registration of the design. Where there is any doubt, there should be a written assignment, agreement or acknowledgement between all the interested parties.

Can a design be exploited lawfully?

In other words, is there any existing registered design (or pending design application) owned by another party which could preclude the exploitation of the design, i.e. because the manufacture, importation, sale, hire or use of a product having that design would infringe the existing registered design (or the registration to issue on the pending application)? This is sometimes referred to as the 'freedom to operate' issue.

Even if a person has registered a design, it must be borne in mind that the registered design does not give its owner the right to exploit the design, but only the right to prevent others exploiting the design.

To ascertain whether a design is available for use on a particular product, it would normally be necessary to conduct design searches (called 'freedom to operate' or 'infringement' searches). Moreover, since design rights are national legal rights, it would be necessary to conduct such searches in each country in which it is intended to exploit the design.

Although it is not obligatory to conduct 'freedom to operate' searches, they are strongly recommended as part of any risk management strategy.

Can a design be registered?

In other words, can a design be registered to thereby secure exclusive rights to that design and prevent others from exploiting it? [sometimes referred to as the 'registrability' issue.]

There are several criteria which must be satisfied for the grant of a valid registered design, but the main criteria are that the design must be (i) new and (ii) distinctive, when compared with the prior art as it existed before the priority date of the design

The 'new' requirement means that the design must not be identical to any prior art design. (The prior art base may include designs made public by the designer or applicant themselves. Hence, there should not be any public or unrestricted disclosure of the design prior to the filing of the design application.)

The 'distinctive' requirement means that the design must not be substantially similar in overall impression to any prior art design.

To assess whether a design is new and distinctive, it is therefore necessary to consider the prior art. If the closest prior art is not known, then a novelty search should be conducted.

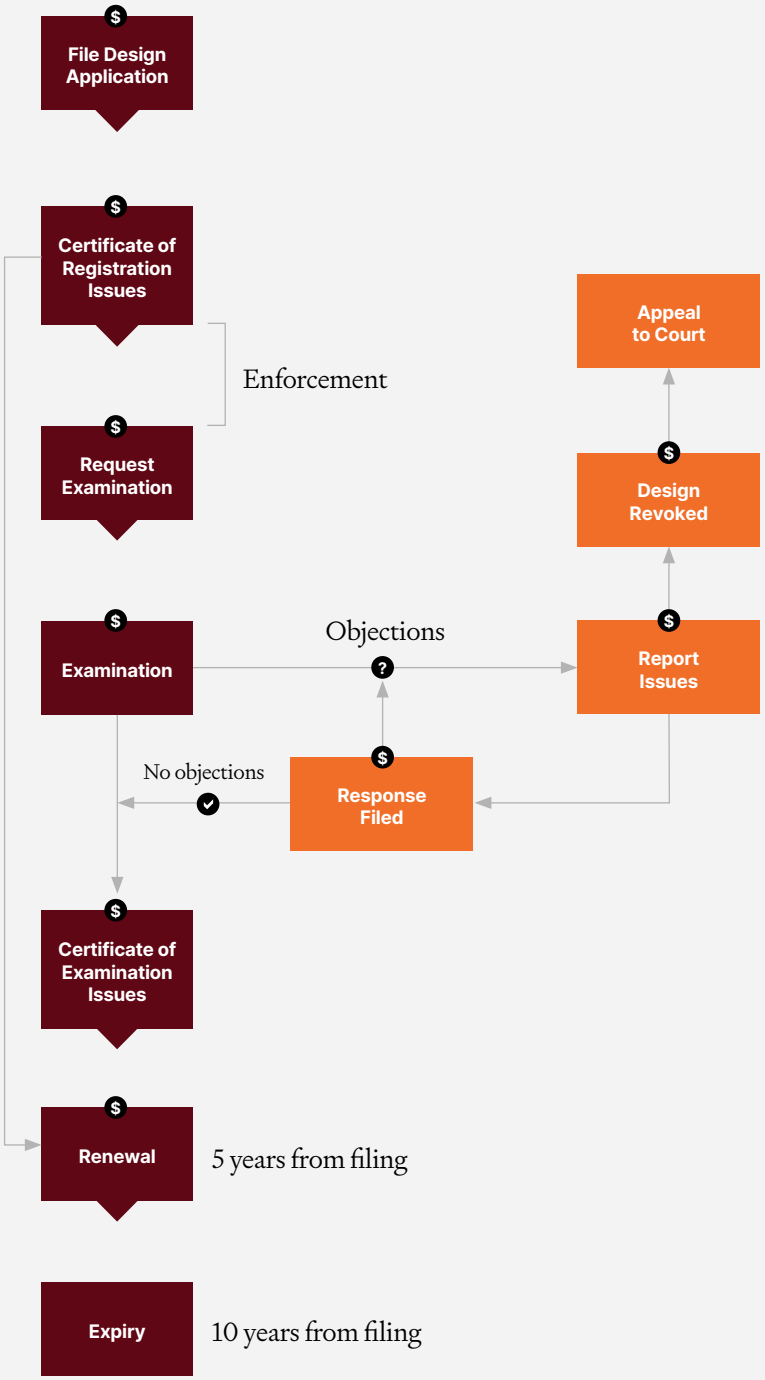
It is not feasible to search all designs which are known publicly in the world. The scope of the search is necessarily limited by the particular databases searched, e.g. the designs register, as well as by the search budget. Thus, a clear result is not necessarily conclusive or determinative of the registrability issue. (However, a clear result would increase the presumption of newness and distinctiveness.)

It is not obligatory to conduct pre-application novelty searches. Nevertheless, a pre- application search is recommended. Design searching is a specialist task and it is recommended that searches be carried out by a patent attorney. However, designers should also conduct their own searches of the relevant art or trade, and advise the attorney.

Registering a design in Australia

When applying for registration of a design, the application must be accompanied by representations of the product(s) illustrating the design features for which protection is required. Such representations are preferably drawings, but photographs may suffice.

Australian Design Registration



The application will undergo a formalities check and the design will be registered if all formality matters are in order. This normally occurs within a month.

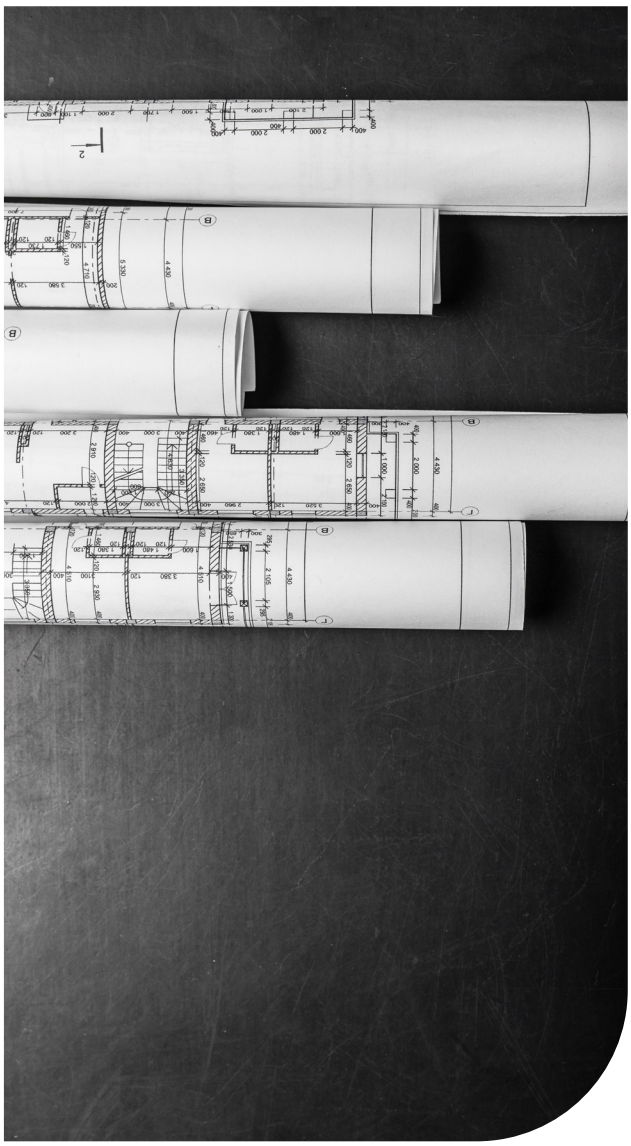
The total term of registration is 10 years subject to payment of a renewal fee five years from the date of the application for registration.

However, the owner of an unexamined design registration is unable to commence infringement proceedings, or threaten infringement proceeding, against an alleged infringer until the design registration has been certified following examination.

Examination of the design can be requested at any time after registration. If the design is found to satisfy the criteria for validity, a Certificate of Examination will be issued. If not, the design registration will be revoked.

The design owner may therefore request examination so that the registered design is placed in a 'litigation ready' state, or the owner may elect not to request examination unless or until it is necessary to enforce the registered design.

Examination may also be requested by a third-party, or upon the direction of the Registrar.



Registering a design in foreign countries

An Australian registered design provides exclusive rights to the design in Australia only. Consequently, if design protection is required in other countries, it is necessary to apply for design rights in the other countries of interest.

Foreign design applications are usually filed on a country-by-country basis. However, regional applications are available in some areas, e.g. a single European Community Design registration provides protection for a design throughout the whole European Union.

A foreign design application filed within six months of the filing date of the corresponding Australian design application can usually claim priority from the Australian application. (Foreign applications can still be filed after that six month period, but may be precluded from registration in some countries by the prior publication of the corresponding Australian design application. Foreign design applications should therefore be filed within six months of the filing date of the first corresponding design application.)

Design laws, and the terms of protection, vary from country to country. In USA and Canada, design rights are obtained by way of design patents. Although there is much variance in design laws, a common factor is that the design rights are limited to features of appearance of a product rather than its function.

It is advisable to conduct searches before using a design, or applying for registration of the design, in a foreign country.

Copyright

Copyright

As the name implies, copyright is a right against copying. Copyright is infringed by the unauthorised reproduction of a substantial portion of a 'work' in which copyright subsists. Unlike, say patents and registered designs, copyright cannot be used to prevent the exploitation of a work which has been created independently, i.e. without either direct or indirect copying.

Copyright does not protect ideas, but rather the material form in which the ideas are expressed.

Copyright may subsist in such 'works' as literary, dramatic, artistic and musical works. Some of the 'works' which can be covered by copyright include: literary works such as computer programs; compilations such as anthologies, directories and databases; artistic works such as logos, drawings, cartoons, photographs, maps and plans, paintings and sculpture; dramatic works such as choreography, plays and mime; musical works including the music itself, separately from any lyrics or recording; cinematograph films; sound recordings; broadcasts; published editions (typographical arrangements of publishers).

Copyright in Australia arises automatically as determined by the Copyright Act. (Since no official registration is necessary (or possible), it could be said that copyright is 'free'.)

Provided that the relevant criteria in the Copyright Act are satisfied, an original 'work' is automatically protected from the time it is first created or published. Copyright may last up to 70 years after the year of the creator's death.

The general rule is that the first owner of a copyright in a 'work' is its creator. There are, however, some exceptions to this general rule, which can be excluded or varied by agreement. For example, in the case of an employer/employee situation, the owner of copyright will be the employer if the work was created as part of the employee's usual duties. Business owners who commission works, such as the design of a logo for a trade mark, software, or the design of a web page, should have a written agreement regarding ownership of the copyright. In the absence of any agreement, the creator of the work may retain ownership. A written agreement can avoid any misunderstanding or disagreement which can otherwise occur as to what the business can do with the work they have commissioned. All agreements relating to copyright should be in writing.

Industrial designers should further keep in mind that, in Australia, most designs cannot rely on dual protection under the Copyright Act and the Designs Act as they generally lose enforcement under the Copyright Act once commercialised.

Registering copyright in overseas countries

Australia is a party to both the Berne Convention and the Universal Copyright Convention. Through these conventions, copyright in Australia normally extends to other countries which are parties to those conventions, without the need to register the copyright officially.

Nevertheless, official registration of copyright is available in some countries (e.g. China and the United States of America), and provides some advantages.

IP checklist for new products, processes, trade marks and designs

IP Checklist for new products, processes, trade marks and designs

When contemplating the introduction of a new product, process, trade mark or design, there are various measures which should be taken. These are summarised below:

Defensive measures

Clearance searches

Check that the new product, process, trade mark or design which you wish to make, import, sell, use or otherwise exploit, is available for use, i.e. that it does not infringe the intellectual property rights of others.

Obtain indemnities from suppliers or licensors

Even if you only sell products manufactured or supplied by another person such as a wholesaler, you are nevertheless liable if those products are found to infringe the intellectual property rights of third parties. Freedom to operate searches should be conducted, or at the very least, appropriate indemnities should be obtained from the supplier against liability for infringing third party IP rights.

Protective measures

Identify protectable intellectual property.

Identify novel aspects of the product, process, trade mark or design which may provide a competitive advantage.

Determine and document ownership of intellectual property

Ensure that you have a written record of ownership of the intellectual property. For example, the rights to new products and innovations made by sub-contractors (and even employees) should be assigned in writing. Similarly, the copyright in logos and artwork created by outside design consultants (and even employees) should be assigned in writing.

Apply for intellectual property protection at an early stage

Although it is not compulsory to obtain statutory patent, trade mark or design protection, there are many advantages in doing so. Moreover, timing is critical as some intellectual property rights, such as patent and design rights, may be forfeited once the product or process has been made public or used commercially.

Seek professional advice

Intellectual property laws vary from country to country, and are constantly changing. There are many traps for the unwary, and valuable intellectual property rights may be lost inadvertently. It is advisable to seek professional advice from a patent and trade mark attorney at an early stage. The old adage that 'prevention is better than cure' certainly applies to intellectual property issues. In particular, a patent attorney should be consulted before an invention or product design is disclosed publicly or used commercially, and even before expenditure is committed to its manufacture or commercialisation. Ideally, a trade mark attorney should be consulted at the brand selection stage, before committing to a particular brand.

IP Checklist for Business Transfers

IP Checklist for Business Transfers

When transferring a business, there are various measures which should be taken in relation to intellectual property, as part of the overall due diligence process. These are summarised below:

- [ ] **IP Audit**

  The aim of an IP audit is to identify and document the intellectual property associated with the business being transferred, and to verify the ownership of that intellectual property.

- [ ] **Clearance searches**

  Clearance searches are intended to ascertain whether the conduct of the business by the transferee, and in particular, the use of products, processes, trade marks or designs in the course of the business, would infringe the intellectual property rights of others.

- [ ] **Indemnities from transferor**

  Even if the business has been operating without complaint from third parties, it is prudent to seek appropriate warranties and/or indemnities from the transferor against liability for infringing third party IP rights.

- [ ] **Protect intellectual property**

  Where the IP audit identifies intellectual property which is not properly protected, steps should be taken to obtain the appropriate statutory patent, trade mark or design protection. Although it is not compulsory, there are many advantages in doing so.

- [ ] **Seek professional advice**

  A patent attorney and trade mark attorney can assist in identifying and protecting intellectual property associated with the business being transferred, and advising on IP risk management.

Other intellectual property rights

Information regarding other intellectual property rights, such as business names, domain names, Plant Breeder's Rights, Circuit Layouts, is available from Spruson & Ferguson upon request.

Glossary of terms

Glossary of terms

business name

A business name is the name under which a business is conducted. Although a business name may also serve as a trade mark, it is important to remember that a business name is different from a trade mark from a legal point of view. If the business name is not the proper name of the entity which is conducting the business, it must be registered in each state where the business is conducted. Business name registration is required in the public interest (i.e. to enable the public to ascertain the real owner of the business), but unlike trade mark registration, it does not grant any proprietary or exclusive rights in that name.

'common law' rights

Common law rights arise when a trade mark is used and develops a reputation, regardless of whether the trade mark is registered or not. Common law rights may also apply to 'get up' or packaging. Common law rights are not, strictly speaking, proprietary rights. Rather, the term 'common law rights' is used as a shorthand reference to the actions which a trader may take to prevent others from using a confusingly similar trade mark. Such actions include 'passing off', and/or an action for breach of the consumer protection provisions of the Australian Consumer Law or a Fair Trading Act. A prerequisite for such actions is the establishment of a reputation in the trade mark, which must be proved by evidence. Consequently, from an evidentiary point of view, common law rights are usually more difficult and costly to enforce than the statutory rights obtained by registering a trade mark.

copyright

Copyright protects 'works' such as literary, artistic and musical works. Literary works can include label instructions, computer programs, and compilations such as lists, directories and databases. Artistic works can include drawings and sketches (whether of artistic quality or not), logos, photographs, maps and plans, paintings and sculpture. Copyright does not protect an idea, but only the expression of the idea in a material 'work'. Copyright also does not protect functional aspects.

Copyright protection in Australia is automatic, and registration is not required.

Copyright is infringed by the unauthorised reproduction (i.e. copying) of a substantial part of the copyrighted work. Copyright is not infringed by independent creation (i.e. without any direct or indirect copying).

©

© is a symbol which indicates that copyright is claimed in the material on which the symbol appears.

domain name

A domain name is usually a combination of words, letters and/or numbers (separated by periods) used to identify organisations and computers, websites or other addresses on the internet, e.g. www.aldi.com. Although a domain name may also serve as a trade mark, it is important to remember that the purpose of a domain name is quite different from a trade mark. Registration of a domain name is required to make it functional, but registration normally does not grant any proprietary or exclusive rights in that name.

intellectual property

Intellectual property is a general term used to refer to various specific legal rights which protect novel or original creative work, reputation or goodwill, and other intangible property. It can be considered to be an 'umbrella' term, without being specific to any particular right.

IP Australia

IP Australia is the branch of the federal government which deals with patents, trade marks and designs. It includes the Patent Office, the Trade Marks Office and the Designs Office.

IPONZ

The Intellectual Property Office of New Zealand ('IPONZ') is the branch of the New Zealand government which deals with patents, trade marks and designs

patent

A patent is the statutory right to the exclusive use of an invention. A valid patent gives the owner (called the 'patentee') the right to prevent others from making, selling, using, importing or otherwise exploiting the invention defined in the patent within the country in which it is granted, for as long as the patent remains in force.

Patents generally protect functional aspects. Patents can be obtained in respect of new products and processes, new chemical compounds, and new methods of operation or manufacture, Although there is no exact definition of what is patentable, the invention must satisfy the basic criteria of being 'new and useful'. In general, in order to be patentable, the invention should be of an industrial, commercial or technical character, as opposed to a purely artistic or intellectual exercise. Even simple or small improvements can be patented, providing that such improvements result in appreciable advantages.

A patent is effective only in the country in which it is granted.

registered design

A registered design (or design registration) protects features of appearance of an article (or part of it), namely its shape, configuration, pattern or ornamentation. A design registration does not protect the method of construction or function of an article.

The scope of a registered design is defined visually by the representations of the design. These are usually drawings, or may be photographs. A registered design is infringed by the unauthorised manufacture, use, importation or sale of an article having a design that is identical to, or substantially similar in overall impression to, the registered design.

®

® is a symbol which can be used on a trade mark to indicate that it is a registered trade mark. It can only be used after the trade mark has been registered. Its use is recommended, but is not compulsory.

trade mark

A trade mark, also known a brand, may be any 'sign' used to distinguish the goods or services of one trader from those of other traders. The trade mark may be a word or words, slogan, logo, aspect of packaging, colour or combination of colours, shape, sound or even a smell.

TM

TM is a symbol which can be used on a trade mark to indicate that it is claimed as a trade mark. It can be used even if the trade mark is not registered. Its use is recommended, but is not compulsory. (Refer to the section on marking)

480+
Employees

190+
IP professionals

25+
Countries

10
Offices

Jurisdictions with physical offices and/or direct filing

Other jurisdictions serviced

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