CCIQ Powering business potential

DEFINITIVE GUIDE TO PROTECTING YOUR INTELLECTUAL PROPERTY

Get the most out of your ideas and keep them safe

POWERED BY

CULLENS
Patent and Trade Mark Attorneys
Established 1936

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ABOUT CCIQ

Run by employers for employers, CCIQ is the peak business association in Queensland and the state's most influential business group.

We represent more than 400,000 small and medium businesses, and our members view us as an essential partner in their commercial success because of the advice, services and tools we provide to power their business potential.

www.cciq.com.au

MORE HELPFUL GUIDES FOR YOUR BUSINESS

- Definitive Guide to Managing Staff
- Definitive Guide to Starting a Business in Queensland
- Definitive Guide to Digital Marketing
- Definitive Guide to Better Energy Efficiency
- Definitive Guide to Valuing your Business

PROTECT YOUR IDEAS

Intellectual property (IP) is your imagination and ideas turned into tangible assets.

Just like your house or car, your ideas are valuable and need to be protected against theft and misuse. If you have developed an innovative product or process, or created a novel design or distinctive brand, it's important to protect these aspects of your business as well.

As a small business owner, it's easy to feel intimidated by legal details. From registering trade marks to filing patents, paying on time and completing endless paperwork, it can all feel overly complicated.

When it comes to the law, however, the details matter. Taking time to follow through all the necessary requirements will prove a worthwhile investment if your IP comes under threat.

In this definitive guide, you'll discover what you can do to protect the valuable IP in your business.

"Intellectual property refers to creations of the mind, such as inventions, literary and artistic works, designs; and symbols, names and images used in commerce."

WORLD INTELLECTUAL PROPERTY ORGANISATION

WHAT ARE THE DIFFERENT TYPES OF INTELLECTUAL PROPERTY?

When it comes to intellectual property, there are different ways to protect different good ideas. **Some can be registered, while others can't.**

PATENT

A patent provides innovators with the exclusive right to make, use and sell their innovations for up to 20 years.

REGISTERED DESIGN

This type of IP protection covers the visual appearance of products.

REGISTERED TRADE MARK

A registered trade mark can be taken out over any word, name, symbol or device used to identify your brand.

COPYRIGHT

This is the protection for creative work, like writing, music and automatic art protection.

TRADE SECRET

This one's self-evident: a trade secret is what companies strive to keep private, to give them an advantage over their competitors.

In this white paper, we're going to concentrate on what you can register to protect your unique ideas: patents, registered designs and registered trade marks.

TM

Don't know if you need a patent, trade mark, design, plant breeder's right or a combination? Use IP Australia's tool to understand what you may need.

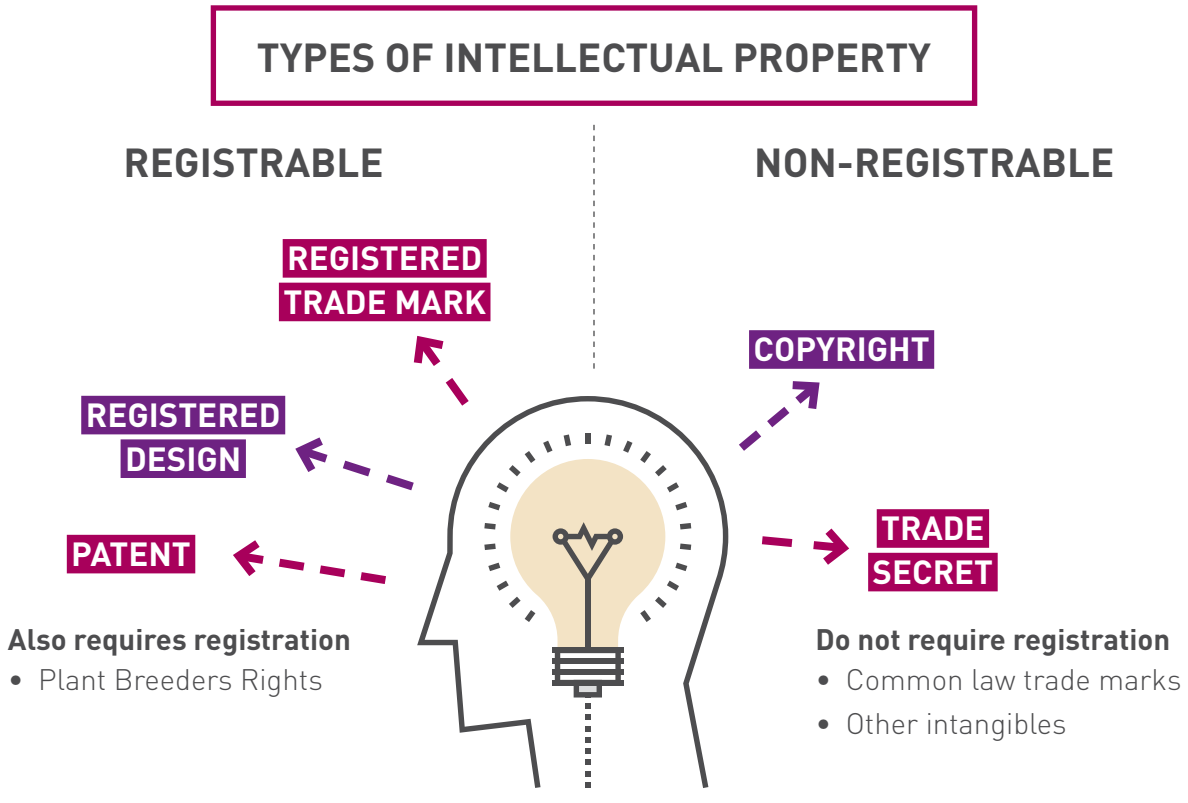
WHO'S WHO AND WHAT THEY DO

The people involved in intellectual property law are different to the other legal experts you might work with in your business.

When it comes to IP law, there are intellectual property lawyers (qualified solicitors) as well as patent and trade mark attorneys. All of these people are essential specialists.

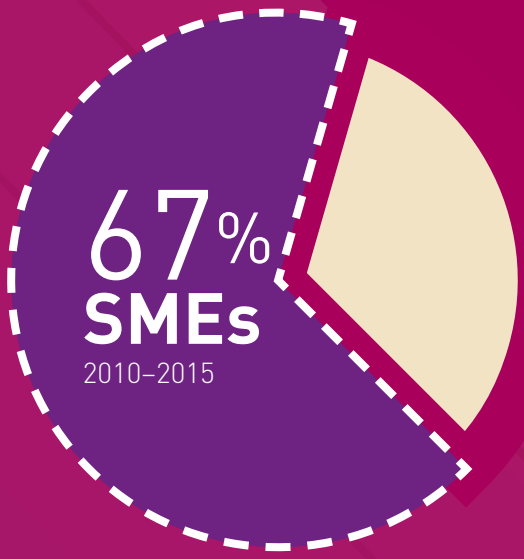
Here's what they do.

- Only **patent attorneys** are permitted to prepare, file and prosecute patent applications for others for a fee. A patent attorney is required to have a technical degree (normally science or engineering) and should have expertise in the area covered by your idea. Patent attorneys are also qualified and trained in laws relating to patents, trade marks and designs, and understand laws relating to copyright, trade practices, circuit layouts, plant breeders' rights and confidential information.
- **Intellectual property lawyers** are solicitors who have chosen to specialise in the field of intellectual property. The Patents Act prevents lawyers from charging for preparing, filing and prosecuting patents so most don't do it unless they are also patent attorneys.
- A **trade mark attorney** is not a solicitor but many trade mark attorneys also have legal qualifications and are admitted to practice as solicitors should they choose to do so. Among other services, they provide legal advice in relation to trade marks, prepare and file trade mark applications, respond to objections and prepare trade mark agreements.
- **IP Australia** is the government body responsible for granting the protection that you seek. While they have some patent attorneys, trademark attorneys and lawyers working there, they can't represent or work for you—they can only give general advice about the protection regimes. In other words, they're not there to help you get protection. They're there to assess whether or not you should be granted protection.



CAN I PROTECT MY IDEA WITH A PATENT?

Patents aren't just the realm of big business. Between 2010 and 2015, SMEs filed 67 per cent of patents, followed by large firms (16 per cent) and individuals (17 per cent).



In 2015, the largest concentration of patents was in health-related technologies but patents can be filed in any industry. Broadly speaking, these four criteria are a good guide to see if your idea can be patented.

1 THE INVENTION NEEDS TO BE PATENTABLE

To be patentable, an invention needs to be commercial and industrial—not abstract or intellectual. It also needs to be created by a person. You can't patent something that occurs naturally without human intervention.

2 THE INVENTION NEEDS TO BE DESCRIBED IN DETAIL

An invention needs to be able to be described in enough detail so another person with relevant skills and technical ability could recreate the invention based on the information in the patent document. In a patent, you also need to disclose the best possible way of making the invention.

3 THE INVENTION NEEDS TO BE NEW

A patent isn't just reserved for an idea that is complex or could be classified as a major breakthrough. It needs to be a new idea. That means if someone else has already patented a similar invention or made it public (for example through selling it), you can't patent it unless you can show that it includes at least one new aspect or a new combination of elements.

4 THE INVENTION NEEDS TO BE NON-OBVIOUS

Simply put, the invention needs to be seen as non-obvious to someone who has reasonable skill in the field. Patent and trade mark attorneys will undertake an extensive search of previous similar inventions to ensure it fits this criteria. Invariably, someone who reads all about your invention will think it is obvious but that is known as hindsight and is not the test.

In Australia, there are two types of patents: standard patents and innovation patents. These types of patents only provide protection within Australia.

A **standard patent** lasts up to 20 years (25 years for pharmaceutical inventions). This is used for new, non-obvious and useful ideas in industry.

Innovation patents last up to eight years. The clincher is the idea must be truly innovative—different from what is known before or makes a substantial (real) contribution to the working of an existing invention. It's quicker and less expensive than a standard patent and it's a good way to protect an invention with a small market life, such as a computer-based invention.

You can also take out a **provisional patent**, which can protect you before you file a patent. You can use it to prove you were the first to come up with an idea but it has limited protections and a patent application will need to be filed within 12 months.

If you wish to use your invention internationally or just want it protected beyond Australia, you'll need to apply for international patents. You can apply for patents in individual countries or file a single international application under the Patent Cooperation Treaty, which grants you protection in the 151 countries that are part of the treaty.

However, no matter which option you choose, you'll eventually end up with separate patents filed in each country. The international patent application simply facilitates the process.

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

Intellectual property booklet, Cullens Patent and Trade Mark Attorneys

Have you protected your product or process?
In addition to deterring competitors, a patent (or patent pending) can be an effective marketing tool, attract investors and make your business eligible for government grants.

Cullens are the IP experts that CCIQ trusts. Contact them through our **CCIQ Experts on Demand service** for free, independent advice on **1300 731 988** or **cciq.com.au/consulting**

Still deciding which type of patent is best for your invention?

Use this handy comparison table available at www.ipaustralia.gov.au/patents/understanding-patents/types-patents to help guide your decision.

PATENT COSTS
5 TIPS TO SAVE YOU MONEY

It's no secret that patents can be expensive. Costs can be incurred at different stages of a patent filing—searches, preparation, prosecution, granting a patent and renewals or maintenance of a patent. The total cost of patenting depends on many variables, such as how many countries you're seeking protection in and how long you want to take out the patent for.

Inventors can file their own patent applications, too. However, drafting and filing your own patents is often counter-productive because it costs about the same in the long run but more often results in legal battles that can't be easily won.

To stay safe with the experts while protecting your budget, follow these 5 tips.

1 DO YOUR OWN RESEARCH

In the early stages of an invention, it's worth doing your own research to ensure your idea is truly unique.

Google Patents is an effective and easy starting point because it uses keyword searches. More advanced tools include EspaceNet at the European Patent Office and the United States Patent and Trademark Office. You can also search through classification registers to determine relevant classes.

Understanding 'prior art' (existing technology) can also save you money in the long term because it will help you to avoid amending your application to get around prior art you could easily have discovered.

2 PROVIDE A GOOD DESCRIPTION

When you're ready to file your patent application, you can save on some of your attorney's fees by providing a concise description of your invention—especially what makes it unique—to your attorney. Don't just provide details of your invention but the problem-solving advantage it offers. Detail is essential, so provide sketches, drawings and screenshots.

3 TAKE ADVANTAGE OF INTERNATIONAL TREATIES AND CONVENTIONS

There are several international treaties that will enable you to reserve your rights in a large number of countries with just one application. The Paris Convention for the Protection of Industrial Property, for example, helps you to secure provisional rights in 176 countries for 12 months. At the end of those 12 months, a Patent Cooperation Treaty can be filed, protecting you in about 148 of those countries and giving you a further 18 months of protection. While you'll still need to file in these individual countries, it's a useful way to delay your costs.

4 ACT PROMPTLY

Once your application has been filed, there will be fees payable throughout the life of the patent or the application. Most of these can't be avoided but you can avoid having to pay expensive extension fees by being ready.

5 KEEP AN EYE OUT FOR GRANTS AND AWARDS

Government grants exist at local, state and federal levels, as well as awards and incentives for existing companies. These can be used to boost up your patent budget, either directly or indirectly. There are a number of government grants and funding programs that help Australian businesses to develop and commercialise their IP. business.gov.au/Assistance has a comprehensive list.

COST OF STAYING PROTECTED BEFORE YOU BEGIN

To avoid product recalls and infringement suits, you should conduct a 'freedom to operate' search and get advice from an IP attorney. Costs range from $2,500—$15,000, depending on the nature of the product.

To avoid developing new products that can't be protected, you need to do a search to ensure your product can be registered and that you can get good advice about it. Depending on the complexity of your idea, costs range from $5,000—$15,000.

Provisional patent applications cost between $4,000 and $10,000. The filing fee is only $110 and the rest goes to an attorney who has spent years of their life training to write patent applications. Some people write their own patent applications but this is not advisable. If you think your idea is worth protecting and is going to be worth serious money in the future, it's a good investment to spend the money—generally around $5,000–$6,000—to have the application written by an experienced professional.

For a definitive list of official fees relating to Australian patent costs, see https://www.ipaustralia.gov.au/patents/understanding-patents/time-and-costs

CAN I PROTECT MY IDEA WITH A TRADE MARK?

Sometimes called a 'brand', a trade mark serves as a badge of origin. It's used to show that products or services are from a particular business or entity. As such, a trade mark is a valuable marketing tool and should be jealously guarded as a business asset.

Any 'sign' capable of distinguishing the goods or products—such as a logo, word or words, slogan, packaging aspect, colours, shape, sounds or even a smell—can be trademarked.

Other types of trade marks include:

- **Collective trade mark**: This trade mark is used by members of an association.
- **Certification trade mark**: This is used to show that goods or services comply with a prescribed standard. Examples include the well-known Woolmark and the trade mark of the Standards Association of Australia.
- **Defensive mark**: When a business is well known for supplying goods and services but is no longer doing so, a defensive mark helps to ensure its reputation is protected and other businesses can't sell goods and services under the same mark.

MAKE YOUR TRADE MARK DISTINCTIVE

Three characteristics help your trade mark to be registered quickly and with a minimum of cost.

1. The trade mark should be inherently distinctive, or at least capable of becoming distinctive with use.
2. Invented words are normally inherently distinctive and so are registrable. Putting two known words together isn't necessarily distinctive but created words are, such as Xerox and Microsoft.
3. A trade mark must not directly describe the products or services for which registration is sought.

YOUR BUSINESS NAME IS NOT A REGISTERED TRADE MARK

It's easy to confuse trade marks with business, company and domain names. While a business name can be registered as a trade mark, they're not the same.

Registering a business or company name is a compulsory action before starting to trade. It generally doesn't give the name holder any ownership of that name nor immunity from trade mark infringement, passing off, or a breach of the *Australian Consumer Law* or fair trading legislation.

Different traders in different states may register identical business names and, likewise, very similar business and company names may be allowed to coexist. However, if your business or company name is registered as a trade mark, you may be able to prevent a competitor from using an identical or similar business or company name in Australia.

OBTAINING RIGHTS OVER

YOUR TRADE MARK

There are two ways you can protect your trade mark: by common law (proprietary rights) and by registration (statutory rights).

You've heard the saying that possession is 9/10ths of the law? Well, common law rights work a bit like that. They arise when a business uses a trade mark to such an extent that they develop a substantial reputation or goodwill. Common law rights are very expensive to uphold but they can protect reputation and prevent the confusion and deception of customers.

Statutory rights are obtained through registration. Trade mark registration is nationwide, deters other traders who are thinking of using a similar idea and grants property rights that can be licensed. Registration means you can protect your trade mark early without having to use it in the market.

PROTECTING YOUR TRADE MARK OVERSEAS

Trade mark registration is a wise move in every country in which you expect to use it.

That's because, in other countries, it's much harder to rely on common law rights to protect an unregistered trade mark. Many countries also have a 'first to file' rule where the first person to file a trade mark application wins, regardless of earlier use by someone else. Finally, registration means you can control how your trade mark is used by a distributor or licensee overseas.

Before you use a trade mark internationally, conduct a search to ensure the trade mark is available for use. It's also advisable to check the proposed trade mark has the right meaning in another language.

Trade marks can be registered by country or in economic regions, such as the Community Trade Mark registration across all trade marks in the European Union.

Like patents, there are agreements you can use to save costs by filing a single application. This includes the Madrid Protocol, which covers China, European Union, France, Germany, Italy, Japan, Korea, Russia, Singapore, Switzerland, United Kingdom and the United States.

COUNTING THE COSTS INTERNATIONALLY

Making sure your proposed trade mark doesn't infringe on others already registered will cost around $2,000.

To keep your trade mark enforceable, you need to use it. Trade marks not used for three years can lose their registration.

To register your brand in foreign countries, expect to pay $2,500—$3,500. Different countries have different rules, so it's best to file in overseas countries before your brand becomes too well known.

CAN I PROTECT MY IDEA WITH A REGISTERED DESIGN?

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

Designs registered in Australia are valid only in Australia, and the total term of protection is 10 years, with a renewal fee at the five-year mark.

It's important to note the exclusive rights granted by a registered design are limited to its visual appearance. This means it doesn't protect its material, construction, function or operation.

A valid registered design gives its owner, throughout its registration, the right to prevent others from making, importing, selling, hiring or using a product that uses a similar design or gives a similar impression.

There's just one catch. Registering a design gives you prevention rights but doesn't necessarily give you the right to use it. In other words, you can stop people using your design—but if there are prior conflicting registered designs owned by other parties, then you may not be free to use yours.

CAN YOUR DESIGN BE REGISTERED?

To be successfully protected, a design needs to pass several criteria. However, there are two main questions you need to first satisfy.

- **Is it new?** In other words, has it ever been made public—either by the designer or someone else? If it has, you probably can't register your design.
- **Is it distinctive?** The design can't be substantially similar to previous designs.

Unlike trade marks, it is difficult to undertake a conclusive design search to prove your design is unique, and pre-application searches are not obligatory. This is where a patent attorney has the right skills and experience to search on your behalf and create an evidence base to prove your design is distinctive and new. You can do it yourself, but that can prove time-consuming and costly.

APPLYING FOR DESIGN REGISTRATION

When you apply to register your design, your application must be accompanied by representations of the design that illustrate the features you're wishing to protect. Drawings are preferred but photographs may be accepted.

After you apply, your application will go through checks before registration. However, it will need to go through two more stages—examination and certification—before you can begin infringement proceedings against someone you think is using your design.

REGISTERING YOUR DESIGN OVERSEAS

If you want to protect your design in other countries, you need to lodge individual applications on a country-by-country basis. However, there are some regional applications available, such as a single European Community Design registration.

Design laws vary internationally. In USA and Canada, for example, designs are protected by design patents. The rule of thumb for most countries is that design rights relate to appearance, rather than function.

KNOW WHO OWNS YOUR DESIGN

Normally, the person who created the design is entitled to be registered as the owner. Where a design was created by several designers, then they can all be registered as a joint owner.

If the design was created by one of your employees or contractors, your business owns the design unless you have an agreement that says otherwise.

To avoid confusion about ownership, it's worth getting written agreements in place before you register.

Need low-cost protection for your product? Registering the design of your product can provide powerful protection against copying, especially in cases where copyright protection is unavailable.

Contact Cullens through our **CCIQ Experts on Demand service** for free, independent advice on **1300 731 988** or **cciq.com.au/consulting**

THE 5 MOST COMMON IP MISTAKES. HERE'S HOW **NOT** TO MAKE THEM.

1

CONFUSING BUSINESS NAME REGISTRATION WITH TRADE MARK REGISTRATION

Simply registering your business or domain name does not give you enough legal standing to prevent others from using it.
If you register your brand as a trade mark, you gain the sole rights to use it. If you choose not to, others can use your brand.
It works the other way, too.
If someone already owns the trade mark, they can force you to rebrand or recall your products, or even pay for the profits you earned under their trade mark.

2

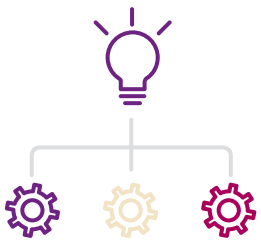
DEVELOPING NEW PRODUCTS WITHOUT AN IP POSITION

Developing a new product is a big investment, so it's important to do it right the first time. Getting advice from an intellectual property attorney early in the process will ensure the product you're creating has not been made before, and that you have the legal right to continue.
The later you decide to get IP advice, the more difficult and expensive it could be if you're not permitted to launch it publicly.

3

OUTSOURCING WORK TO CONTRACTORS OR EMPLOYEES WITHOUT AN IP AGREEMENT

Before you outsource the creation of a product, it's important to create an intellectual property agreement. This is to ensure that all parties are clear on who owns the product and has the right to gain from the profits. Have your contractors sign IP agreements and have IP clauses in your employee agreements.



"Generally speaking, patent or design protection should be sought prior to any public or commercial disclosure of a new product or service. In most countries, prior public or commercial disclosure before a patent or design application is filed will invalidate the application."

Jack King-Scott, Senior Associate, Cullens Patent and Trade Mark Attorneys

4

EXPORTING PRODUCTS WITHOUT CONSIDERING IP

Intellectual property law is different in every country. If you plan to launch your product internationally, or even if you don't, get advice from an IP attorney. They can register your trade mark in foreign countries and conduct international trade mark searches.

5

GOING PUBLIC TOO EARLY

If you have a grand idea for a product, it's better not to tell anyone just yet. Talk to an intellectual property attorney first to ensure your idea will be protected once it's made public. This is particularly important if you wish to file a patent. Don't demonstrate or sell your invention, or even discuss it publicly (in person or online). If you wish to share your ideas with your advisors, employees or potential business partners, have them sign confidentiality agreements so your idea is kept safe throughout the application process.

IT'S OK TO BE A BIT ANTI-SOCIAL

Many businesses take to Facebook to promote their products on social media. However, an increasing number of businesses are limiting or losing their IP rights by posting information about their new good or service before ensuring they have adequate IP protection in place.

It's wise to remember that social media is just the same as traditional media. You wouldn't advertise your new product on TV before you knew your idea was protected. Treat social media in the same way.

YOUR IP HEALTH CHECKLIST

Every business has intellectual property worth protecting. Use this checklist to see how safe your ideas really are.

1. HAVE YOU IDENTIFIED ALL OF THE IP OF IMPORTANCE TO YOU THAT PROVIDES A COMMERCIAL ADVANTAGE?

- [ ] Business name
- [ ] Innovative products, processes or services (including product designs and important functional features)
- [ ] Trade marks (including logos and graphics used in association with the product, process or service)
- [ ] Domain names
- [ ] Trade secrets
- [ ] Databases including customer and client lists
- [ ] Internal business processes
- [ ] Artwork
- [ ] Distinctive packaging designs
- [ ] Exclusive agreements with suppliers and/or distributors
- [ ] Customised software, macros and electronic forms and systems
- [ ] Website and social media accounts

2. DO YOU OWN ALL OF YOUR IP?

- [ ] Has all IP created externally been assigned to you upon its creation/completion?
- [ ] Have the exclusive agreements been reduced to writing with your business entity as a party?
- [ ] Are the employees' creations covered by IP clauses in employment contracts?
- [ ] Have you granted rights to others including distributors that might impact on IP ownership?
- [ ] In whose name are the social media accounts, domains, hosting agreements, etc.?

3. HAVE YOU CONSIDERED REGISTERING THE FOLLOWING?

- [ ] Novel functional features of products/processes as patents
- [ ] Novel shape or design of products as registered designs
- [ ] Business names and product names as word trade marks
- [ ] Distinctive, non-functional shapes of products as shape trade marks
- [ ] Distinctive logos, graphical artworks and product get up such as packaging and colours
- [ ] Scents, sounds and colours that have become synonymous with the offering of your goods/services in the marketplace

4. IF THERE IS A GROUP OF COMPANIES OR ENTITIES, IS YOUR IP OWNED BY THE RIGHT ENTITY?

- [ ] Has the IP remained in the name of an older entity (potentially now deregistered) after your business moved to a new structure?
- [ ] Is the IP in the right entity for asset protection or is it in the name of a trading entity?
- [ ] If IP is co-owned between parties and entities, have the implications been considered?

5. ARE YOU PREPARED TO/HAVE YOU ENFORCED YOUR IP?

- [ ] Have you marked your goods/processes/services with your registered IP rights e.g. Patent Pending, Aust. Patent No, TM, ®, Registered Design?
- [ ] Do you monitor the marketplace for infringement?
- [ ] Have you identified infringers in the marketplace and taken no action?
- [ ] Do you send letters of demand to all infringers?

6. DO YOU MONITOR IP REGISTRATIONS OF OTHERS?

- [ ] Do you monitor the patent, designs and trade mark databases for conflicting IP applications made by competitors or others in the market and oppose them where possible?
- [ ] Do you conduct searches of IP registers to identify state of the art technology and trends in the provision of goods and services?
- [ ] Do you conduct searches of patents and design databases to identify technology that could be implemented by you royalty-free in Australia?
- [ ] Do you identify gaps in the IP landscape that you can seek to fill through your own R&D?

7. DO YOUR NEW PRODUCTS AND/OR PROCESSES INFRINGE THE IP OF THIRD PARTIES? HAVE YOU CONDUCTED A FREEDOM TO OPERATE SEARCH?

- [ ] Have you checked whether a new business name infringes a third party TM before commencing use?
- [ ] Have you checked whether the importation or sale of a new product or service would infringe on the registered designs or patents of third parties before commencing use?
- [ ] Have you checked if the trade marks to be used in association with the new product or service infringe the TMs of others before commencing use?

8. ARE YOU PLANNING TO EXPORT YOUR PRODUCT, PROCESS OR SERVICE?

- [ ] Have you conducted a check or search with respect to the IP applicable in the export destinations for your product/service?
- [ ] Have you registered your TM and patents/registered designs in the export markets including any foreign language equivalent TM?
- [ ] Have you checked you don't need to register copyright or take any steps that you would not need to take in Australia with respect to any export markets?

9. HAVE YOU CHECKED OVER EXISTING AGREEMENTS TO SEE WHERE YOUR COMPANY STANDS WITH REGARD TO IP?

- [ ] Do contractor agreements provide that IP developed by them is owned by you in exchange for remuneration?
- [ ] Do distributor agreements that provide for the authorised use of a TM as a business name have the goodwill generated in the TM accrue to you as TM owner?
- [ ] Do licence agreements (including licence grants in distributor or manufacturer agreements) ensure that any improvements made by licensees to your products/services are owned by you?
- [ ] Does every employee have an IP clause in their contract agreeing that IP created during and for work is owned by you?
- [ ] Do you warrant that your products/processes/services do not infringe third party IP in the absence of having obtained freedom to operate advice to minimise your exposure?
- [ ] If a third party infringes a licenced IP right, who will pay the legal costs in pursuing the infringer; you or the Licensee?
- [ ] If your licensed trade mark or product/process/service infringes an IP right of a third party, who will pay the legal defence costs; you or the Licensee?

You don't need to be an inventor to need intellectual property protection. If you're a business, you'll already have IP of great value worth protecting.

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Chamber of Commerce & Industry Queensland
Industry House, 375 Wickham Terrace, Spring Hill, Qld, 4000
Telephone 1300 731 988
www.cciq.com.au