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Intellectual Asset Management

IAM: more than patents, beyond trade marks, way past IP. Fresh thinking from Watermark.

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# Stay one step ahead of the competition

Filing patents can provide your competitors with useful information about your future direction. We offer advice on how to baffle your business rivals by leaving a misleading paper trail.

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## Major changes to US patent law

On Friday 16 September 2011, President Obama signed the America Invents Act (H.R. 1249) which brings in to effect major changes to US Patent Law, significantly, the basis for granting patents changing from 'first to invent' to 'first to file' - bringing the USA in to line with other jurisdictions.

The legislation also introduces enhanced post-grant review procedures conducted in the USPTO, and redefinition of the parameters of USPTO funding.

# Rise and shine: alternative energy sector sees growth in filings

Consistent breakthroughs in solar photovoltaic technology boosts alternative energy filings.

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## Strong Australian medical device sector reflected in Commercialisation Australia grants

Annual global revenue in the medical technology sector is expected to be USD $288 billion in 2011 and that can only be expected to increase.

Australia has a vibrant medical technology sector with medical device success stories in Cochlear and ResMed and numerous projects with great potential to be the next ones, such as in the fields of bionic vision, biodegradable polymers for medical applications and monitoring devices for diabetes.

A sign that Australia's medical sector remains strong was demonstrated by three medical device companies receiving close to 50% of AUS$8 million granted to 19 companies for different stages of commercialisation under the federally funded Commercialisation Australia grants programme recently announced by Australia's Minister for Innovation, Senator Kim Carr. Commercialisation Australia provides government grants to Australian companies to enable them to bring Australian ideas to market, and has awarded almost $58 million to 145 Australian companies, researchers and inventors, with funding offers ranging from $50,000 to $2 million since commencing in 2010.

However, pressure from a strong Australian dollar causes exported Australian products to appear more expensive, especially if it is not practical to manufacture offshore to reduce costs. Protecting the intellectual property of a medical device product offshore then becomes particularly important as preventing other entrants to the market may be the only way to ensure that an exported device remains profitable in international markets. However, the costs of seeking and retaining intellectual property (IP) in countries where there are current product sales, potential future product sales, competitor manufacturing facilities and competitor research facilities, amongst other reasons, can be prohibitively expensive.

Commercialisation Australia provides grants in the categories of Proof of Concept, Early Commercialisation, Experienced Executives and Skills and Knowledge. Fortunately, the costs of obtaining intellectual property, both domestically and internationally, can be included when applying for a grant from Commercialisation Australia, thereby helping to offset overseas IP costs and encourage a valuable IP regime to be put in place.

**Ian Lindsay**

# A strategy of misinformation

**A great deal can be learned about your competitors' strategic direction by consulting their patents and publications.** Modern searching and database tools can, within a matter of a few hours, provide a detailed overview of the competitive patent landscape in a technical field of interest. This can afford information on your competitors' developments, what areas they have been focusing on in the past, and in what directions their future developments may be heading.

Of course, savvy competitors may learn just as much about your company's strategies by consulting your patents and publications and following your developments. Modern tools make this exercise simple and inexpensive and you should assume that savvy competitors will be aware of your every move. In light of this, anything that you publish or patent is likely going to be read by your competitors very quickly. For example, the publication of Apple Inc.'s applications and patents are regularly reported by the media in an effort to predict the arrival of new products.

However, this ease of information retrieval can be used to your advantage. As both technology and market environments can be full of uncertainties, companies may pursue patenting strategies to confuse, or even mislead, competitors that might be monitoring patents and applications to predict the emergence of new technologies.

Companies can use this strategy to confound competitors as to the technological direction the company is taking, and to the nature of planned future products and services, by filing a number of confounding patent disclosures. This strategy is often used by large corporations, particularly in highly competitive and rapidly developing technical fields. The strategy is much less prevalent in small enterprises as they do not have the financial resources necessary to file the large number of patents required to implement a useful misinformation strategy.

However, as an alternative to patent publication, making disclosures related to your developments elsewhere, such as in a trade, learned or industry journal or simply on your company website, can make it difficult for competitors to gather accurate competitive intelligence.

Consider a specific scenario in which you have developed a particular technology and applied for patents; however, you wish to minimise your competitors' ability to determine in which specific direction you are heading. You could consider publishing detailed accounts of certain variations of the technology in an industry journal highlighting their advantages, but refrain from discussing, in any specific fashion, the particular variation you are developing for commercial use. In complex technologies, this can cause your competitors to commit valuable time and resources attempting to figure out exactly what you are doing and where you are heading.

Advantageously, publishing this way requires a fraction of the financial resources required to misinform through the use of patent filings.

While publishing the information after the publication of your patent application can effectively deflect a competitor from your preferred direction, publishing the information prior to the publication of your patent application, but after the filing of your patent application, is significantly more powerful. As the normal time from filing a patent application to publication of the application is 18 months, timely published information just after patent filing can mislead your competitors into believing your strategic direction is heading in a particular direction whereas, in reality, you are concentrating your commercial efforts in another direction. It will be 18 months before your competitors see your patent application and by then they may already have expended significant effort in assessing your misinformation. Such a strategy can provide valuable competitive advantage.

The consideration of the use of such strategic publications should form part of a broader intellectual asset strategy and the advice of an IP professional should be sought to ensure that the content and timing of the publications makes sense in respect of the particular matter in question.

**Dr Grant Jacobsen**

## Gene Patents Bill knocked out (for now)

On 21 September 2011, the Senate Committee handed down its Report into the 'controversial' private member's Patent Amendment (Human Genes and Biological Materials) Bill 2010, with its sole recommendation being that the Senate not pass the Bill. A dissenting report prepared by the original supporters of the Bill can also be found in the Report. The Bill is intended to exclude genetic and biological materials from patent protection.

This is a significant decision, a positive outcome and endorsement for the Australian biotech industry, Australia's research/academic institutions and overseas biotech companies who patent in Australia.

The decision not to recommend the Bill to the Senate was based on several key factors, two of which were:

- the proposed Bill did not represent an effective solution to the problems caused by patents over human genes and biological materials
- the proposed amendments in the Bill, whilst directed at a specific issue, could result in a significant number of unintended consequences, and not just for gene patents and biological materials, but also across the entire patent system and a range of industries.

It was the Committee's opinion that the complex issues raised during the inquiry would be better addressed, although not completely resolved, through the proposed amendments of the Raising the Bar Bill, rather than removing an area of patentable subject matter.

The Committee also recognised that other reforms may be needed in the future, to address issues relating to patentable subject matter, general ethical considerations and equitable access to healthcare, which were all discussed in the inquiry. As such, the Committee has indicated that it will maintain a 'watching brief' in relation to the impact of gene patents in Australia.

**Dr John Golding**

Bank on it

## IAM: advising you Watermark has changed banks

Watermark has new banking details. We have recently emailed or sent letters to your Finance Department advising them of our new bank account details for payments. Details can also be found at the 'Fresh News desk' on our website: www.watermark.com.au/FreshNews

Please ensure your records are updated accordingly.

# Copyright: easy to protect, easy to forget, but commercially valuable nonetheless

While not all business material will have continuing commercial value, the copyright in creative or artistic materials can be an extremely valuable legal right. However, even though protection of copyright is free and arises automatically, businesses often overlook their copyright when managing and maintaining records of their intellectual assets. These businesses do so at their peril, as it can lead to lost licensing and other commercial opportunities, or the inability to enforce rights against infringers when necessary.

Copyright protects original literary, artistic, dramatic and musical content in a range of business material such as technical data sheets, computer programs, photographic and graphic marketing material, product manuals, labels and packaging. Copyright also protects cinematograph films, sounds recordings, television and radio broadcasts, and typographical arrangements

# Alternative energy technologies: patenting trends in Australia

Research and development in the energy sector has perhaps never been so important. With different organisations pouring resources into increasing the efficiency of existing technologies, and the development of all-new techniques to harness energy resources, it is perhaps unsurprising that patents make up key assets of the sector.

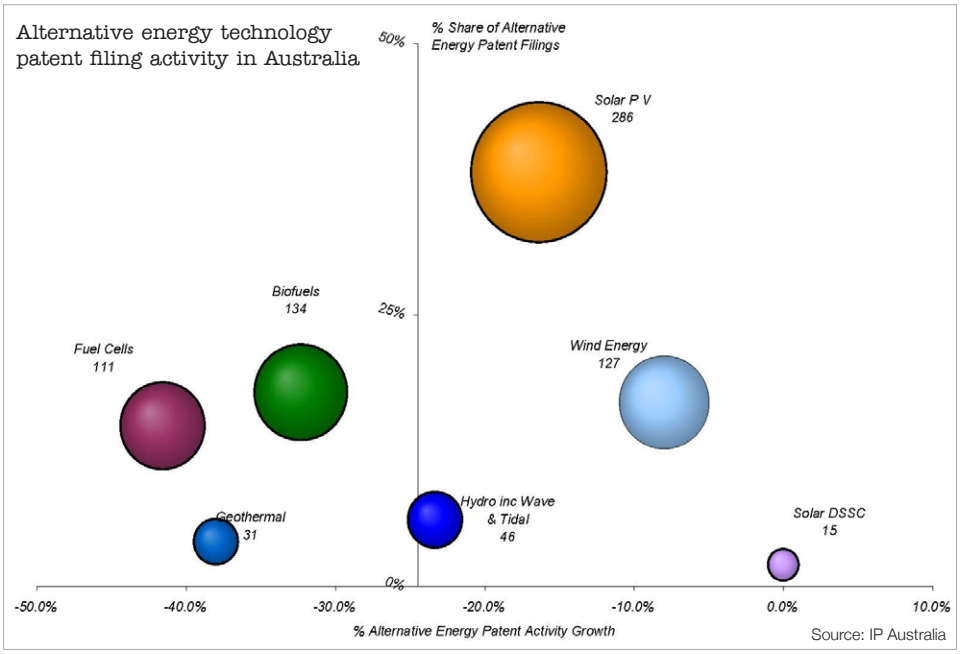
In Australia, growth in the number of filings in classes relating to alternative energy is higher than that of total patent filings. This implies that alternative technology is an area of high research activity. Overall, the last three years has seen patents in the alternative energy sector grow compared to the overall slow down in Australian patent filings.

The graph below shows both:
- the number of patents filed in each technology field during the 12 months to June 2011, and
- the relative change in filings from the previous 12 month period.

Insight into research trends in the field can be readily obtained from this data.

Fuel cells and biofuels represent areas of research that have been in active development for a number of years, and as a consequence the IP environment is well populated. The number of filings over the last two years has decreased in these categories.

Solar photovoltaic (Solar PV) is a well known solar energy technology. As with fuel cells, there has been active research in Solar PV technologies for some time, but in contrast there have been constant breakthroughs and increases in performance. Overall patent filing rates have remained strong over the last 24 months. Dye-sensitized solar cells (Solar DSSC) are the new kids on the block when it comes to solar energy technology. As this technology area is relatively new, the overall number of patent filings in Australia is still quite low, however, there is already evidence that it will be an energy technology of the near future.




The intellectual property landscape for energy technologies is for the most part dominated by large international firms, and this is as true for alternative energy technologies as for traditional energy technologies. The strength of the competition for a small firm entering the patent race can appear daunting. However, whether you are a small start up firm or a multinational looking to develop your energy patent portfolio, it is clear that it is necessary to be in the race rather than merely an onlooker. Watermark has the expertise and drive to assist you in maximising your patenting potential in what is an exciting and dynamic industry.

**Jeremy Robinson**

of published editions of works. Unlike registered intellectual property rights such as patents, trade marks and designs, maintaining a record of copyright within a business requires internal processes to identify, capture and monitor the creation and variation of copyright material over time.

Business owners may think they know that all their marketing and promotional material, product literature, computer software and logos were generated by employees of the business, or that the business is authorised to use that material. However, should the business wish to sell or licence the copyright in that material, or enforce their copyright against an alleged infringer, the issue of original authorship and ownership of copyright will be put to the test. Unless this information is readily available, it can be incredibly difficult to sort through evidence of creation of copyright from many years earlier. Further, the relevant employee who created the copyright material may have left the business. Authorship and ownership information, as with all human capital, can very easily leave a business with an ex-employee unless the information is captured and codified in a useful way.

Most businesses will create copyright material from time to time and, like other intellectual assets, these businesses should regard their copyright as potentially valuable and worthy of taking the time to monitor and record. In this regard, there are some simple steps businesses can take to help manage their copyright, such as:

- keeping copies of early drafts of material created in the business such as development of labels and packaging, marketing literature and product information
- keeping a record of the names of employee(s) that create the material
- keeping a record of the date that the material was first created
- ensuring that copyright in materials created by independent contractors, such as graphic designers, marketing firms and software developers, is assigned to the owners of the business
- keeping a record of any written assignments of copyright from independent contractors
- keeping an electronic copy of documents with version control, particularly material put into the public domain used to promote goods and services.

By establishing and maintaining an inventory of copyright materials and detailing their status and value to the business, market opportunities are more likely to present themselves because this material will be viewed as a business asset. At the very least, businesses should keep dated copies of materials, particularly earlier drafts of works which will be presented to the public as a means of promoting the business. Any marketing or product related material that a business considers good enough to be used to promote goods and services should certainly be considered capable of being copied by competitors. In a competitive marketplace, sometimes even a simple copyright work may prove too tempting to copy by an up and coming competitor, and rights holders should be in a position to act swiftly to protect their broader commercial interests.

If you would like advice on how your business can encourage innovation as a core competency of your organisational culture, and how to set up the processes to identify, capture and turn copyright into a real commercial asset, please contact Watermark.

**Sean McGuire**

# Managing intellectual assets within small and medium businesses

Small and medium enterprises/businesses (SME/SMBs) typically rely on limited numbers of highly flexible, multi-tasking personnel until they grow to a size where employment of personnel for specific roles is sustainable within the business. For example, the general manager or managing director may directly handle staffing matters rather than employing a human resources manager.

Often, responsibility to oversee all intellectual assets of a business, and specifically to manage an intellectual property portfolio (IPP), is given to the chief financial officer or head engineer, not uncommonly because that person once completed a unit in intellectual property as an undergraduate at some stage in their past. The amount of time, paperwork and decision-making for those personnel demanded by an IPP is often seen as a distraction from their day-to-day role within the business, and, understandably, the IPP may be neglected or at least take backseat. The resulting downside is that the valuable assets within the IPP are at risk of lapsing, or at the very least, incurring unnecessary costs to the business through late action.

Putting in place some straightforward practices and procedures will help reduce time demands, paperwork and maintain the valuable IPP assets within the SME/SMB.

1. People and ideas management

a. Ensure that a person or team within the business is specifically tasked with handling intellectual asset matters

b. Put intellectual asset matters on meeting agendas

c. Set up a simple reporting/information cascading structure so that management, technical team, accounts staff and marketing are aware of intellectual asset matters

d. Put in place a simple electronic or paper based idea capture mechanism so that new IP is considered and not lost

e. Build a relationship with your attorneys - include your attorneys in meetings to ensure advice is obtained and any necessary action taken as early as possible.

2. Streamline the IP paperwork

a. Adopt a simple electronic or paper filing system that firstly, separates out the different types of IP rights e.g. patents, trade marks, designs, and secondly sub-divides these IP regimes by country or region for each respective invention, trade mark or design

b. highlight important deadlines and set action dates for the responsible person/team well ahead of any deadline.

3. Reduce time demands

a. Instruct intellectual property attorneys/agents to act automatically without needing separate instructions for each matter. For example, instruct your attorneys to renew IP rights automatically rather than waiting on specific instructions.

Establishing these practices can not only help to integrate management of intellectual assets within a business but can also help synchronise such assets to the various roles within the business, such as management, technical, accounting and marketing.

Contact Watermark for advice in putting such measures in place within a business to help ensure the IP portfolio and intellectual assets are identified, captured, managed and utilised as effectively and efficiently as possible.

**Mark Pullen**

## Meet Ward Olivete

"As a lawyer in the USA, I've helped my clients meet their commercial objectives in many ways including drafting contracts and licensing agreements, prosecuting IP applications, asserting IP rights and providing advice in regard to competitive intelligence and IP strategies. And while I enjoy each of these tasks, I'm downright enthusiastic to roll up my sleeves and become an impassioned advocate should a matter turn contentious."

* Ward is currently undertaking studies which will enable him to practice as a registered lawyer in Australia.

IAM

Part of your team

Ward Olivete is a US Lawyer and registered Patent and Trade Marks Attorney. Contact Ward on w.olivete@watermark.com.au

# It's a brave new internet world

The way that both business and users engage with the internet is changing. Users have long been familiar with .com, .org and .net which are referred to as generic top level domains (gTLDs). These gTLDs have been constant but now changes are afoot to allow for the introduction of new gTLDs. Rather than .com a new gTLD could be just about anything, for example .beach, .club or .yourbrandname. These new gTLDs are expected to come into operation in 2013.

**Who can apply?**

Anyone can apply to operate a new gTLD registry; however, in reality only those with significant resources will be able to afford the US$185,000 price tag to start the process. Those large companies who see operating a registry as a beneficial business tool to improve their operations, or those that see a new registry as a money making opportunity are likely to apply.

Canon is one such company that has announced plans to operate its own registry, .canon, and believes this will allow the company to unify its online identity. By doing so, the company can ensure a common approach for all its business units, while also being comforted that consumers will always know where to go for genuine products.

In the alternative there are also plans by another organisation to introduce a .shop gTLD. This will be a commercial enterprise and presumably the owner of the registry plans to promote the domain and encourage adoption by both those owning a shop, and also those looking to purchase goods from a 'shop'.

**What does the advent of new gTLDs mean for trade mark owners?**

At least for the short term .com is likely to remain the most common domain. It will take time for both businesses and consumers to adopt a new domain. However, this does not mean that trade mark owners should ignore these changes. For those companies that are considering operating their own registry they should be making plans now to ensure they have the capabilities. Even if not planning to operate their own registry, others should keep an eye on developments, and if a new gTLD is introduced that would benefit or damage their company, they should consider the business potential of registering a domain name with the Registrar of the new gTLD, or of taking steps to ensure a competitor does not.

For those companies that have issues with cybersquatting, provisions will be available to safeguard against this activity. A trademark clearing house will be established to allow trade mark owners to register their trade mark and be notified of any applications for gTLDs including their trade mark. How this process will actually work and the costs involved are yet to be determined.

Should you be interested in gTLDs or have any questions then please seek professional advice.

**Paul Fong** is the Co Chair of the ccTLD and IDNs sub-committees of the International Trade Mark Association