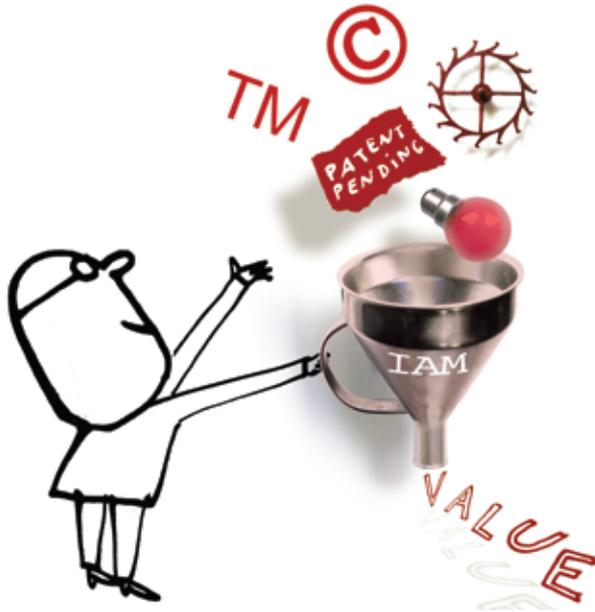


IAM: more than patents, beyond trade marks, way past IP. Fresh thinking from Watermark.

www.watermark.com.au

IAM: your competitive advantage.



IAM - Regardless of industry or business type, competitive advantage helps create a successful company. • See page 2



Noticed the new look?

Changes are happening at Watermark.



A new look, a Fresh Way of Thinking

The new Watermark is shining the spotlight on Intellectual Asset Management (IAM).

We're helping you derive greater value

IAM is about looking beyond protection and approaching the management of intellectual assets as an integral part of business strategy.

Our new look reflects our Fresh Thinking approach. Check out our new website www.watermark.com.au.



IP Australia is increasing its official fees on 1 August 2010.

Managing Confidential Information.

Confidential information is often seen as the “poor cousin” to statutory intangible assets such as patents, trade marks, designs and copyright. • See page 3





IAM: Your competitive advantage.

National and international economic and commercial demands mean that a company has to be flexible and dynamic in both its thinking and operations to create or maintain a competitive advantage.



Regardless of industry, business type or size, competitive advantage helps maintain a successful company. To develop competitive advantage a regular review needs to be conducted of what an organisation actually does, how it does it and where its strengths and weaknesses lie. This involves continuous analysis of some important areas such as:

- what expertise and knowledge it has (people assets),
- what tangible assets it holds and how they are used (infrastructure),
- what its competitors are doing (competitor intelligence),
- the environment it operates in (market intelligence), and
- what it can do better (best practice).

This analysis allows the formulation of business strategy including budgeted, costed and efficient operational plans for people, tangible and intangible assets which, in turn, develop and maintain competitive advantage.

Investigation and analysis of such information is applicable to all areas of a business, for example service and product offerings, customer service and service delivery. The intellectual assets (IA), including the intellectual property (IP) of an organisation are no exception. This approach is "Intellectual Asset Management" (IAM).

IAM: Aware of my best assets

Auditing, that is documenting, analysing, and assessing the value of the IAs within a business, is extremely important. Auditing intellectual assets is just as important as auditing other areas of a business. How can a company utilise and extract value from its intellectual assets without knowing what they are? Likewise, how would an organisation otherwise know if competitors are benefiting from its IAs to the detriment of its business?

It's similar to planting a number of trees but not knowing the variety. If you don't know what fruit

each tree will bear, you don't know what the fruit can be used for, or who might be interested in buying or making use of the fruit. It is impossible to pick a target market if you are not sure or do not know what you have to offer.

Once identified and protected, IAs can contribute to strategic achievement of competitive advantage in many ways. Newly identified assets can be protected therefore adding to the value of business. Assets identified that no longer align with the direction of the business can be sold or licensed. Those assets that are identified as important and aligned with the business strategy can be maintained and further value extracted.

This particular understanding will enable maximum return on existing assets by selling or licensing technology, brands, products or service offerings at the right time, at the right place and at the right price to the right people.

IAM: All about adding value and your competitive advantage

Combining deep knowledge of an organisation's intellectual assets, where and how competitors are innovating, where a company's strengths lie and where there are gaps or unexplored areas in the asset landscape provides a powerful competitive edge.

Watermark, with its holistic understanding of intellectual assets and how they are identified and used has helped many clients analyse their intellectual asset base and build a strategy to create or maintain a competitive advantage.

Future articles in this journal will show how IAs can be identified, managed and harnessed to the benefit of an organisation as part of its overall business strategy.

For assistance or advice on gaining a competitive edge from intellectual assets, contact the author or any of the Watermark IP professional team.

Carla Cher

Watermark client wins prestigious global IP prize.

Watermarks local clients Andrew Thomas and Alison Durham, the team behind Encase Pty Ltd, are the recipients of the Licensing Executive Society Foundation Graduate Business Plan Competition - Global Award for 2010. This prize is presented to the team whose business plan best deals with intellectual property rights and their use in the global business environment. Encase has designed an innovative above ground fire shelter in response to the fires that ravaged Victoria in February 2009 and has an intellectual asset management strategy to protect its rights and position in the local and international market.



Managing Confidential Information.

Confidential information can be a most valuable asset to an organisation. The management of confidential information forms an essential part of any organisation's intellectual asset management strategy.

To patent or maintain confidential?

For organisations that develop new technology, the question of whether to patent the invention, maintain the technology as confidential information or use a combination of both often arises. In brief, the differences between confidential information and patents, as mechanisms for protecting inventions, are illustrated in the red and black bubbles to the right.

The decision about which type of protection is most appropriate is often complex, requiring expert advice. The focus of this article is on the management of confidential information, which remains important even when the patent system is used.

Managing confidential information is important, whether patenting or not

Confidential information is often discussed in the context of deciding whether or not to patent a new technology. Although organisations are often faced with this decision, the management of confidential information remains important even in cases where a patenting strategy is adopted. There are two main reasons for this:

- information that will be included in a patent must be maintained confidential at least until the first patent application is filed; and
- an organisation will almost invariably have additional know-how regarding an invention, which is not required to be disclosed in the corresponding patent application.

What is confidential information and how is it protected?

Information is not confidential merely because it is claimed to be so. It must not be in the public domain and must be disclosed only in confidence.

Confidential information encompasses trade secrets and know-how. It may be protected either under the common law or through written agreements.

An action for breach of confidence requires:

1. information which is confidential;
2. disclosure in circumstances which give rise to an obligation of confidence; and
3. actual or anticipated unauthorised use or disclosure of the information.

Written agreements (contracts) are the most effective way of creating an obligation of confidence and thus protecting confidential information. However, care must be taken to ensure an agreement adequately identifies the

confidential information to be disclosed and is not unreasonable or a restraint of trade, and therefore unenforceable.

Employees and independent contractors

During their employment employees have a duty to maintain the confidentiality of any information that their employer treats as confidential. Their obligation post employment is less strict. Problems often arise in determining what information was treated as confidential during their employment. It is best practice to include in all employment agreements broad contractual obligations to maintain information as confidential both during and post employment.

Organisations often need to involve a contractor to assist in the development of their intellectual property. For example:

- a consultant to undertake trials;
- an artist to design a logo; or
- a industrial designer to design the shape of a new product.

Independent contractors are not subject to the same duty as employees in relation to confidential information. It is therefore particularly important to manage the access of independent contractors to confidential information, and ensure written confidentiality agreements are in place.

Other parties receiving confidential information

One- or two-way confidentiality agreements are also required when an organisation seeks a commercialisation partner. It is, of course, imperative that an agreement is signed before any confidential information is disclosed.

Confidential information strategies

Proactive steps that an organisation should take to minimise the loss of confidential information include:

- educating employees to ensure they are aware how to identify, treat and value confidential information, including post employment;
- where possible, splitting confidential information between employees such that no one person has access to all of the confidential information;
- identifying and marking confidential information "confidential";
- restricting access to printed confidential documents and password protecting electronic confidential files; and
- ensuring everyone who comes into contact with the organisation's confidential information has signed a confidentiality agreement.

Where confidential information relates to a patentable invention, it is good practice to:

- seek advice on how much confidential information needs to be disclosed in a patent application; and
- carefully weigh up whether the benefit of a limited monopoly justifies the disclosure of confidential information.

These tips will assist your organisation to protect and extract the maximum value from the important intellectual asset that is your confidential information.

Geordie Oldfield

Confidential Information

Pros

- Low cost
- Potentially unlimited term
- No disclosure of invention required
- Protects inventions with no innovative step
- Protects commercial information.

Cons

- Difficult and expensive to enforce
- No protection against reverse engineering, independent creation or information leakage

Patents

Pros

- More straightforward enforcement
- Provides protection against reverse engineering, independent creation and information leakage.

Cons

- Higher cost
- Limited term of 20 years
- Requires disclosure of invention
- No protection for inventions with no innovative step
- No protection for commercial information



Online Marketing and Google Keywords.

The Australian Federal Court recently held, in *Mantra v Taily*¹, that use of a registered trade mark within a domain name or as an internet keyword or sponsored link can infringe the trade mark owner's rights.

In that case, the Court ordered that various domain names held by Taily be transferred to Mantra, the trade mark owner, and that Taily be permanently restrained from using the trade mark CIRCLE ON CAVILL, or a term that is substantially identical with or deceptively similar to that mark, as part of a domain name, metatag, search engine keyword or business name.

Facts

Circle on Cavill is a residential apartment and retail complex situated at Surfers Paradise on the Gold Coast in Queensland. The complex includes 644 residential apartments, 261 of which are managed by Mantra as the exclusive on-site letting agents for holiday and longer term accommodation. Approximately 39 of the apartments are managed by Taily as an off-site letting agent, also for holiday accommodation within the complex.

Mantra is the owner of three registered trade marks incorporating the words "Circle on Cavill".

Taily held various domain names similar to "Circle on Cavill", such as circleoncavill.com.au and circleoncavillapartments.com.au. To ensure high rankings in Google search results lists, Taily used the words "Circle on Cavill" frequently (in excess of 250 times in some instances) as key words, called "metatags", in the source codes underlying its various websites linked to the domain names. Taily also placed paid advertisements, which appeared as sponsored links on the top or right hand side of the normal "organic" Google search results.

Findings

Under the Australian Trade Marks Act 1995 ("TM Act"), a person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the registered trade mark in relation to goods or services in respect of which the trade mark is registered.

It has in the past been doubted whether mere registration of a domain name containing the words of a trade mark constitutes the use of those words as a trade mark for the purposes of the TM Act. The Court held in *Mantra v Taily* that if the domain name is linked to a website that contains advertising material promoting goods or services in relation to which the trade mark is registered, this combination of use could constitute use as a trade mark under the

TM Act. This is all the more so if the advertising material on the website also uses the words of the trade mark to promote the goods or services concerned.

In its defence, Taily argued that it used the words "Circle on Cavill" in good faith to describe the Circle on Cavill complex, the geographical location of the complex, and the range of services it had to offer there. Although the Court agreed there were some examples of descriptive use, these paled into insignificance when compared to other uses, such as the words appearing in a banner-style heading in large font against a pictorial background and also appearing frequently and gratuitously in standalone format without any immediate connection to other descriptive content. The Court considered that these forms of use of the words clearly constitute trade mark use.

The Court considered that a member of the public, looking at Taily's various domain names and the contents of the various websites to which they are linked, would conclude that this combined use of the words "Circle on Cavill" as described above amounted to their use as an emblem or a badge of origin for the accommodation services Taily was offering at the Circle on Cavill complex.

The Court concluded that Taily had made use of the words "Circle on Cavill" as a trade mark, contrary to the TM Act.

Comparison with Google AdWords in Europe

The *Mantra v Taily* decision followed shortly after the Court of Justice of the European Union decision² that Google had not infringed trade mark law by allowing advertisers to purchase keywords corresponding to their competitors' trade marks.

Although Google had not infringed, the Court went on to say that advertisers themselves may infringe if, by means of keywords corresponding to a registered trade mark, they arrange for Google to display ads (as sponsored links) which make it impossible, or possible only with difficulty, for average internet users to establish from what source the goods or services covered by the ad originate. Mere confusion as to the origin of the goods or services is enough.

The issue of Google's liability was not addressed in the Australian *Mantra* decision, but the position is likely to be similar to that in Europe.

Implications

It is now clear that unauthorised use of an Australian registered trade mark within a domain name, or as an internet keyword (metatag) or sponsored link (for example by means of the Google AdWords system), will infringe the trade mark owner's rights in Australia if the trade mark is used on the linked website to advertise goods or services in respect of which the trade mark is registered. In this circumstance, the Court will order that the domain name be transferred to the trade mark owner.

² Judgment in Joined Cases C-236/08 to C-238/08, *Google France and Google Inc. et al. v Louis Vuitton Malletier et al.*

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These decisions highlight a number of important issues. In particular, as part of a company's management of its intellectual assets it should:

- ensure that key trade marks are registered;
- ensure that corresponding domain names are registered;
- watch the domain names register for any similar names registered as domain names ;
- periodically conduct internet searches, using search engines such as Google to detect any unauthorised use of key trade marks and take appropriate action against any infringing use.



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¹ *Mantra Group Pty Ltd v Taily Pty Ltd (No 2)* [2010] FCA 291