

# Outline of intellectual property issues

JAMES & WELLS

**CHAMPIONS  
OF INNOVATION.**

## Searching

It is always advisable to perform a search prior to filing a patent or design application and/or prior to manufacturing and marketing new products/processes.

A search will help to establish whether your new product or process can be commercialised without infringing the rights of others. The search will also help you to evaluate the novelty of your invention or design, as patents and designs may exist for products you do not know about because they are not currently in the New Zealand market. The search results can therefore allow a realistic commercial assessment of the strength/value of any patent or design you may be granted.

Knowing what other inventions are protected can also assist us with the drafting of your patent or design application so it is better focused on the novel and/or inventive features of your product or technology.

Technical features described in overseas patents or lapsed New Zealand patents can also be used in your business, and in further research and development.

Although no search can be considered definitive, the more rigorous the searching performed, the more confident you can be in the search results. We offer a number of variations:

### *New Zealand patent and design freedom to operate/novelty search*

A search of New Zealand patents and design registrations should always be undertaken to determine the question of possible patent or

design infringement in New Zealand and to obtain an initial assessment of patentability. Please note: as this search only covers New Zealand patents it can only give an initial indication of novelty and whether your invention or design will ultimately be patentable/registrable in New Zealand and elsewhere.

### *International patent novelty search*

In addition to a New Zealand-only search we often recommend searching US, European, Australian or other overseas databases. An international patent search provides a more comprehensive assessment as to whether your invention will ultimately be patentable.

An international patent search via the Australian Patent Office can now only be conducted by filing a provisional specification in Australia. This application would be filed for search purposes only, not to obtain a granted patent or a monopoly of rights. An advantage of this is to gain a comprehensive international search report at a minimum cost. The Australian search report is also fairly accurate and provides less material to review than US and European searches.

### *New Zealand / international patent infringement search*

A search of current patents should always be undertaken before commercialisation of your invention in order to determine whether exploitation of your invention is likely to infringe the IP rights of anyone else.

While there can be some overlap between a novelty search and an infringement search, the focus of each search is quite different.

In a novelty search the focus is on determining the novelty (i.e. is it known?) and inventiveness of your invention, as these are the main criteria which determine its patentability.

In an infringement search the focus is finding any current patents that cover any feature (old or new) of your invention that might be infringed if you make or sell your invention. Irrespective of whether or not your technology is patentable, you might not have the freedom to exploit that technology.

As patents are territorial an infringement search can be restricted to current patents in the countries where exploitation will take place.

#### *International preliminary patentability search*

This is an informal search that we offer to provide indicative results to clients. This search is not a complete novelty search. It is a basic survey performed in accordance with our in-house procedure using one or more online databases.

Our report outlines the search that was performed and includes the search results, but does not include our opinion with regard to patentability, nor does it consider infringement issues unless specifically requested (as the consideration of these issues will result in additional costs being incurred).

#### **Ownership of intellectual property**

Where a patent or design application is being filed by an applicant who is not the sole inventor/author we recommend that a formal deed of assignment is prepared and executed before the application is filed.

The effect of the assignment is to formally acknowledge the applicant's rights as owner or co-owner of the invention/design. Problems can arise if this formal confirmation is not obtained early on in the application process.

Our fees for preparing and recording an assignment can be included in our estimate of the costs for drafting your patent or design application.

#### **Patents**

Patents provide a monopoly surrounding the application of a concept i.e. they protect how something works not what it looks like. To be patentable an invention should generally be novel and involve an inventive step.

##### a) Novelty

The novelty of an invention is spoiled by anticipatory material or actions. Anticipation of an invention occurs when the alleged novel portion of the invention can be shown to have been known or used prior to the application being filed. New Zealand applies a standard of "absolute novelty", i.e. anything published anywhere in the world is relevant to patentability.

Anticipatory material forms part of the 'prior art' for an application. The term 'prior art' refers to all relevant information or technology used, published or generally known as at the filing date of the patent application.

##### b) Inventive step

The second criterion for patentability is that your invention embodies an inventive step. One factor to consider when assessing inventive step is whether someone skilled in the design of such apparatus, with access to the 'prior art' would consider your invention to be obvious. Another factor is whether there is a 'long felt need' for a product or process which addresses the problems resolved by your invention.

##### c) Patent applications should be considered where:

- The likely monopoly that a patent would provide, if granted, will give a

commercial advantage which justifies the cost associated with filing and prosecuting the patent; and/or

- The deterrent effect (i.e. the potential roadblock to competitors) provided by having a pending patent application, and associated patent application number; and/or
- Having a patent application filed will provide you with sufficient leverage over a competitor to justify the expense of the patent application.

A provisional patent application preserves your right to obtain a patent in New Zealand and overseas for up to twelve months. The progress of a patent application is set out in the [flow chart](#).

#### *Reduced cost application*

It is possible to have a patent application drafted at a reduced cost and within a more limited timeframe. The primary reason for preparing such an application is to provide you with a patent application number to use as a deterrent, rather than obtain a granted patent. It is important to note you cannot sue for patent infringement unless you have a granted patent. Accordingly, the specification is likely to have shortcomings which could either prevent the application from proceeding to grant or which could affect the scope of protection or validity of any patent.

Due to the likely limitations of such an application we recommend that:

- The invention is only disclosed under a confidentiality agreement, and
- Is not offered for sale, nor
- Any orders for purchase accepted,

until a further more comprehensive application has been prepared and filed.

#### *Filing a complete specification in the first instance*

Instead of filing a provisional specification (which is the usual first step in the patent process) it is possible to file a complete specification in the first instance.

Generally a provisional specification is filed to allow the following 12 month period to be used to finalise or improve the concept and allow proof of concept or working prototypes to be produced and tested. This ensures that as much information or data as possible is available to support the claims in the complete specification when prepared, while still obtaining an early priority date. This is especially the case for inventions in the chemical, biotechnology and engineering industries.

Therefore filing a complete application in the first instance is generally only recommended when further time to obtain data to support the claims is not required, for example simple mechanical devices where a prototype has already been made and tested.

There may be several advantages to filing a complete specification in the first instance, these include:

- The patent application may be granted sooner. This may be beneficial if you are aware of other parties working in the same technology area.
- In New Zealand, examination reports are issued quickly (often within a couple of months after requesting examination) after filing a complete specification when the patent applicant is a New Zealand citizen or company.

The New Zealand examination report may help to identify prior art which may be relevant to the patentability of the invention. The issuance of an early examination report also allows speculative claims to be trialed, (i.e. to see what the New Zealand examiner may allow) and

therefore to gauge what may be allowable overseas.

These factors may be helpful and utilized when making a decision as to whether to file a PCT or other corresponding overseas applications – these must be filed within 12 months of your earliest priority date (in this case the data that the complete specification was filed).

### *Patent drawings*

To assist us in preparing your application we will need representations of your invention. Preferably, the representations should be schematic line drawings or photographs showing the inventive features of your invention and how they operate.

Please feel free to supply more than one view (such as a perspective view, side, back, top or bottom views) if you believe these will assist us in understanding your invention. Ideally, if possible, at least one drawing should show the invention while in use.

It will also be helpful to provide us with a separate set of drawings indicating the components of your invention, and noting your comments regarding the important features of your invention.

### **Exemplification**

Exemplification is the provision of data/trial results or other examples in the patent specification to illustrate that the invention works and that the claims are justified. To ensure broad protection can be gained for aspects of your invention for which you currently have no data, it is important that such data is obtained (e.g. from proof of concept experiments) over 12 months from filing the provisional application.

This data can be included either in a further provisional (to obtain the earliest possible priority date in relation to the data) or when the complete specification is prepared next year.

In practice it is difficult to get broad claims unless you have data which is representative of everything claimed. For example, a claim covering “mammals” should have data covering all mammals of interest or, at the very least, those of key commercial interest (e.g. cows, sheep and pigs etc).

If it is not possible to obtain further data to support all or some aspects of your invention with this time frame (or at all), we suggest you advise us of any references which can be used to show, on the basis of reasonable scientific prediction, that the data you do have can be extrapolated to aspects of the invention for which you have no data. Such references may be useful to counter any objections raised during examination that aspects of the invention are speculative or inadequately supported.

### **Design registration**

A design registration protects the look of your innovation, not the functional aspects. A design registration can complement patent protection or can act as a useful back up to a patent.

Like patents, a design application must be filed before there is public disclosure or any commercial dealings involving your innovation (even if they are confidential).

If you have a restricted budget and need to choose between filing a patent application or design application, we recommend filing a patent application as this gives you broader protection.

### **Copyright**

Copyright provides protection against unauthorised copying of original artistic, literary, musical or dramatic works. These categories of works are very broad and will encompass such things as design drawings and prototypes of a product (as artistic works) and manuals, packaging and software code (as literary works).

Hence copyright can be used to protect any drawings you have made, or may have commissioned, in relation to your innovation.

There is no formal system of registering copyright works in New Zealand and therefore no costs associated with securing the rights. Copyright is an unregistered intellectual property right which will exist automatically upon the creation of any original works. Generally, a copyright work is owned by the author unless it is made during the course of employment, is commissioned, or there is an agreement to the contrary.

Copyright protects against actual copying and relates to the expression of ideas not ideas themselves. Hence it does not cover the functional aspects of your innovation. Also, while the rights afforded to the owner of copyright in New Zealand are very broad, in most other countries they are much more limited in nature and therefore less effective for protecting products and processes than registered rights.

To help establish your rights to copyright, we suggest that you fully document the design process of your innovation and retain these documents in a safe place. You should also write the copyright symbol ©, the name of the author and date on all your drawings.

### **Trade marks**

It is important to give careful consideration to the selection or development of a new trade mark, given the importance of branding to success in the market.

Not all trade marks can be registered. Marks which are descriptive or praise worthy of goods or services will usually be rejected for registration during the examination process. Therefore, ideally, your trade mark should be distinctive and not directly descriptive of any characteristic of the product or service you intend to market under it.

Before you invest in promotion of your product/service you should have us conduct a trade mark search to determine whether you can use and register the trade mark.

Assuming the trade mark is available for use and registration, when budget allows you should then apply to register your trade mark.

### **Arrangements with third parties**

#### *Confidentiality*

When dealing with third parties before you have filed for patent/design protection (particularly during the development stages of your invention/design) special care must be taken to ensure your invention/design remains confidential. This is to ensure that your idea remains novel (not known) and hence can be protected/registered as a patent/design. The safest way to safeguard confidentiality is to enter into a confidentiality agreement with any parties to whom you will be disclosing your invention/design.

We also have a dedicated commercialisation team which can assist you with approaching interested parties or act as your advocate should a third party be interested in your invention/design.

#### *Development agreements*

If you intend to engage the skills of a third party to develop your idea under New Zealand law the third party may be able to claim ownership over the intellectual property he or she devises. We therefore recommended entering into a development agreement with the developer(s) specifically recording that you are to be the owner of any intellectual property in the work which has been developed for you. This is in addition to paying for all development work up-front.

Again, we have expertise in the preparation of these agreements.

### *Licensing/franchising agreements*

If you intend to have a third party manufacture/distribute your invention/design we recommended you have a suitable agreement in place with that party before the arrangement commences to avoid misunderstandings further down the track. Our [Commercialisation team](#) has considerable expertise in preparing, reviewing and negotiating the terms of these agreements.

### **Asset management and related accounting and taxation issues**

Intellectual property rights are assets just like tangible assets such as buildings, plant, and equipment.

We recommend that you consider how best to structure your affairs so as to protect your intellectual property from creditors and others who may have a claim against your assets in the future.

The way that you manage your intellectual property and particularly any changes of ownership, may also have significant accounting and taxation implications.

It is therefore important to consider these issues as soon as possible and to continue to review them periodically. We strongly recommend that you take early and ongoing advice from your general commercial solicitor and your accountant in relation to these issues. If you would like us to provide a referral to an appropriate advisor, please let us know. We can also liaise with these advisors as you require.

### **Litigation and conflict resolution**

It is possible that despite your best intentions you find that your activities are claimed to infringe the rights of a third party, or you find someone infringing your intellectual property rights. We can also help you resolve these disputes.

We employ a team of lawyers dealing solely with intellectual property disputes, litigation and opposition matters. This level of specialisation is unique to New Zealand law firms.

The team provides advice and representation in respect of:

- Patent and trade mark oppositions
- Patent, trade mark, design and PVR infringement and revocation actions
- Infringement actions involving unregistered IP such as copyright, goodwill and reputation, and confidential information/trade secrets
- Disputes regarding the ownership of intellectual property
- Compliance with consumer protection legislation such as the Sale of Goods Act, the Fair Trading Act and the Consumer Guarantees Act
- Drafting, filing and administration of copyright and trade mark customs notices.

### **Disclaimer**

The above is provided for general information purposes only and does not take the place of specific legal advice. For more specific advice on all aspects of intellectual property law please contact us.