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Intellectual property at a glance

The legal rights in intellectual property arise by statute or by judges' decisions (known as "common law"), as follows:

Protection and terms

	Patents	Trade marks	Copyright	Designs	Confidential information and know-how
Relevant legislation	Patents Act 1953	Trade Marks Act 2002	Copyright Act 1994	Designs Act 1953	Protected at common law
Protection	A patent gives the holder an exclusive right to use an invention for 20 years. What qualifies as an "invention" is not set in stone. It has included: • new products or machines; • new methods or processes of testing which improve or control manufacture; • “manners” of new manufacture which result in economic benefit; • improvements in manufacture and changes in methods which have economic	Essentially, a trade mark is a symbol used by a manufacturer or trader to identify goods or services and distinguish them from those of competitors. First and foremost, a trade mark distinguishes and secondly it serves as a promise of consistent quality. (The more reliable the quality, the more value will attach to the brand). Trade marks are also referred to as logos, brands, or brand names. The best way to protect a trade mark is to register it under the Trade Marks Act. This clarifies and strengthens	Copyright can protect: • literary works, including documents, computer programs and compilations (including databases and multi-media works); • artistic works, including drawings, diagrams, models and photos - no artistic quality is required. Even a simple industrial drawing is likely to be an artistic work and attract copyright protection; • other works, including dramatic and musical works as well as sound recordings, broadcasts and computer-generated works. The basic requirement for copyright is originality. A work is	A design is the external appearance of an article rather than the article itself. The registered owner of a design is given the exclusive right to make, import, sell or hire the article covered by the design registration. To qualify for registration, a design must: • apply to the shape or surface pattern of the article; • be applied to an article by industrial process or means; • have eye appeal; • not be purely functional; and	Often the best way to protect your company's intellectual property is to keep it secret. This is particularly useful to protect ideas, concepts, new product formulae, processes and fast-moving technology. However, most types of information need to be disclosed at some stage, for example, to employees, consultants or potential investors. To protect valuable confidential information from misuse, you can enter into contracts with express or implied confidentiality terms. Such contracts should be written and the wording is

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	importance (these may include quite small improvements); and • new methods of using old products. Patents have been refused for being: • products or processes contrary to law or morality; • mere discoveries; • obvious inventions; or • medicines which have been produced by mixing known ingredients and do not possess any new properties. To obtain a valid patent the invention must : • be new (i.e. it must not have been used, displayed, published or known in New Zealand before the date of filing the patent application); • be capable of industrial application (i.e. able to be made in some kind of industry); and • contain an inventive element i.e not be obvious.	the rights of the trade mark owner. Registration of a trade mark under the Trade Marks Act confers upon the registered proprietor the exclusive right to use the trade mark for the goods or services covered under the registration. It also confers protection against a confusingly similar trade mark in relation to the same goods or confusingly similar goods to that covered by the registration. Examples of registrable trade marks can include: • a distinctive presentation of the name of a company, individual or firm; • a signature; • an invented word e.g. Kodak, Aspro, Vegemite, Nescafe and Dulux; or • any word, provided it is not directly descriptive of the goods or services that the trade mark covers, a geographical name or a surname. Common words which do not have a direct reference to the character or quality of the goods or services can be registered. Examples are Shell (for petrol), Apple (for	original if it: • originates from an author; • is not copied from another work; and • is created using sufficient skill, labour, taste or judgement. An advantage of copyright is that it occurs automatically provided certain requirements are met. Accordingly, copyright is not a registrable right and for this reason the existence of copyright is difficult to identify in any particular work because there are no public records that can be searched. Where copyright exists in a work, infringement occurs where the work or a substantial part of it is reproduced without the consent of the owner. In the field of industrial designs, copyright has emerged as an important protection against the copying of products, as "artistic works" includes engineering drawings as well as functional products in the form of models. In the field of computer software, copyright has emerged as an important protection against the copying of products. This is because “literary works” includes computer software.	• be new or original (meaning that it has not been used in New Zealand or described in any publication that is available in New Zealand prior to the date of application).	very important. Ambiguous contracts may not be enforceable. In addition, judges have developed what is known as an action for breach of confidence. To succeed in a claim for breach of confidence, you must show that: • the information was of a confidential nature; • the information was communicated in a way that introduced an obligation of confidence; and • an unauthorised use or disclosure of that information was made or was about to be made. The types of information that can be classed as "of a confidential nature" or "trade secrets" are limited. They can include: • formulae; • processes and know-how; for example, a method of manufacturing a product, specialist knowledge, experience or expertise. • marketing strategies and customer lists; and

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		computers) and Flag (for Holiday Inns).			• concepts and valuable ideas. The action does not protect trivial information or information which is already known to the public.
Term of protection	A patent will last 20 years from the date that the complete specification is lodged at IPONZ (subject to renewal fees which are due at the end of the fourth, seventh, tenth and thirteenth year of the term of the patent).	The initial registration period lasts ten years from the date that the application is filed at IPONZ. Following this, registration is renewable every 14 years for an indefinite period.	Copyright in any published literary, dramatic, musical or artistic work extends for a period of 50 years after first publication or the death of the author, which ever is the earlier In the case of original drawings that have been the subject of industrial application, copyright protection is limited to a period of 16 years from the date on which the design was first industrially applied.	The initial registration period lasts for five years from the date that the application is lodged. This can be extended for two further five-year periods, to a maximum of 15 years.	As agreed between the parties or, if no agreement, until the information ceases to be confidential.

Ownership

	Patents	Trade marks	Copyright	Designs	Confidential information and know-how
Ownership	Can be owned individually or between two or more persons.	It is common to have only one owner of a registered mark. However, a trade mark registration can be owned by a partnership or a trust.	Can be owned individually or between two or more persons. If a work is made under commission, the person/entity commissioning the work owns the copyright.	Can be owned individually or between 2 or more persons. If a work is made under commission, the person/entity commissioning the work owns the design.	Joint ventures raise difficult questions regarding confidential information. While engaged in a joint venture, new information may be created, or each partner may learn information about the other. It is a good idea to provide for ownership, use of information and confidentiality in any joint venture agreement.
Joint ownership in statute	The Patents Act provides that joint ownership in the patent itself can only happen if the invention is created by two or more people and in such a way that it is impossible to identify one party's work in its own right. However, parties to an agreement are entitled and able to negotiate ownership of the patent in any manner they see fit.	The Trade Marks Act treats the trade mark as if one person owns all the rights and similarly does not authorise registration of a mark by two or more persons who propose to use that mark independently of each other, i.e. use of the mark must be collective use by all owners and not independent use by each owner.	Under the Copyright Act, a work of joint ownership is one that is created by more than one person and the contributions of the parties are so entwined that it is impossible to identify one party's work from the other. However, parties to an agreement are entitled and able to negotiate ownership of the copyright in any manner they see fit.	Under the Designs Act a design of joint ownership occurs when a design is produced by the collaboration of 2 or more designers in a manner in which the contribution of each is not distinct from that of the other(s). However, parties to an agreement are entitled and able to negotiate ownership of the design in any manner they see fit.	Not Applicable.

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Division of ownership	If more than one person owns the patent, unless there is an agreement to the contrary, those persons are entitled to an equal undivided share.	If more than one person owns the trade mark, unless there is an agreement to the contrary, those persons are entitled to an equal undivided share.	Joint owners of copyright (in the absence of an agreement to the contrary) own the copyright as "tenants in common" in equal shares. (Tenancy in common means that each is entitled to dispose of his/her share of the property subject to consent. The share does not automatically accrue to the other co-owner/tenant in common).	Unclear, but likely to be the same as for copyright.	As commercially agreed between the parties.

Notes

1. Each party to an agreement, whether it is a joint venture agreement or a research supply agreement, should acknowledge each party's right to their respective intellectual property existing at the date of the agreement and acknowledge that each party will continue to own all rights in their respective intellectual property that either may contribute to the project.
2. In a project, the participants should clearly record how ownership of intellectual property is to be treated. Intellectual property can be owned solely by one party with a licence back to the other party to use the intellectual property. Alternatively, it may be agreed that any intellectual property developed as a result of the project is to vest jointly in the names of both parties whether conceived or developed by the parties jointly or independently. If this is the case, then the agreement should clearly state what each party is able to do with the intellectual property.

Use and commercialisation

	Patents	Trade marks	Copyright	Designs	Confidential information and know-how
Ability to use and commercialise	Unless there is an agreement to the contrary, the proprietor of the patent will have the unrestricted use and exclusive ability to commercialise the invention during the term of the patent. If two or more people are registered as proprietors of the patent then – unless there is an agreement to the contrary – one co-owner cannot make, use or exercise the patented invention for their own benefit without the consent of the other co-owner(s).	Subject to any limitations or conditions noted on the Register of Trade Marks, as well as any agreement to the contrary, the registered proprietor has the exclusive right to the use of the trade mark in relation to the goods or services in respect of which it is registered.	Unless there is an agreement to the contrary, the owner of the copyright work has the unrestricted right to use and commercialise that work. In the case of joint ownership, a co-owner cannot exercise rights personally without consent of the other co-owners or without accounting to the others for its share of the profits. If two or more people are registered as proprietors of the copyright, then – unless there is an agreement to the contrary – one co-owner cannot use or exercise the copyright for their own benefit without the consent of the other co-owner(s).	Unless there is an agreement to the contrary, the owner of a design registration has the unrestricted right to use and commercialise that work.	Subject to negotiation as between the parties to the agreement.

	Patents	Trade marks	Copyright	Designs	Confidential information and know-how
Use by third parties	Usually in the form of a licence agreement - can be exclusive or non-exclusive. In consideration of the grant to use the patented invention the licensee will usually pay to the licensor a lump sum payment or royalty fee during the term of the licence. Unless the joint owners of a patent have an agreement to the contrary, a licence to use a patented invention cannot be granted unless the consent of all joint owners is received.	Usually in the form of a licence agreement - can be exclusive or non-exclusive. In consideration of the grant to use the trade mark, the licensee will usually pay the licensor a lump sum payment or royalty fee during the term of the licence. Unless there is an agreement to the contrary, a joint owner can license its use of the trade mark without the need to obtain consent from the other co-owners.	Usually in the form of a licence agreement - can be an exclusive or non-exclusive. In consideration of the grant to use the copyright the licensee will usually pay to the licensor a lump sum payment or royalty fee during the term of the licence. In the case of joint ownership, one owner cannot grant a licence in respect of a copyright work without the consent of the other owner(s).	Usually in the form of a licence agreement - can be exclusive or non-exclusive. In consideration of the grant to use the design the licensee will usually pay to the licensor a lump sum payment or royalty fee during the term of the licence. Unless an agreement to the contrary, a joint owner can license its use of the design without the need to obtain consent from the other co-owners.	Any confidential information that is disclosed to a third party by virtue of the third party's use of the confidential information should be protected. The third party should acknowledge the confidential nature of the information and be prohibited from disclosing the information to other third parties (including employees if necessary) - these requirements can be specified in the agreement.

Note:

1. In the case of joint ownership of research intellectual property, the parties can (amongst other choices) agree:

   - that each can have unrestricted use and ability to commercialise the intellectual property created from the project for a specified purpose;
   - if either party utilises the intellectual property (including commercial production of the intellectual property) that party will pay to the other party a percentage of returns or a royalty per unit;
   - to collaborate with third parties to conduct further research and development of the intellectual property for commercial utilisation alone or jointly;
   - that each has the right to negotiate any licensing or sublicensing to make or use the intellectual property;
   - that exploitation will be done without the other party's consent; and
   - that one party may buy out the other party's interest if the parties cannot agree how to exploit the intellectual property.

It is important to remember that all aspects of commercialisation of the intellectual property that is created as a result of a project are open and subject to negotiation between the parties concerned. The points of agreement above are merely suggestions - each project will be different.

2. Improvements to the intellectual property

Generally this only relates to inventions and designs. Where one party makes intellectual property available to the other, that party should consider who is to own improvements in, modifications to, developments from or additions to that intellectual property. If the owner of the base intellectual property is not to own the improvements, then they run the risk that the invention is only wanted with improvements and so the developer of the improvements strengthens his/her bargaining position.

If the owner of the base intellectual property is to own the improvements then the contract should require the other party to disclose those improvements and state that any improvements are assigned to the owner. Where ownership of the improvements is assigned, it is common for the owner to license back to the creator the right to use that improvement to the intellectual property.

Transferability of intellectual property

	Patents	Trade marks	Copyright	Designs	Confidential information and know-how
Transferability	Rights in a patent can be assigned. In the case of joint ownership, in the absence of an agreement to the contrary, a share in a patent cannot be assigned without the consent of the other owners.	A registered mark is assignable and transmissible either in connection with the goodwill of the business or not. It is also assignable and transmissible in respect of either all the goods and services or merely some for which it is registered. However, the assignability or transmissibility is subject to restrictions. The mark cannot be assigned if the result of the assignment would cause confusion on the Register. In a joint ownership situation consent of all co-owners to the transfer of a share in a trade mark is not required, unless there is an agreement to the contrary.	Copyright can be transferred in part or in full (i.e. partial transfer to use copyright only for a limited period of time or the owner can transfer one or more, but not all, of the things the owner has the exclusive right to do). Joint ownership requires the consent of all owners to the transfer of one owner's rights to another party.	Rights in a design can be transferred. In the case of joint ownership, in the absence of an agreement to the contrary, a share in a design can be transferred without the consent of the other owners.	Confidential Information and know-how are proprietary rights and can be transferred.
Method of transfer	By agreement between vendor and purchaser, accompanied by a Deed of Assignment, which should be lodged at IPONZ to record the subsequent interest.	By agreement between vendor and purchaser, accompanied by a Deed of Assignment, which should be lodged at IPONZ to record the subsequent interest.	By agreement between vendor and purchaser, accompanied by a Deed of Assignment. Note no effective transfer unless in writing.	By agreement between vendor and purchaser, accompanied by a Deed of Assignment which should be lodged at IPONZ to record the subsequent interest.	By agreement between vendor and purchaser.