

# there's a bear in there (and a chair as well)

Identifying IP and Confidential Information






















Therese Catanzariti, 13 Wentworth Chambers

- ▶ You can see and touch a factory
- ▶ You can see and touch a car
- ▶ You can see and touch a peach
  
- ▶ Information is intangible
  
- ▶ IP is intangible
  
- ▶ the balance sheet may be silent
- ▶ there may be no agreements
- ▶ there may be no paperwork

# Francis Gurry, WIPO Lecture

- ▶ wealth creation shifting towards intangible assets / knowledge based capital
- ▶ how is knowledge produced, distributed and consumed
- ▶ US IP intensive industries
  - ▶ \$5.06 trillion, 34.8% GDP
  - ▶ 27.1M jobs, 18.8% employment
- ▶ S&P 500 - company's asset distribution
  - ▶ 1978 95% tangible, 5% intangible
  - ▶ 2010 20% tangible, 80% intangible



02  <b>+15%</b> 107,439 \$m	03  <b>+3%</b> 81,563 \$m	04  <b>-8%</b> 72,244 \$m	05  <b>+3%</b> 61,154 \$m	06  <b>-3%</b> 45,480 \$m	07 <b>SAMSUNG</b> <b>+15%</b> 45,462 \$m	08 <b>+2%</b> 42
10  Mercedes-Benz <b>+8%</b> 34,338 \$m	11  <b>+7%</b> 34,214 \$m	12  <b>-8%</b> 34,153 \$m	13  <b>+14%</b> 32,223 \$m	14  <b>+6%</b> 30,936 \$m	15  <b>amazon</b>	
17  <b>-8%</b> 23,758 \$m	18  <b>-9%</b> 22,845 \$m	19 <b>LOUIS VUITTON</b> <b>-9%</b> 22,552 \$m	20  <b>+17%</b> 21,673 \$m	21  <b>+16%</b> 21,083 \$m	22 <b>+25%</b> 29,478 \$m	
23  <b>+11%</b>	24  <b>+7%</b>	25  <b>+4%</b>	26  <b>+15%</b>	27  <b>+5%</b>	28  <b>+9%</b>	29 <b>+8%</b>

# identifying intellectual property and confidential information

- ▶ partly Sherlock Holmes



- ▶ partly Macquarie Bank

# ask questions

**what are  
you selling**

**what do you  
have that your  
competitors  
don't**

**how do you  
create what  
you're selling**

**how are  
you selling**

**why do  
your  
customers  
use you**

**how do new  
employees  
figure out  
what to do**

**efficient  
methods**

**good  
training**

**good  
systems**

**strong brand**

*IRC v Muller* [1901] AC 217

Lindley - "...whatever adds value to a business by reason of situation, name and reputation, connection, introduction to old customers, and agreed absence from competition, or any of these things, and there may be others which do not occur to me."

## what is "goodwill"

*IRC v Muller* [1901] AC 217

Macnaghten - "It is the benefit and advantage of the good name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start"

**market  
reputation**

**customer  
loyalty**

*FCT v Murry* (1998) 193 CLR 605  
"the attraction of custom"

# how does business use the IP

does the business manufacture / buy / sell  
products / services *incorporating* the IP?

does the business *use the IP to* manufacture  
/ buy / sell other products / services

does the business manufacture / buy / sell  
products and services *by associating the  
IP with* products / services



# the IP - the product itself

does the business manufacture / buy / sell products / services *incorporating* the IP?

- ▶ is the IP the actual product / service”
- ▶ does the product / service include the IP’s actual expression - copy the actual words and pictures

OR

- ▶ does the product / service include the IP’s underlying ideas

## COPYRIGHT

*actual expression*

- ▶ books
- ▶ artwork / plans / logos
- ▶ software
- ▶ training videos
  
- ▶ **DESIGN**

## PATENT

*ideas / functions*

- ▶ drugs
- ▶ cosmetics
- ▶ machines



Wartsila  
combustion  
engines for  
power plants

Marimekko  
pattern



**IPR**

caller ID on  
Nokia phone



F-Secure virus  
protection  
software



Alvar  
Aalto  
vase



# steps to protect

- ▶ Copyright
  - ▶ written assignment agreements
  - ▶ contractor agreements with written assignment
  - ▶ employment agreements
  - ▶ licence to use 3<sup>rd</sup> party copyright
- ▶ Patents
  - ▶ registration
  - ▶ logbooks
  - ▶ employment agreements

# use the IP - part of process

does the business *use the IP* to manufacture  
/ buy / sell other products / services

- ▶ does the business use the IP as a tool?
- ▶ does the business use the IP process?
- ▶ does the business use the IP to create its solutions

- ▶ difference *using* and *incorporating* IPR
- ▶ owning copyright in a manual / book gives the owner the exclusive right to ***copy or distribute*** the manual / book  
**NOT** the exclusive right to ***use*** the facts / ideas in the manual / book
- ▶ the information in the manual / book is ideas
- ▶ Can only protect ideas through ***trade secrets***  
**NOT *copyright***

## CONFIDENTIAL INFORMATION

- ▶ Know how
- ▶ Marketing Data
- ▶ Business methods
- ▶ Industrial processes
- ▶ Computer manuals
- ▶ Work manuals
- ▶ Customer lists

## PATENTS

- ▶ Industrial processes
- ▶ Machinery
- ▶ Methods
- ▶ Design tools

## ▶ COPYRIGHT

- ▶ Software
- ▶ work-flow processes



UPM paper mill  
quality control



Nokia

- supplier list
- logistics

IPR



Finlandia  
Vodka  
distillation



Kone method  
for installing an  
elevator  
PATENT



# steps to protect - confidential

- ▶ information's most important asset leave the building at 5pm?



Therese Catanzar

# steps to protect - confidential information

- ▶ technical - locks, passwords, tracing and locking technology
- ▶ soft - hiring interviews, subcontractor selection, project kick-off meetings, pre-conference briefings, exit interviews
- ▶ legal - employment agreements + restraints, NDA with all customers, suppliers, JV (liq dam)
- ▶ systems - logbooks, get-out-of-their-heads, “confidential” notices, visitor books, classify company’s information, clean-rooms

Catanzariti T “Keeping Secrets - Developing Confidentiality Systems”  
(2006) 24 ACC Docket 22

Does the business manufacture / buy / sell products and services *by associating IP* with other products / services

- ▶ brands
- ▶ colours
- ▶ shapes
- ▶ images
- ▶ personal endorsement

## TRADE MARK

- ▶ words
- ▶ logo
- ▶ colour
- ▶ shape
- ▶ sound
- ▶ scent

## UNFAIR COMPETITION / PASSING OFF

- ▶ unregistered words
- ▶ unregistered logo
- ▶ image
- ▶ get-up
- ▶ gestalt / identity

## PERSONALITY RIGHTS

- ▶ name (inc nicknames)
- ▶ image (photo, drawing)

Kone elevators



Finlandia Vodka

# IPR

Nokia phones



Marimekko



F-Secure virus protection software



World-famous Designs by Alvar Aalto

Alvar Aalto vase

# steps to protect

- ▶ registered trade marks
- ▶ passing off
- ▶ misleading and deceptive conduct - s18, 29 ACL
- ▶ celebrity endorsement contracts - maintain reputation and image
- ▶ retain copies
  - ▶ marketing spend
  - ▶ advertising (print, tv)
  - ▶ webpages as at fixed dates
  - ▶ trade shows (including stand display, brochures, attendees)
  - ▶ Customer research, focus groups, surveys

# passing off - why?

- ▶ indicia of reputation cannot be registered
- ▶ (esp pre 1995 Trade Marks Act
  - ▶ descriptive words
  - ▶ town names
  - ▶ get up, colours, packaging, shapes
  - ▶ feel + zeitgeist of product/campaign
- ▶ failed to register

# tort of passing off

- ▶ Reputation
  - ▶ in indicia of reputation in relevant market
  - ▶ goods/services associated with particular source
  - ▶ need proof - ad spend/surveys/sales and revenue
- ▶ misrepresentation
  - ▶ using indicia of reputation in relevant market to misrepresent
    - ▶ goods/services are the goods/services of another
    - ▶ Goods/services are associated with another
  - ▶ *misappropriation* of reputation not enough
- ▶ Disclaimers may remove the misrepresentation



# section 18

- ▶ Australian Consumer Law
  - ▶ Competition and Consumer Act 2010 - corporations
  - ▶ Fair Trading Act - individuals and associations
- ▶ a person must not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive
- ▶ led into error - cause to wonder is not enough
- ▶ intention is not relevant

- ▶ *Thredbonet*
- ▶ “whether ordinary or reasonable members of the classes of consumers or prospective purchasers of the relevant goods or services would, or would be likely to, understand that any of the respondents’ impugned uses of the word “Thredbo” conveyed to them that they were dealing with the appellants or one of them”
  
- ▶ *Nike v Campomar*
- ▶ “nothing capricious or unreasonable or unpredictable in Sheppard J’s conclusion that the placing of the “NIKE SPORT FRAGRANCE” product in the same area of pharmacies with other sports fragrances was likely to mislead or deceive members of the public into thinking that the “NIKE SPORT FRAGRANCE” product was in some way promoted or distributed by Nike International itself or with its consent and approval”