



SESSION 4C: THE IP RISKS YOU DON'T KNOW YOU HAVE (AND WHAT YOU CAN DO ABOUT THEM)

WIN In-House Counsel Day Melbourne 2017

Thursday, 23 February 2017

Agenda

The IP risks we are currently seeing that are catching clients out

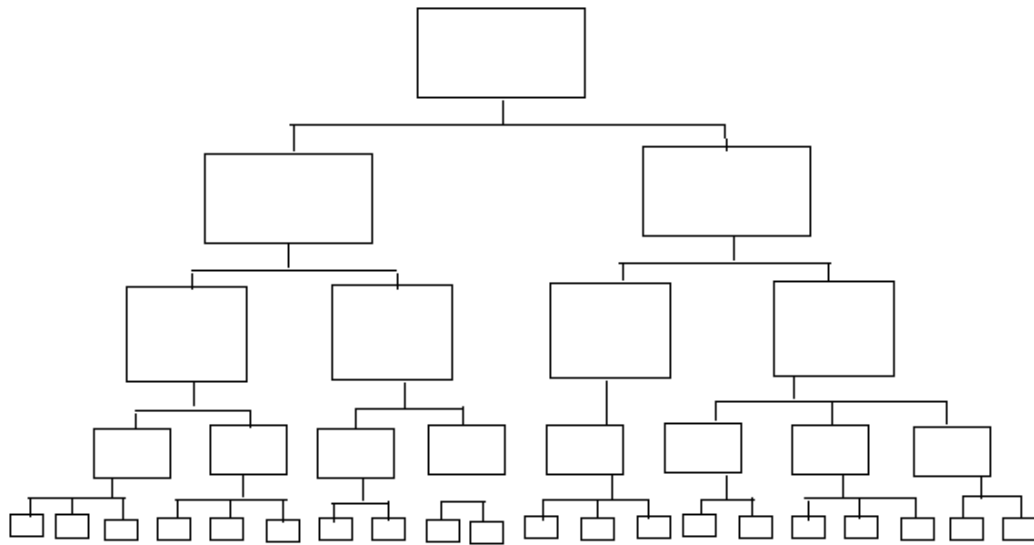
- Does the right entity own the IP?
 - IP in mundane or practical items
 - Modifying IP
 - Insurance
 - Internet trawling software
 - Globalisation of IP
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And now for some good news...

- Stopping goods at the source – not your customer
 - Taking back your trademarks
-

The IP risks we are currently seeing that are catching clients out

Does the right entity own the IP?



Identifying the right owner at the start

- Often IP is being registered quickly, and there is little time to think about who should own the IP, and the wrong owner can be identified
- If IP is in the name of the wrong owner:-
 - Licencing/transfer is often not done properly
 - A trade mark can be invalidated (as not used by, or with the authorisation of, the owner)
 - Copyright and patents can be invalid, as there corporate 'owner' has no entitlement.
- To avoid these risks we recommend
 - Single entity owns IP
 - Entity is a non-trading entity to insulate IP assets from liability
 - Correct intercompany licences

Correcting a problem – the right way

- If IP is not in the name of the right entity you need to carefully consider how it is corrected
 - Was it filed in the wrong name in error
 - Was it the correct owner initially, but not any more
- If an error occurred:-
 - DO NOT assign, it needs to be corrected
 - Correction is a simple process
- If ownership was initially correct:-
 - Assignment or other transfer
 - But BEWARE the tax liability

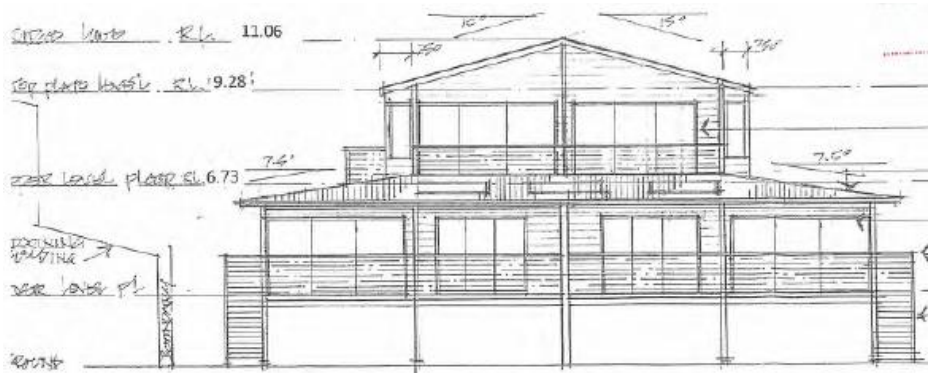
IP in mundane or practical Items

Automatic Fire Sprinkler Systems FC-01
Wet Pipe Systems

Site name: _____ Date: / /
Site address: _____ PSAB

| Item | Action Required (Table 2.4.2.3) | Pass | Fail | N/A |
|------|---|------|------|-----|
| 3.1 | Complete monthly and quarterly service. | | | |
| 3.3 | Operate pressure relief valve and record operating pressure. <small>Operating pressure: 0 bar</small> | | | |
| 3.3a | Conduct a water supply proving test. <small>RECORD RESULTS IN WATER SUPPLY TABLE</small> | 1 | | |
| 3.6a | Operate hand-test alarm valves. | | | |
| 3.7 | Draw a sample of anti-freeze solution and verify correct specific gravity. <small>SG: 1</small> | | | |
| 3.8 | Clear and lubricate water alarm pump. <small>2</small> | | | |
| 3.11 | Check batteries connected to detection alarm (wiring and power). <small>RECORD RESULTS IN BATTERY TABLE</small> | 2 | | |
| 3.13 | Inspect alarm trouble and fault and record operative medium. | | | |
| 3.15 | Verify condition of rain concentrate bins below water control systems. | | | |

Client representative: _____ Client signature: _____ Date: / /
Technician: _____ Technician's signature: _____ Date: / /
License number: _____ (Obtain license complete with OCG-AP 6-1) System is in proper working order: **YEARLY**
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IP in mundane or practical products

- Increasingly clients are being caught by IP in commonplace items
 - Nothing is safe from IP
 - The business will very quickly say the protection is invalid
 - Invalidation is expensive and difficult for such items
- Standards requirements do not mean that IP rights do not apply
- Check assertions in contracts and documents as well as on the product

Modifying IP

- Three ways:
 - A supplier creates something for you that is not up to standard, so you ask another supplier to revise
 - You are asked by a customer to modify someone else's product
 - You ask a supplier to modify a product for you
- Both the Customer and the Supplier can be liable

A supplier creates something for you that is not up to standard, so you ask another supplier to revise

- If the product incorporates IP of the first supplier you are at risk of being sued for infringement
 - Manuals, advertising, instructions – copyright, trade marks
 - Software – copyright, patents, confidential information
 - Products – patents, designs
- The second supplier may be sued as well, and they will
 - Argue their action was innocent because you asked them to undertake the work, which if successful leaves you as the sole party paying damages
 - Cross claim for ACL breach
- Mitigation
 - Do not give them the first suppliers work product
 - Check the contract with the first supplier re ownership of IP

You are asked by a customer to modify someone else's product

- You are at risk of being sued by the rights holder for infringement
- The customer may try and claim innocence and blame you for copying rather than original creation
- It is very difficult to make out a defence of innocent infringement
- Mitigation
 - Contract out of the risk where possible
 - Keep records of anything the customer is asking you to do
 - If you knew or ought to have known that it was owned by a third party (e.g. their name is on it) address this expressly with the customer and get a written response

You ask a supplier to modify a third party product for you

- You are at risk of being sued by the rights holder for infringement
- The supplier may try and claim innocence and blame you for directing the infringement
- Mitigation
 - Do not give them the work product
 - Check re any IP
 - Make clear in documentation that they are being asked to create a new product (not copy)

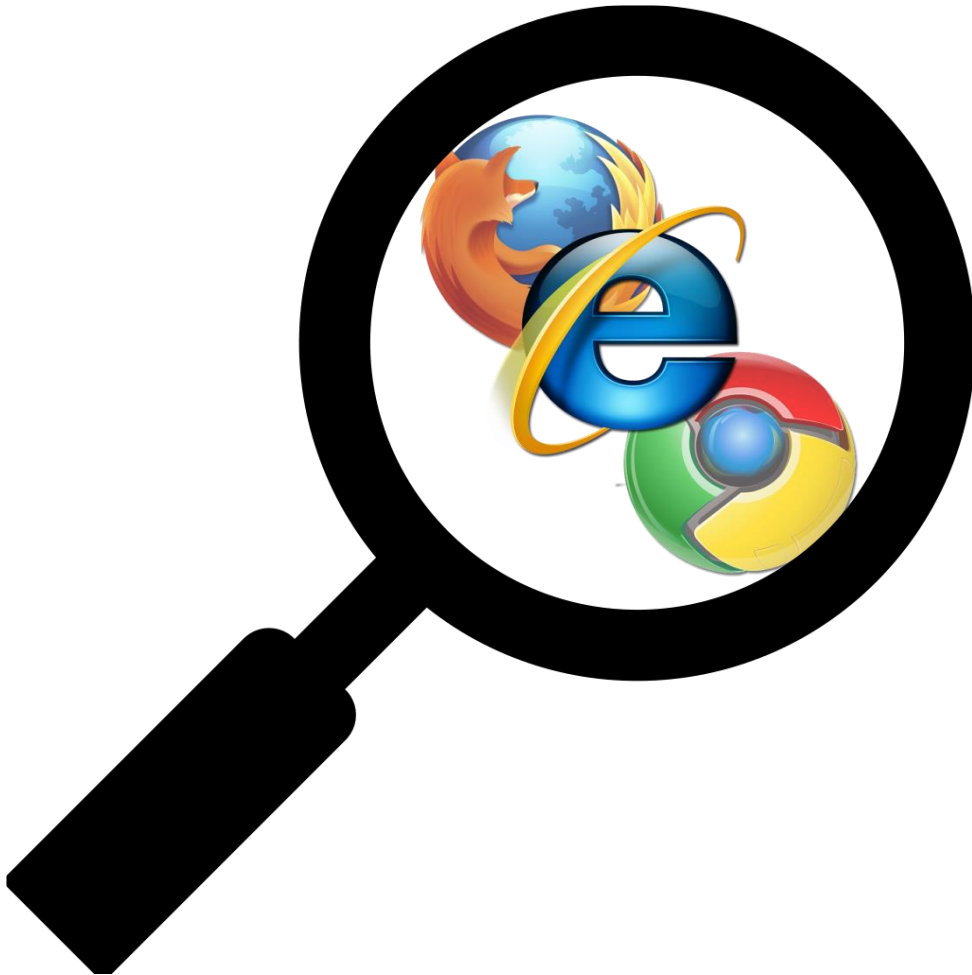
Insurance: a blessing or a curse



Insurers are increasingly covering IP and IP disputes

- If an issue arises check your insurance to see if you are covered!
 - Plaintiff's see insurers as deep pockets, so it may be better not to disclose insurer involvement
- Insurers are new to IP
 - Not totally aware of the costs of Federal Court litigation
 - Not clear how/where the exit points are
 - Non-financial remedies
 - Use of existing panel firms

Internet Trawling Software



Copyright and the Internet

- Collection companies for copyright (print, video, audio)
- Software that trawls the internet for copyright works
- Mitigation
 - Review online content
 - If you receive a letter, check whether you can purchase

Globalisation of IP risks



Playing the IP game on a global scale

- Do you have IP rights everywhere you need them?
 - Foreign manufacturing
 - Selling to/in other countries
 - JV's with foreign entities
- Do your competitors have IP rights where you are going?
- Global IP surveillance as a business tool
- Global IP disputes

And now for some good
news

Stopping goods at the source, not your customer

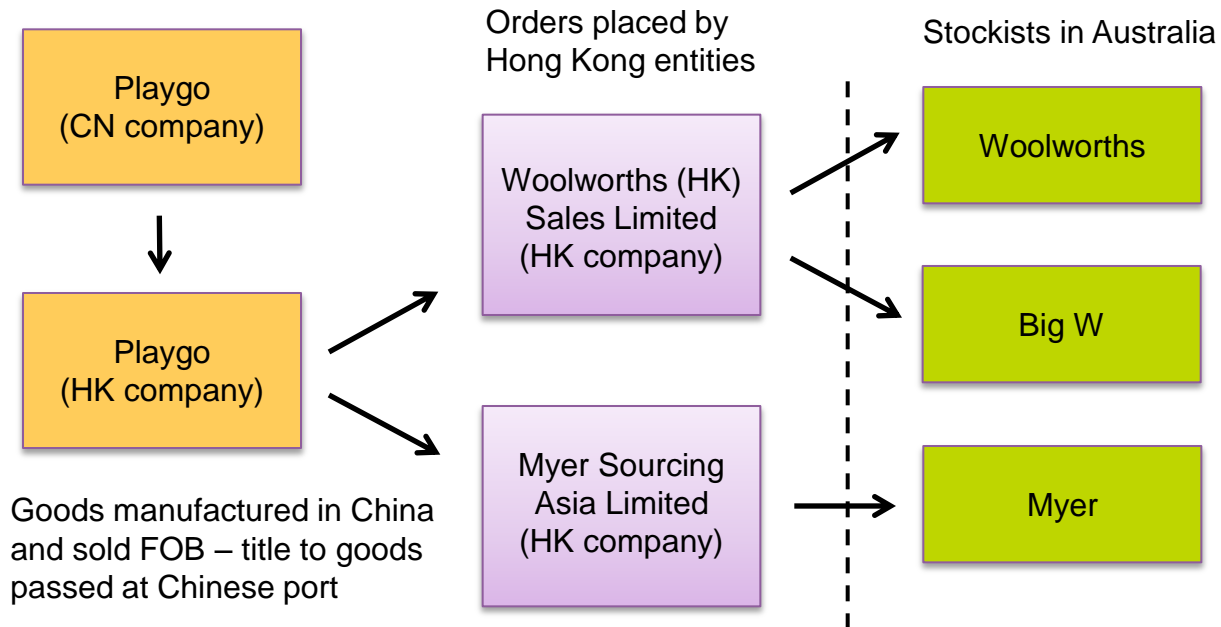
- A common scenario
 - You become aware that one of your major customers, or potential customers, is stocking product that infringes your rights
 - You don't want to take action against your customer
 - The products are being supplied by a foreign manufacturer



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Playgro Pty Ltd v Playgro Art Craft & Manufactory



Playgro Pty Ltd v Playgo Art Craft & Manufactory

- The Court found:-
 - That Playgo knew that its goods were bound for the Australian market
 - That trade marks on goods still in trade channels in Australia constituted use by the manufacturer
- Result:-
 - Playgo infringing trade marks in Australia
 - Injunction to prevent selling for re-sale in Australia
- Decision gives right holders a mechanism to combat infringing goods without suing major customers

Taking back your Trade Marks

Another common scenario

- Company A creates and adopts a trade mark in 2008
- Company B adopts a similar mark in 2012
- Company A does not become aware of Company B until 2015, and then sends Company B a letter of demand for trade mark infringement
- In response, Company B changes its name to match the trade mark and denies infringement on the basis of:
 - Use of own name defence
 - Prior use of the trade mark



v



Insight Clinical Imaging v Insight Radiology

- Use of own name as a defence to trade mark infringement:
 - Trade mark was transferred to company after receipt of letter of demand
 - Found not to be use of own name 'in good faith' – defence did not apply
- Use of trade mark by infringer prior to letter of demand giving rise to defence:
 - Found that Insight Radiology had not taken reasonable steps prior to adopting the trade mark
 - Found that use of the trade mark was in bad faith, and not honest
 - Use based defence did not apply
- Decision gives rights holders hope that they can still take back their trade marks even where the infringer has been using them for some years



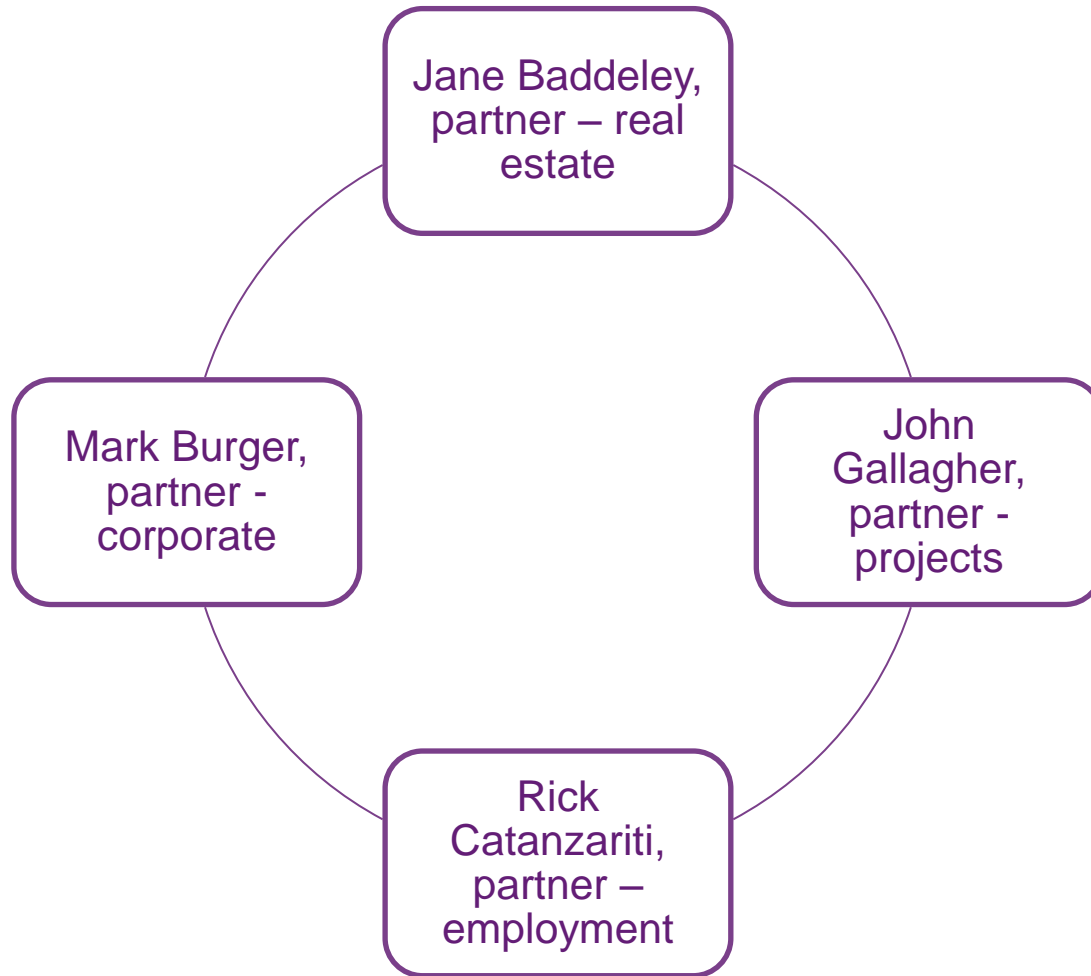


SESSION 5A: TOP TIPS FOR NEGOTIATIONS

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Panellists



Goals

- Commercial & sustainable outcomes
- Meet time and budget constraints
- Protect interests of organisation
- Minimise stress on negotiating team

Planning

- Managing expectations
- Understand stakeholder drivers
- The need (or not) to maintain goodwill and future working relationships
- Catering for delegated authority

Dynamics

- Cultural and jurisdictional issues
- The people present and backgrounds
- Internal or external negotiations?
- Physical environment / break out areas
- Develop own style

What works / doesn't work?

- Playbooks
- Reasoned versus reasonable position
- The value of silence

Form

- Written v face to face negotiations
- Strategies for dealing with poor behaviour

