

IP assets

Intellectual property (IP) is a valuable collection of business assets. Regardless of what product a business makes or service it provides, it will encounter, create, and use IP. To survive and grow, a business needs to know how to capture, protect and manage IP assets, and how to avoid conflict with someone else's IP rights.

Capturing IP

Create a business culture that identifies and captures potential IP assets. Consider IP opportunities whenever you're working on your business plan or researching a new project. Start an innovation journal to help keep track of developments, inventors, and copyright works like drawings and prototypes.

Secrecy can keep the IP protection options open. To get a valid patent or design, the invention or product design must be new and not obvious over what's known or used in New Zealand before the date of filing. This could affect the timing of market research, promotions and demonstrations.

Employment contracts can include confidentiality clauses to help prevent the release of commercially sensitive information and to clarify IP ownership. Tailored agreements can be prepared for outside developers and manufacturers.

Protecting IP

One of the toughest commercial decisions to make is whether to apply to register an IP asset. Every country has its own IP laws. IP information retrieved from the World Wide Web and your local library might not apply in New Zealand, or the information could be out-dated.

Our website focuses on New Zealand intellectual property protection and the Patent Co-operation Treaty (PCT) international application filing option for New Zealand residents. Please visit the [World Intellectual Property Organization](#) website for business enterprises interested in overseas IP protection.

Commercialising IP

IP assets like patent, trade mark and design applications and registrations can be bought, sold and licensed. How you use the IP assets in your business portfolio will depend on the range of IP assets you own, your business capabilities and market focus.

Legal documents:

An assignment is a sales contract transferring ownership of IP rights in the listed IP assets, from the current owner (assignor) to the new owner (assignee). An assignment must be signed and dated by the parties and their witnesses.

A licence is a contract where the IP owner (licensor) gives permission to a licensee to use but not own the IP assets under agreed terms and conditions. Terms may include a time limitation and market territory restriction. Conditions may include quality testing and royalty payments. Terms and conditions need to be negotiated. There is no model licence and it is important for the two parties to get independent legal advice.

Business growth opportunities

Franchising

An IP owner who has a high profile business (the franchiser) can team up with another enterprise (the franchisee) who will bring in expertise of their own or financial resources to provide goods or services directly to the consumer. The franchiser will ensure, through the supply of technical and management skills that the franchisee maintains the quality and other standards in relation to the use of the trade mark under which the franchise operates. The franchise agreement usually requires certain standardised features like a uniform trade dress.

Forming a Joint Venture

A joint venture is a business relationship that involves two or more enterprises pooling their resources for a common purpose. Often, one partner will contribute technology or know-how and the other partner contributes financially or brings expertise to the project. The joint venture can be registered as a limited liability (Ltd) company or operate under licensing and confidential disclosure agreements to ensure that use of one another's IP rights is controlled and reciprocally compensated.

Clearance Checks

You must respect the IP rights of others. Clearance checks can be made before market launch to confirm that branding and advertising material like photographs, clipart, and music are available to be used. A competitor's New Zealand patent or registered design could prevent you from manufacturing, selling or repairing products. Licences might be required or legal help to find out what is covered in the patent claims or registered design novelty statement.

Products, tags, labels, packaging and promotional can be marked with the appropriate IP indicators. This will let competitors and potential business partners know about the status of IP protection. If an application has been filed at IPONZ, the allocated number can be used to retrieve information from the New Zealand Patent, Trade Mark or Design Register.

Promotional material shouldn't include any misleading or false statements, like the product is waterproof when it's only water resistant. You can find out more about what's allowed in advertising by visiting the [Commerce Commission New Zealand website](#).

Exit Plans

You should transfer ownership by executing an IP assignment before a company is wound up or merger occurs. IP assets that can be assigned include copyright works like drawings, instruction manuals and distributor databases, and commercial information like technical know-how.

Disclaimer

The information provided is intended to be used as a general guide and does not represent legal advice. IPONZ and the Ministry of Economic Development do not accept any responsibility or liability for any action taken in reliance on the information in this guide or for any error, inadequacy, deficiency or flaw in or omission from the information provided. All readers who ignore this disclaimer do so at their own risk.