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PRINCIPAL



## KEEP YOUR HANDS OFF MY NAME

"What's in a name?" Shakespeare's Juliet told Romeo she loved him for who he was and not because of his family name. And while her sentiments are true of love it doesn't apply to business. Because in the corporate world: one's name is everything. Nike, Coca-Cola, McDonalds and the All Blacks put immense value on their name and logo. They not only spend millions promoting it -- but millions protecting it. NZ businesses, even smaller ones, are starting to realise that protecting their intellectual property is vital.

Below is a simple guide to the law of intellectual property. Read it, it may save you a lot of grief.

The term "intellectual property" sounds distinctly upmarket and remote from the concerns of ordinary businesses. However, nearly every business in fact owns some intellectual property (IP) and often that IP is among the most valuable assets of those businesses, even though it is often not ascribed any value in the statement of financial position. The most common types of IP which most businesses own are:

1. **The Business Name.** Nearly all businesses have a name, even if it is only the name of the proprietor. The business name is not usually registered as a trademark, and if that is the case, the business name is an example of IP called an unregistered trademark or a common law trademark. Even though the business name may not be registered as a trademark, it can nevertheless still be protected via court action under the Fair Trading Act and for the civil wrong of "passing off", should a competitor attempt to start up a rival business with a very similar name.
2. **The Client or Customer List.** Many businesses keep a list of their clients or customers. A customer list is an example of a species of IP known as "confidential information", and it can be protected by court action, should an employee take the customer list with him if he starts up in competition and attempts to steal his ex-employer's customers.
3. **Correspondence, Inhouse Manuals and Instruction Sheets, Plans, Diagrams and Software.** Many businesses generate correspondence, inhouse manuals and instruction sheets, plans, diagrams and computer software. So long as these are all original works of the business, and have not been copied from somebody else, the copyright in such material belongs to the business. This means the business can stop others copying and using such material eg employees who might leave and set up in competition, or join a competitor. Contrary to popular perception, copyright extends much further than novels, plays, and films, and can in fact be used to protect many original works, including the above types of work, engineering and architectural drawings and specifications, logos, emblems, motifs, and even many three dimensional objects. Further, contrary to popular perception, copyright does not have to be registered, but belongs automatically to the author, or to the author's employer where the author is an employee.

Protection of the above types of IP. How can a business best protect the above types of IP?

### a] Business Name:

While a business name can be protected in many situations without registration as a trademark, registration as a trademark confers important advantages including:

- > Registration as a trademark confers a New Zealand wide monopoly in the name, which stops others using a similar business name in similar trades in any other part of New Zealand, while relying on civil action under the Fair Trading Act or for "passing off" won't necessarily protect an unregistered trademark from competitors who use a similar name in another part of the country, even if it is in a similar trade.
- > If you register your business name as a trademark, you can enforce it without any need to prove loss, while if you simply rely on your rights as an unregistered trademark owner, you must usually prove loss before you can enforce it. The need to prove loss greatly increases the legal costs of protecting your business name.

Please note that contrary to popular perception, registration of a business name as a company name gives little or no protection over and above an unregistered trademark, and registration as a trademark is required for adequate protection.

### b] Client or Customer Lists:

The best way to protect your client or customer lists is to insert a clause in your employees' employment contracts in which they acknowledge your client or customer lists are confidential information and will not be taken or used if they leave your business.

### c] Correspondence, Inhouse Manuals and Instruction Sheets, Plans, Diagrams and Software:

The best way to protect your copyright in these items is to:

- > Insert a clause in your employees' employment contracts in which they acknowledge the copyright in all works generated in the business belongs to the business and they will not infringe that copyright if they leave the business.
- > Affix a copyright notice to all important manuals, instructions, plans, diagrams, software and other significant documents, which need only consist of the copyright © symbol, with the year the work was published and the name of the copyright owner. Affixing a copyright notice is not necessary to establish the existence of copyright in the work, but the absence of a copyright notice may affect the remedies you are entitled to for infringement, especially in some overseas jurisdictions.

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