



What is the PPSR?

The Personal Property Securities Register (PPSR) is the single, national online database of security interests in personal property in Australia.

Personal property generally includes all forms of property other than land, buildings and fixtures.

Buyers can check the PPSR to see if the valuable second-hand goods they want to buy are debt-free and safe from repossession. A search fee is \$2.00.

For a business selling on terms – such as retention of title or commercial consignment, or hiring or leasing out goods for longer terms – properly registering helps protect its interest, for instance should a customer not pay or go broke. A registration fee starts from \$6.00 for 7 years.

PPSR CASE STUDY 6/V2

Intellectual property – Vegepop ice blocks

Scenario – how a food product developer uses the PPSR to help protect their intellectual property ...

Concepts covered:

- intellectual property/trade mark
- security interest
- contract/agreement.

Fleur has been working on an idea for a stick iceblock which contains more than five vegetables.

Vegepop, as she calls it, is aimed at busy parents who want easy summertime nutrition for their kids. She has tried Vegepops out on her friends and they sell well at local events, and she wants to build her business and market the products nationwide.

Fleur has already registered Vegepop as a trade mark on IP Australia's register of trade marks. She meets a food manufacturer who agrees to work with her to develop a mass manufacturing process that doesn't lose vitamin content in the mixing and freezing.



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Fleur enters into an agreement with the manufacturer, Munchrite Pty Ltd, which agrees to supply all research and equipment to develop the product for commercial manufacture and distribution.

The agreement provides for a profit-sharing arrangement, taking into account Fleur's intellectual property value and Munchrite's risk and work.

Fleur does not know much about Munchrite and wants the chance to commercialise her product in some other way if Munchrite can't achieve sufficient national market penetration within two years.

As part of the arrangement, Fleur assigns the trade mark outright to Munchrite, with the proviso that if after two years, Munchrite has not performed and achieved certain revenue milestones, the interest in the intellectual property reverts to Fleur.

The provision that the trade mark reverts to Fleur in certain conditions gives her a security interest in the trade mark.

On the advice of her accountant, Fleur registers the security interest on the PPSR against the serial number of the trade mark and against Munchrite's Australian Company Number (ACN).

After one year, Munchrite goes into liquidation and ceases trading.

There are no other security interests over the intellectual property of Munchrite. Fleur's registration means that she is able to enforce her interest in that trade mark against the liquidator, ie. as a secured creditor.

If this sounds like a scenario that could apply to your business, you might want to consider these things ...

- If you assign your IP, you may be able to use the PPSR as risk protection.
- Make sure your registration is correct to maximise its enforceability.
- You need both an agreement (i.e. a contract) and a registration to effectively protect your security interest.

Tip

You do not need to register on the PPSR to show your ownership – you register to show your interest in the IP.

This is a general scenario intended to provide typical examples.

This scenario is not legal advice about how the law applies to your particular business and dealings.

You may wish to seek professional advice from your accountant, financial adviser or lawyer.

For more information about the Australian Government's Personal Property Securities Register (PPSR) go to:

Website: www.ppsr.gov.au

Email: enquiries@ppsr.gov.au

Telephone: 1300 007 777