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## AAAI Conference Great Success!!

Thank you to all the angels, sponsors, supporters, partners, panellists, entrepreneurs and service providers who helped make our 2009 Conference a great success.

The Conference consisted of eight complementary events which were all well attended and for which feedback was very positive:

1. AAAI Clean Technology Investor Forum
2. AAAI Government Innovation Policy Forum
3. AAAI Master Class Educational Workshops
4. AAAI 2009 National Angel Conference
5. AAAI Bio Angels Breakfast
6. AAAI Networking Drinks
7. AAAI International Speakers Dinner
8. AAAI National Conference Dinner

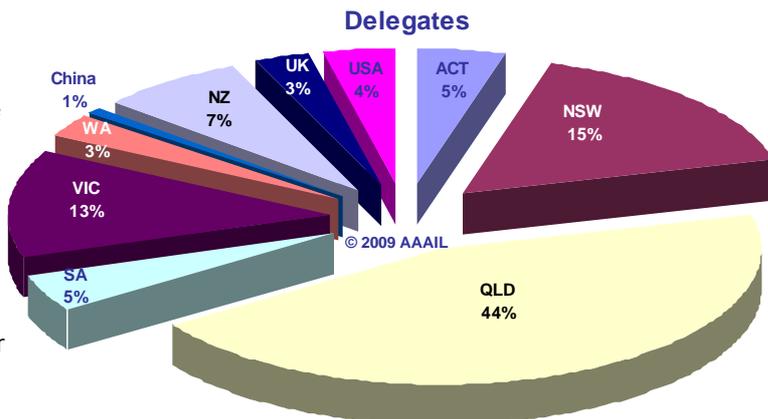
All events except the Networking Drinks and the International Speakers Dinner were held at Rydges South Bank, Brisbane.

Over 150 people attended these events, 120 at the main conference.

**Delegates by Profession**

Angels	45
Services	33
Government	16
University	8
VC	6
Others	2

At all events the following angel, VC and international angel groups were represented:



**Australian Angel Groups**

- BioAngels (SA)
- Brisbane Angels (QLD)
- Capital Angels (ACT)
- Darling Downs Angels (QLD)
- Founders Forum (QLD)
- Hunter Valley Angels (NSW)
- Melbourne Angels (VIC)
- North Qld – in development (QLD)
- Perth Angels (WA)
- South Australian Angels (SA)
- Sydney Angels (NSW)

**Australian Venture Capital Funds**

- Cleantech Ventures
- CM Capital
- CVC Limited
- Pioneer PDF
- Old BioCapital Fund
- Southern Cross Venture Partners
- Starfish Ventures
- TeQstart
- TransTasman Fund
- UniSeed

**International Angel Groups & Angel Funds**

- Angel HQ (NZ)
- CalCEF Clean Energy Angel Fund (USA)
- Ice House Angels (NZ)
- Life Science Angels (USA)
- LINC Scotland (UK)
- Seattle Alliance of Angels (USA)
- New Vantage Group (USA)
- Upstart Angels (NZ)
- Xenos - Wales Business Angel Network (UK)

On page 3 of this newsletter is the first in a series of updates on research into angel investing in Australia as reported at the conference.

In the next newsletter we will have more to say about an exciting new partnership between the AAAI and Microsoft.

**In this Issue:**

AAAI Conference Great Success!!	Page 1
The Angel Advantage: A Venture Capital Perspective	Page 2
Top 10 Intellectual Property Mistakes, Part 1	Page 2
Events	Page 3
AAAI Research	Page 3
Angel Group Directory	Page 3

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## *The Angel Advantage: A Venture Capital Perspective*

By John Dyson, Investment Principal, Starfish Ventures

At Starfish Ventures, of the more than 35 companies in our current portfolio, nearly 50% have been backed by angel investors prior to our initial investment. We value the contribution angels make in identifying and developing new business concepts.

Over the last 14 years, we have witnessed an increased sophistication amongst angel investors. Increasingly, successful Australian entrepreneurs have joined the ranks of angel investors, bringing their own valuable experience to the investment.

One example of this is ImpediMed, which has developed a new market for the diagnosis of lymphodema, a painful condition affecting many cancer patients. ImpediMed not only secured talented angel investors but, one of its original angels, Greg Brown, now serves as CEO of the company. His passion, experience and personal investment have enabled ImpediMed to set up operations in the USA and successfully penetrate the USA medical devices market. Greg's involvement was a critical component of our decision to invest in the company.

Distra, a payments applications and transaction processing company, is another successful angel-backed company that we backed. The early-stage angel investors had both the vision to see the potential in Distra and the skills to help guide the company through its first formative years. This early backing of Distra by angels was rewarded in the recent decision by the NAB to form a strategic partnership with the company to deploy a range of new payment products and services.

With the recent economic downturn, the tightening of both angel and venture capital investment is inevitable. But, it's during times like this that the strongest, most promising ideas and entrepreneurs emerge. Like angels, Starfish Ventures invests in companies for the long term because we know from experience that great ideas and great people – including angel investors – can build businesses into successful global companies.

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## *Top 10 Intellectual Property Mistakes*

## *Part 1*

by Malcolm McBratney, Partner, McCullough Robertson

Intellectual property is an extremely valuable asset. However, its importance in commercial dealings and transactions does not always get the legal attention it deserves. Often mergers and acquisitions, capital raising and day-to-day commercial dealings occur without a proper consideration of intellectual property issues. These simple oversights can result in costly legal problems when things go wrong. These are the top ten intellectual property mistakes that we see businesses make far too regularly.

### **1. Freedom to operate**

One of the major risks associated with innovation and new products and services is potential infringement of a third party's intellectual property rights. To minimise these risks, it is prudent to determine your freedom to operate (FTO). This involves considering whether a certain action, such as launching a new product or service or entering a new geographic market, can occur without infringing the intellectual property rights of third parties.

Essentially conducting FTO inquiries is akin to ensuring that you 'look before you leap' so as to prevent stepping on the toes of any third parties. In terms of names, brands and logos it is important to conduct various searches to make sure that the name, brand or logo you wish to use is not so similar to someone else's name, brand, logo or registered trade mark that it is likely to cause confusion and leave you open to a potential infringement. As intellectual property rights are mostly peculiar to each issuing jurisdiction, it is important to consider FTO inquiries in each country or territory in which you wish to operate. Thorough FTO inquiries can reduce risk and the potential of spending large sums of money defending actions for infringement.

### **2. Premature disclosure or publication**

Premature disclosure or publication can jeopardise the ability to register various forms of intellectual property. For this reason it is crucial to keep your intellectual property confidential and put in place any necessary confidentiality or non-disclosure agreements from the outset. While it may be tempting, it is important not to disclose or to use an invention or design until after the requisite patent or design applications have been filed, to ensure that registration may be effected.

### **3. Not securing intellectual property from contractors**

Most businesses assume that if they pay someone to create something for them (e.g. software), that the business will be the owner of the intellectual property created. However, while the general position is that an employer will be the owner of any intellectual property created by an employee during the course and scope of their employment, the position regarding contractors is that the contractor will own any intellectual property that is created. This is a common oversight when negotiations are taking place for work to be done. These matters should be considered at the outset of the project and appropriate agreements assigning intellectual property to the customer should be executed before work commences.

### **4. Not conducting a thorough intellectual property due diligence**

Intellectual property can add considerable commercial value to a company and should not be overlooked in the due diligence process. If acquiring a business or company, or entering into a distributorship or licensing agreement, it is crucial to ascertain whether the party you are acquiring intellectual property rights from actually has the right and ability to grant those rights. You should consider whether the granting party is the owner of the intellectual property in question. Determining the chain of title is a useful tool to establish proprietary rights as it ascertains the sequence of historical transfers of title to the intellectual property. If acquiring a business or company that is the licensee of intellectual property, take time to consider the terms of the licence agreement as it is not uncommon for the licensor to have a right to terminate the agreement upon a change of control of the licensee. It is also important to consider any rights and obligations that you are taking on under the agreements of the business or company that you wish to acquire. Freedom to operate also remains an issue in these types of transactions.

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[All emails and web sites clickable]

## Events

### AUSTRALIA

Capital Angels Meeting  
 tba, Canberra

Brisbane Angels Breakfast  
 April 2<sup>nd</sup>, Brisbane

BioAngels Meeting  
 tba Adelaide

Darling Downs Angels Meeting  
 March 19<sup>th</sup>, Toowoomba

Founders Forum  
 tba, Gold Coast

Gold Coast Angels  
 March 18<sup>th</sup>, Griffith University

Melbourne Angels Lunch  
 March 27<sup>th</sup> 12-2pm Toorak

SA Angels  
 tba, Adelaide

Sydney Angels Meeting  
 tba, Sydney

AAAI National Angel Conference  
 February 2010 Adelaide

### INTERNATIONAL

ACA National Summit  
 15-17 April 2009 Atlanta, Georgia, USA

WBAA Council Meeting  
 20 April 2009, Dubai

EBAN 9th Annual Congress  
 27-28 April 2009 Madrid, Spain

NACO National Angel Summit  
 October 2009 Halifax, Nova Scotia, Canada

WBAA Inaugural Conference  
 November 2009

### AAAI 2009 CALENDAR

11 May, Adelaide

12 May, Adelaide

13 May, Adelaide

August, Perth

November, Sydney

- Power of Angel Investing Master Class: Angel Investing – *An Overview*
- AAAI Angel Group Leaders Forum
- AAAI Board Summit
- AAAI Summit including Power of Angel Investing Master Class & Angel Group Leaders Forum
- AAAI Summit including Power of Angel Investing Master Class & Angel Group Leaders Forum

## Angel Research

The AAAI 2008 National Angel Survey was the first of an ongoing series of annual surveys being undertaken by the Australian Association of Angel Investors to develop a better understanding of angel investing activity in Australia.

Analysis of the survey data indicates that in 2008 there were approximately **16,100** Australians who could be aptly described as **active angel investors**. Collectively, those angels **invested \$1.69b in more than 5,000 entrepreneurial companies**. That investment meant **35,000 Australian jobs fuelled by Angel Investors**.

The survey identified leverage of 5 co-investment dollars for every angel dollar invested. That's a total commitment of over **\$5b invested in the commercial success of Australian innovation**.

The survey gathered basic data from the breadth of the angel community. Among these angel investors 31% allocate up to \$25,000 a year, a further 30% allocate up to \$50,000 and 24% are investing \$100,000 to over \$500,000 a year in angel investments.

Angel investments tend to cluster in the same locale as the investors as evidenced by the strong showing of respondents from Queensland and Victoria (combined 63% & 5 angel groups) and the concentration of investments in those two states (60% combined). However, consistent with the small market environment in which they operate 68% of angels and every angel group are willing to invest in Australian opportunities outside the city in which they live. Despite the geographic challenge the angel groups typically complete a deal in only 3 months.

The number of angel groups is increasing, having grown from 3 in 2006 to 10 by the end of 2008. The AAAI is committed to continuing to foster the growth of existing angel groups and the formation of new groups to grow a sustainable angel investor community. That community of **angel investors will continue to invest billions each year funding innovation and Australian jobs**.

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