



KEYNOTES

Intellectual Property Strategy

Maximising value from IP

Intellectual Property Strategy - Where do I start?

Regardless of the nature of your business, you will be using and creating intellectual property all the time. This article helps you to decide where intellectual property should be on your list of priorities. It also aims to help you develop a plan for your intellectual property by providing information about the processes, time and costs involved in protecting intellectual property rights.

What is intellectual property?

Intellectual property is a collection of intangible property which can be protected by law. Intellectual property rights entitle you to stop others from using your intellectual property. These rights can be assigned from one owner to another, licensed and used as security for borrowing.

Who is entitled to intellectual property rights?

The first owner of the intellectual property rights in a work is usually the creator of the work. There is a key exception to this general rule in that intellectual property rights in works created in the course of employment usually belong to the employer.

How can I tell what intellectual property is important to my business?

- Are inventions important to your business? See **PATENTS**
- Are trade secrets or other confidential information (e.g. customer lists) important to your business? See **CONFIDENTIAL INFORMATION**
- Do you hope to draw in business by developing a brand or other distinctive “get-up”? See **TRADE MARKS**
- Will your company create valuable works such as software, documents, music, broadcast or website content? See **COPYRIGHT AND DATABASE RIGHTS**
- Is the appearance of your product important, for example, because it is a fashion item or interior design piece? See **DESIGNS**

What do I have to do to protect my intellectual property?

Some rights arise automatically on creation of the work: these are copyright, database right, design right, rights in passing off (see trade marks) and some rights in confidential information. Other rights can only be obtained by application to the Intellectual Property Office (in the UK). Patents, registered trade marks and registered designs fall into this category. Intellectual property rights are national rights; you must ensure that your registrations cover all the countries where you want protection.

Intellectual Property - Patents

A patent is available to protect certain inventions. Some countries (excluding the UK) have a secondary protection system of “utility models” for minor inventions (primarily mechanical innovations). Whilst a patent application must disclose the invention fully, there is often secret know-how associated with the invention, for example, how to optimise production of a patented product. This know-how can be protected as confidential information.

What type of business is it typically relevant for?

Patents are important in a wide variety of inventive businesses such as pharmaceutical, biotechnology, engineering and telecommunications.

What can you protect?

You can protect an invention that is new, involves an inventive step and is capable of industrial application. A number of things may not be patented. These are: a scientific or mathematical discovery, theory or method; a literary, dramatic, musical or artistic work; a way of performing a mental act, playing a game or doing business; the presentation of information or some computer programs; an animal or plant variety; a method of medical treatment or diagnosis or anything against public policy or morality.

What protection do you get?

The right to prevent others in the UK from making, selling, using or importing the invention for 20 years and to get compensation from those who infringe this right. The duration varies in other countries.

What does it cost?

This depends a great deal on the complexity of the invention, how extensive patent protection is in the field and the level of opposition encountered from third parties. A UK application is likely to cost a minimum of £2,000. An annual renewal fee must be paid from the 4th anniversary of filing the application.

If international protection is required, the costs will be considerably higher. If you don't apply for international protection, then others will be able to use your invention outside of the UK.

How long does it take?

Again, this varies greatly with the individual invention, but it typically takes 2-3 years for a UK application.

When should you apply?

In the UK, you will lose your rights to a patent if you publish your invention or tell anyone about it (other than legal advisers or where you have confidentiality agreements) before you file the application. You may still be able to apply for patent protection in the US if you file the application within 12 months of disclosing it publicly.

Intellectual Property - Confidential information

This is variously referred to as trade secrets, secret know-how and confidential information. It all boils down to the same thing: information which is yours, secret and of value to your business.

What type of business is it typically relevant for?

There are very few businesses which do not rely to a greater or lesser extent on confidential information be it, for example, customer lists, manufacturing techniques or business methods.

What can you protect?

Any information which is yours to keep secret or disclose. It should not be trivial but nor does it need to be highly valuable.

What protection do you get?

The law in the UK recognises that where one party discloses information to another in circumstances where it was obvious that the discloser intended it to be kept secret, then the recipient owes the discloser a duty to keep it secret (a duty under the law of equity). However, it is best to avoid the vagaries of this law in relation to valuable confidential information and enter into express confidentiality agreements with your employees, suppliers, and if appropriate your customers who may get access to your confidential information.

What does it cost?

Protection in equity is free. A simple confidentiality agreement can be drawn up by your lawyer.

How long does it take?

Equitable protection arises automatically. Contractual protection takes effect on the date specified by the parties to the agreement.

Intellectual Property - Designs

The appearance of a product (e.g. the shape of a kettle) can be protected with both registered and unregistered design right. In addition to UK protection, an EU-wide protection is also available.

What type of business is it typically relevant for?

Design rights are relevant for all businesses that create products or articles which look different to others – from garden furniture to mobile handsets. The designs need not be decorative (e.g. an attractive armchair) but can also be functional (e.g. an exhaust pipe).

What can you protect?

The unregistered design right automatically protects the design of any aspect of the shape or configuration of original designs of articles which are functional. The registered design needs to be applied for and will protect the features of shape, configuration, pattern or ornament of new aesthetic articles with “eye-appeal”.

What protection do you get?

The unregistered design right allows you to stop (and get compensation from) someone else using your design only if you can show they have copied your design. The protection lasts 10 years, but can be deferred for 5 years. In Europe the protection lasts 3 years.

A registered design enables you to stop (and get compensation from) anyone else making or selling a substantially similar article (regardless of whether they have ever seen your design) for up to 25 years (also 25 years in Europe). Protection can be extended outside the EU by application to WIPO under international treaty.

What does it cost?

The unregistered design right accrues automatically and has no cost.

The costs of obtaining a registered design are lower than for a patent – a UK registered design filing fee is £60 for the first design, with discounts for multiple designs. A European Registered Design would cost €350 for the first design. Agent fees might be a few hundred pounds.

How long does it take?

Unregistered design right protection is instant.

Typically design registration will take a few months. The application is registered if it passes examination and a search of existing designs.

When should you apply?

You must file the design application within 6 months of it being disclosed to the public.

Intellectual Property - Copyright and database right

Copyright allows you to protect your original works. Database right allows you to protect databases where you have made a substantial investment in making the database.

What type of business is it typically relevant for?

Most companies have valuable copyright and database rights. These rights are especially important for IT companies; e-commerce; the traditional creative industries such as literature, music and theatre; companies which provide content for the internet, television, film, press and other media; and companies which provide training and education.

What can you protect?

Copyright protects certain works. Copyright does not protect mere ideas. The work must be captured in some way, e.g. written down or recorded. The protected works are broad-ranging and include: literary (this in itself is very wide and includes software), dramatic and musical works, sound recordings, films, broadcasts and cable programmes. In order to attract protection, the work must be original, that is, not copied. There is no requirement of genius or even great quality.

A work may be protected by a number of copyrights. For example, on a music CD there will be copyright on the individual songs, the sound recordings and the graphics on the CD cover.

What protection do you get?

The right to stop others from copying, adapting, distributing, communicating to the public, renting or lending copies to the public or performing in public and to get compensation if these rights are infringed. The duration of copyright varies with the type of work, but it is generally at least 50 years and will be well over 70 years in many cases.

What does it cost?

Copyright accrues automatically and has no cost.

How long does it take?

Copyright protection is instant once the work has been captured in some way, e.g. written down or recorded.

What about database rights?

Databases may be protected by copyright. Database right was developed some years ago specifically to protect databases where there has been a substantial investment to make the database. Database right protects databases against anyone extracting and using the contents without permission. It lasts for 15 years from when the database is made or, if the database is published during this time, for 15 years from publication. As with copyright, database right accrues automatically once the database has been recorded in some form (it may be paper or electronic) and there is therefore no cost in obtaining the right.

Intellectual Property – Trade marks

A name or symbol can be protected in two ways – a registered trade mark or an unregistered trade mark protection called “passing off”. While you have to apply and pay for a registered trade mark, proving infringement is usually easier than establishing passing off.

What type of business is it typically relevant for?

Trade marks are relevant for all businesses which sell goods or services using a brand name or other distinctive sign (e.g. Coca-cola, IBM).

What can you protect?

You can register any sign capable of distinguishing goods or services of one business from those of another, subject to some exceptions. The exceptions include if the mark is descriptive of the product or service (e.g. “fresh vegetables”) or if it is likely to be confused with an earlier registered mark. You nominate one or more of 45 “classes” of goods or services for which you plan to use the trade mark. Passing off protects the goodwill in your business.

What protection do you get?

With a registered trade mark, you can stop (and get compensation from) someone else trading with the same sign for the same class of goods. If there is a likelihood of confusion, you can also stop a similar sign being used for similar goods or services. There is additional protection for well-known trade marks. As long as you use the mark properly and pay the renewal fees, it can last forever.

Trade mark protection is only valid for the country it is registered in, but you can also get EU-wide protection with a “Community Trade Mark” or port applications to other countries under international treaty.

In passing off, if you can prove: your business reputation; a misrepresentation by someone passing themselves off as you; and that you have suffered loss, then you can stop or claim compensation from them.

What does it cost?

An uncontroversial UK trade mark application would cost ca. £750 - £1,000 for application fees and agent’s costs. An EU-wide CTM costs roughly 3 times that.

Using the ™ symbol is free and puts people on notice that you assert rights in the name. It is an offence to use the ® symbol before the trade mark registration has been granted.

How long does it take?

Typically, trade mark registration will take close to a year, but could be longer if there is an issue on examination or opposition from an existing owner. If the application passes examination it is published to give other owners a chance to oppose the application. If no opposition is successful, it is then registered.

A “reputation” for passing off has to be built up over time.

Intellectual Property - Making the most of it and thinking about a written strategy

Below are some tips on how to make the best use of the knowledge and creativity of your business and the intellectual property that you own.

Creating intellectual property:

- Form a strategy to create, protect and exploit your intellectual property portfolio
- Think about how you can use your intellectual property portfolio to create a competitive advantage for your business
- Ensure you keep your engineers' lab-books and log when inventions and designs are made, what they are, and who made them
- Make sure you train staff to understand what intellectual property is and the importance of it to your business
- Keep inventions, designs and ideas secret until you decide to patent or register them (or to keep them secret longer)
- Incentivise staff to create patentable inventions, registrable designs and protectable copyright
- Apply for registered protection strategically to establish the greatest possible monopoly for your goods and services
- Use the grace periods available before or during the application process to maintain secrecy or spread the costs
- Collaborate to create intellectual property with universities or other commercial parties – ensure you define how the results will be owned, protected and used
- Apply for registered trade marks for your brands
- Register relevant domain names
- Keep your trade secrets secret – bind staff, consultants, business partners and other third parties – use a confidentiality agreement, mark material as confidential and use appropriate internal procedures to ensure protection
- Identify trade secrets that are so valuable that you never disclose them, even under confidentiality obligations – and inform relevant staff
- Ensure consultants transfer to you the intellectual property they create for you
- Keep records of the intellectual property you own – useful for valuing your business, as well as remembering any renewal dates

Using intellectual property:

- Put the patent or registered design details on your products to put others on notice
- Use © [name of owner] [year] to put others on notice of your copyright ownership
- Use ® with registered trade marks and ™ with unregistered marks (it is an offence to use ® if the mark is not registered)
- Use your registered trade marks within 5 years
- Use your mark as a descriptor, i.e. “Guinness® stout” not “Guinness” (if used generically to describe a product rather than its origin, it is liable to revocation, e.g. Hoover was a trade mark, but is now a generic term for a vacuum cleaner)
- It is helpful, but not essential to **distinguish** a trade mark from the text at least once (e.g. with bold type, italics or a different font)

- Be prepared to enforce your intellectual property rights (but beware: there are risks in making groundless threats so always seek advice)
- Licensing-out intellectual property can bring valuable royalty income and access markets you cannot reach
- Licensing-in intellectual property can give you access to new product and service offerings
- Look for opportunities to use your intellectual property portfolio to save costs:
 - If you have to pay licence fees to other companies (or your competitors), it may be possible to reduce those fees by cross-licensing some of your intellectual property portfolio to them
 - You might be able to cross-license some of your intellectual property to your suppliers so they reduce the costs of products or services they supply to you
 - Consider whether your business might be eligible for tax incentives for research and development costs and creating intellectual property

Staying safe:

- Make sure you get your technology suppliers to provide warranties that the products they supply to you do not infringe the intellectual property rights of others; get indemnities from them in respect of any claims from third parties that may be made against you
- Consider patent litigation insurance
- Warn staff about the risks of intellectual property infringement by copying, or even without copying (registered patents, designs or trade marks)
- Establish procedures to protect your own confidential information and the confidential information of third parties

Any questions?

If you would like further details or have a question, please contact one of the Keystone Law intellectual property specialists:



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Disclaimer

We have written these materials to help you, but no article can address all the issues. The benefit of using an experienced lawyer is that they ask the right questions and build the solution around you. Please therefore note that these materials only provide you with general information and should not be regarded as a substitute for taking legal advice.

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