

BRISTOWS

A Business Manager's Guide to Intellectual Property Protection in the UK/EU



This brochure highlights the importance of intellectual property rights to businesses. It also underlines the need to protect them if these assets are to be preserved and grow. It outlines practical steps that everyone in a business can take to ensure that intellectual property is adequately protected and is not damaged by others. The information it contains is intended for general guidance only, and relates to intellectual property rights as they exist within the UK (and Europe, where indicated).

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Intellectual Property

What is it?

Intellectual property (or “IP”) rights provide legal protection for some of the most important aspects of a business. They can protect, for example:

- the name of the business
- its logo
- packaging shapes
- slogans
- software
- databases
- documentation
- artwork
- music
- design documents
- scientific or other industrial processes

and sometimes even the products or services themselves that are offered by the business.

IP rights act to stop third parties doing something they would otherwise be able to do. Their purpose is to encourage investment and innovation and to discourage copying.

Rights may be bought, sold, mortgaged or leased just like tangible property such as land. This is called ‘assigning’ or ‘licensing’ and can be an important business opportunity and source of income.

IP rights tend to be territorial by nature, with most countries having their own laws (although there are exceptions, such as the EU Trade Mark covering all Member States of the EU). Owning a right in one country does not necessarily mean the right is held in another country.

The main IP rights are:

- Trade marks
- Copyright and database rights
- Designs (registered or unregistered)
- Patents
- Passing off / unfair competition
- Trade secrets/confidentiality
- Although not strictly an IP right, domain names provide important signposts to a business and its product/service offerings, requiring careful management.

“IP” is an umbrella term covering the rights listed above (and a few other, more rarely used rights).

Each right has its own legal basis discussed in more detail below.

Trade Marks

A registrable trade mark is a sign that identifies a particular brand with its manufacturer or owner, and distinguishes it from other brands and products.

Trade marks may be:

- names/words
- slogans
- logos and pictures
- colours
- shapes
- sounds

It is desirable to protect a business’ trade marks by applying to register them with the relevant Intellectual Property Office.

Two sorts of trade marks are available for the UK: UK national trade marks and EU Trade Marks or “EUTMs”, covering EU member states. It costs approximately £1,200 (excluding VAT) to register a standard UK trade mark (in one class of goods or services), and approximately £1,900 (excluding VAT) for a EUTM presuming in both cases that no objections arise.

Once a mark has been registered, the ® symbol may be featured alongside it. This warns others that it is a registered trade mark.

If a sign is used as a trade mark but is not yet registered or is even unregistrable, the TM symbol may be featured, which shows that unregistered trade mark rights are being claimed.

An alternative to both ® and TM is * with a footnote explaining what the right is and the company claiming it, eg: ‘KODAK is a [registered] trade mark of...’

A trade mark may only be registered if it meets the criteria set out in each country's laws. Generally, trade marks must be distinctive and capable of being represented on paper although the law has changed in recent years to allow marks such as holograms to be registered as trade marks.

Time limit on protection: none, as long as renewals are carried out (usually every 10 years) and the mark remains validly in use. It is very important to ensure that a registered trade mark remains in use in substantially the same form as it was granted. If a business has a trade mark for a label for one of its products, then if the format of the label changes, the

business should seek advice on filing a new trade mark application for a new label.

Best practice:

- Choose new trade marks carefully.
- Avoid descriptive words and slogans such as 'best' and 'the tastiest pizza in town'.
- Clear any new trade marks before you use them to make sure they are not already in use by others. If you don't, you may be stopped from using them.
- Register your trade marks.
- Make sure you use your trade marks correctly (see Using Trade Marks below).
- Control the use of any trade marks you license to maintain the connection between you as the trade mark owner and the product itself.
- If you discover any of your trade marks being misused, take action immediately (see Taking Action, below).

Copyright

Copyright protects the skill and labour involved in creating original literary or artistic works, among other categories of creative endeavour, preventing their unauthorised copying.

There are many aspects of a company's business where copyright protection is likely to be available:

- logos
- labels and packaging
- brochures and advertising
- jingles
- software
- reports and other documents or artistic works created internally or for third parties

In Europe, copyright is acquired automatically, as soon as the creator records the work in a permanent form. It is not possible to register copyright within the UK. Copyright ownership may be indicated by showing the © symbol.

The first owner of copyright is the author of the work in which copyright is claimed (e.g. the writer of a brochure; the artist of a picture; the composer of music; the producer/principal director of a film). However, where certain works are created by an employee in the course of employment, the employer is the first owner of copyright subject to contrary agreement.

Time limit on protection in the EU: 70 years after the death of the author for most copyright works.

Best practice:

- Ensure your business has all the software licences it needs – undertake regular audits.
- If an outside supplier provides any creative work, ensure that the copyright in their work is transferred to you. This requires a legal document called an 'assignment'. Arrange this when the work is commissioned.
- In any merchandising of copyright material, include measures to control how the licensee uses your copyright material in the agreement, and monitor the actual use.
- Where possible include 'sleepers' in copyright works. These are small, deliberately included but subtle mistakes, such as double spacing between words. These can be valuable in proving that copying has taken place.
- Look out for copying, and take action immediately if you discover any (see Taking Action below).

Patents

Patents provide protection for inventions of products or processes. To be patentable, the product or process must be new (that is, not previously published) and innovative, although this can be an improvement to an existing idea as long as it is not obvious. Patent protection is not available for methods of doing business, computer programs or methods for presenting information. The patent must describe the invention clearly enough for competitors to be able to use the invention after this period.

A patent prevents others from making, using or selling the innovation. Patents are often licensed in return for a share of profits from sales (termed 'royalties').

A patent application covering the UK can be filed at the UKIPO or at the European Patent Office. All types of patent are granted on a national basis only at present.

Time limit on protection: patents are granted for up to 20 years.

Best practice:

- Keep ideas confidential until you have filed a patent application.

- Mark all drawings, notes, correspondence and meeting notes with third parties as 'confidential'.
- If you commission work that includes an invention, try to obtain outright all patent rights, rather than taking a licence.
- Look out for any infringement of your patents, and take action immediately if you discover any (see Taking Action below).

Passing Off / Unfair Competition

There may be situations when trade marks, copyright, designs or patents have not been infringed but where legal action may still be taken.

In the UK, if consumers are misled by representations (which can be oral statements or implied statements such as similarly designed packaging) into thinking one product is made by or approved by another, then action may be possible under the law of passing off.

A typical example is 'look-alike' packaging. These products are so similar in appearance to a competitor's brand that consumers may mistake them for the genuine article or believe them to be otherwise connected with your product.

Most continental European countries provide protection to brand owners in similar circumstances, under the law of 'unfair competition'.

Best practice:

- Look out for any third party suggesting an implicit or express connection with your company, brand, product or service where none exists, and take action immediately if you discover such (see Taking Action below).
- Be aware that laws vary widely from country to country so always take local advice.
- Preserve any evidence of confusion. Ensure that your customer helpline records any instances of consumers calling with an enquiry about a product belonging to or service offered by a competitor or other third party.

Domain Names

Domain names are the unique addresses that identify, and permit access to, specific web sites. It is important that domain names are selected with care and registered.

Ensure that a proposed domain name is not already held by someone else. As with new trade marks, a new domain name should be cleared with a search for other parties' trade mark rights before use, unless the domain name is wholly descriptive of your product (e.g. petfood.com).

Establish a policy for clearing and tracking your domain names, and develop a policy towards cybersquatters. Action outside the courts is available through ICANN for a 'top level' domain name (e.g. .com, .net, .info, .org) or through Nominet for 'uk' domains. Both offer a quick and relatively cheap service.

Trade Secrets/Confidentiality

Novel and unique formulations or processes may be protected by trade secrets. Whereas patents and registered designs require disclosure in return for a limited period of exclusivity, trade secrets can be kept secret forever. An example is the Coca-Cola ingredients and recipe.

Material cannot regain confidentiality once the secret is out.

Best practice:

- Confidential material has to be treated with great care and made available only on a 'need to know' basis. Use confidentiality agreements and monitor access to the information.
- If possible, do not allow any one individual to have access to all aspects of a secret process.
- Take action if you discover that there has been any unauthorised disclosure of the secret.

Designs

Protection of designs varies between countries. In the UK, registered and unregistered protection is available under both a European system and a separate domestic UK system.

UK and EU Registered Designs

Registered designs are available to protect the appearance of the whole or part of a product. This includes not just a product's shape but also its packaging, including logos. Registered designs can be important where the appearance of a product and/or its packaging is important to consumers. It is not necessary to prove that a third party has copied the design for infringement to occur.

To be registrable the design must be both novel and have individual character: that is to say it must produce a different overall impression on an informed user from existing designs.

The owner of a registered design has the exclusive right to use the design and any design which does not produce on an informed user a different overall impression.

Time limit on protection: up to a maximum of 25 years, subject to renewals being carried out (every five years).

It costs about £1,000 to register an EU design and about £700 to register a UK design (both excluding VAT).

UK and EU Unregistered Design Right

Unregistered EU and UK design rights arise automatically but can be difficult to enforce. It is necessary to prove that the design which is supposed to have been copied is properly the subject of design right protection, that you own it, and that the alleged infringer copied your work rather than creating the item independently.

UK unregistered design right protects only the three-dimensional elements of a design, giving automatic protection against close copying. The EU unregistered design right covers three-dimensional elements of a design, and two-dimensional surface decoration such as logos.

The owner of EU unregistered design right enjoys the same rights against potential infringers as the owner of an EU registered design, except that copying must be

shown to prove infringement. The owner of a UK unregistered design has the exclusive right to make articles exactly or substantially to that design.

Time limit on protection: 3 years for the EU right; 15 years maximum for the UK right.

Best practice:

- Apply for design registration as soon as possible and in any event within 12 months of publicly disclosing the design. 'Publicly' means disclosure to anyone, even within the trade, who is not bound in confidence. Seek legal advice on the identity of the person or company applying to register the design to ensure it is the right entity.
- For UK and EU Unregistered Design Right, record the design in a design document or make a prototype to the design to obtain protection. Note on the drawing or model the author, date, circumstances in which the work was created and details of any subsequent modifications. Keep these records in a safe place.
- Ensure your rights are acknowledged and protected in any merchandising agreement. Monitor how they are used.
- Look out for copies of your designs, and take action immediately if you discover any (see Taking Action below).

Look out!

Businesses with valuable IP assets rely on people keeping a look out for infringements, particularly in relation to trade marks and brands, but not exclusively so.

Keeping a look out protects a business' sales, safeguards its reputation with consumers, maintains brand distinctiveness and ensures a company's competitive edge.

What to look out for

Look-alikes

These imitate a brand or product. They look so similar that consumers think that it is the brand itself or at least made by the same company. They free-ride off a brand's reputation.

Counterfeits

The packaging is usually a complete and direct copy of the original, although the contents will likely be inferior.

Fake merchandise

Your brand may feature on a wide range of items, such as umbrellas, T-shirts and hats. Such items may be carrying your brand name or logo without consent.

Full legal action may not be appropriate in all circumstances and it is best to seek legal advice before taking any action.

Where to look

Infringers may be operating in any place of commerce. Shops, market stalls, newspapers and magazines, sales brochures and mail-order catalogues are all popular with those who may seek to exploit your brand. The Internet is another place to monitor carefully.

Look out for competitors that are using your brand in metatags (the 'invisible' words on a website screened by search engines); as Ad Words; 'suck sites' (eg. "nikesucks.com") which can seriously damage the reputation of your brand; and/or copycat sites.

Auction and other consumer-as-seller sites such as eBay are particularly popular with infringers, since transactions may be made almost instantaneously and always behind the safety of a computer screen where identities and other contact information can be easily hidden.

eBay administer the "VeRO" (Verified Rights Owner) Programme to enable owners of IP rights to notify it if any sale listing infringes their rights. Infringing items will be removed from the site, usually very quickly. The VeRO Programme can be an efficient, fast and cost-effective means of stopping infringements online.

Taking action

If you spot any infringement of your company's IP rights, it is important to take action quickly to protect their value.

To take action:

- Gather all the information you can about the infringement, without arousing suspicion. Make a sample purchase of any infringing product or service offering, keep the receipt, note prices and promotional displays, along with the time and date. Capture and print screen shots of any relevant material on the Internet.
- Note anything that is said by the sales person.
- Alert your legal department to the infringement or, if you do not have a legal department, alert the company secretary or company's lawyers to the infringement.

Does Your Business Need An IP Audit?

If you think your business could benefit from a brief analysis of its existing IP and its IP potential, Bristows would be delighted to help. For an agreed fee, we will review your business' website, in conjunction with your answers to the questions below, and provide you with a short report on how to maximise protection and get the most from your IP assets.

If you are interested in organising an IP Audit, please get in touch with one of our contacts listed in the back of this Guide on +44 207 400 8000.

1. Business name and address (and indication of type, e.g. limited company, partnership etc.)

2. Main business activities (including product/service offerings)

3. Website(s) and/or other domain names

4. Does your business own any registered trade marks/patents/designs, or has it ever filed any application(s) for any of these?
 - a. Yes. Please give details:

 - b. No
 - c. Don't know
5. What business logos do you use? (please attach copies)

6. Does your business permit any third party to use its intellectual property (e.g. by way of a licence agreement)? If so, please provide details of any contracts or other arrangements you have entered into in this regard.

7. Does your business use any intellectual property owned by any third party (other than standard software packages, e.g. Microsoft Office etc.)? If so, please provide details of the terms on which you are permitted to use such intellectual property.

8. Do you undertake a regular audit of the software your business uses?
- a. Yes
 - b. No

9. Do you routinely commission third party companies or individuals unconnected with your business to produce or create any item(s) for your business' use (e.g. software; written reports; products; packaging; designs etc.)? If yes, please provide details:

10. In the course of your business do you use or administer any trade secrets, for example recipes or other confidential information? If so, please give details of the measures used by your business to maintain the confidentiality of this information.

11. Does your business have a standard confidentiality or non-disclosure agreement which it uses when disclosing commercially sensitive information to third parties?
- a. Yes
 - b. No

12. Are you aware of any competitors who take advantage of your business by imitating your products and/or copying your literature, mimicking your website etc.? If so, please provide details:

13. Do you monitor the Internet to see if/how third parties are trading in your goods?
- a. Yes
 - b. No

14. Have you ever invoked eBay's VeRO Programme to tackle the sale of any infringing item(s)?
- a. Yes
 - b. No

15. Do you handle personal data for individuals?
- a. Yes
 - b. No

Contacts



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Brian Cordery

Partner

Brian specialises in intellectual property dispute resolution. His practice is divided equally between patents and other intellectual property rights. Brian's patents practice has involved cases for sectors ranging from electronics to biotechnology, with most of his experience acquired in the pharmaceutical field. On the brands side, Brian has acted in many disputes relating to trade marks, copyright and registered designs.



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Paul Jordan

Partner

Paul is an advertising and marketing lawyer advising on brand protection matters. He joined Bristows in 2009. Though his experience covers the full range of intellectual property issues (both contentious and non-contentious), Paul's work focuses on content licensing, trade mark and copyright infringement, and advertising clearance. His experience includes advising on: global IP protection; global brand restructuring; passing off disputes; brand launches; and the defence of ASA and PhonepayPlus investigations.



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Fiona Nicolson

Partner

Fiona specialises in commercial IP work and has many years of experience in helping clients successfully commercialise their technology, often through international licensing. Fiona is active in a number of areas including life sciences, academia, engineering, branding, fashion and software and has experience in acting for a broad spectrum of clients including individual inventors, small and growing companies, large corporates and academic institutions. Fiona lectures widely on IP related topics. She is past President of the Licensing Executives Society (Britain and Ireland) and Vice President Elect of the Licensing Executives Society International. LESI is a global, not for profit organisation for business people and lawyers involved in licensing and technology transfer.

The information contained in this document is intended for general guidance only. If you would like further information on any subject covered by this guide, please email Brian Cordery (brian.cordery@bristows.com), Paul Jordan (paul.jordan@bristows.com), Fiona Nicolson (fiona.nicolson@bristows.com) or the Bristows lawyer with whom you normally deal. Alternately, telephone on + 44 (0) 20 7400 8000.

