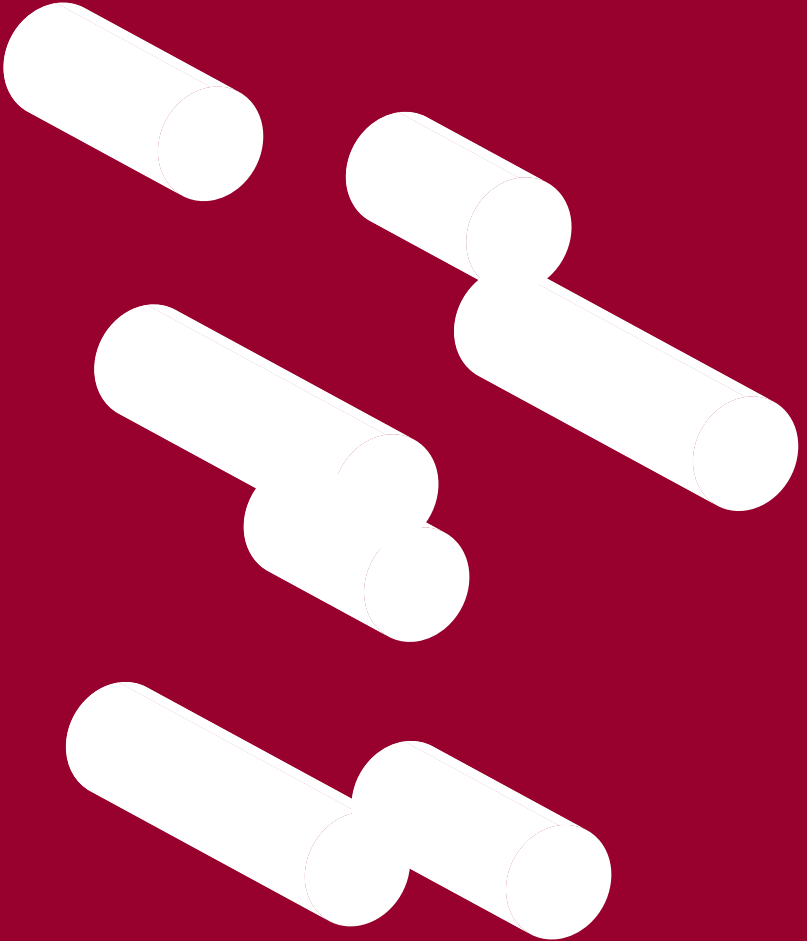


# Intellectual Property



Oury Clark



# Main Types of Intellectual Property

The main types of Intellectual Property ('IP') are:

- **Know-how and trade secrets** for confidential information – covers a wide range of IP and extends to material not capable of statutory IP protection.
- **Trade marks** for brand identity – of goods and services allowing distinctions to be made between different traders.
- **Patents** for inventions – new and improved products and processes capable of industrial application.
- **Copyright** for material – literary and artistic material, music, films, sound recordings and broadcasts, including software and multimedia.
- **Designs** for product appearance – of the whole or a part of a product resulting from the lines, contours, colours, shape, texture or materials of the product itself or its ornamentation.
- **Database right** for data – covers traditional mailing lists, lists of customers, as well as telephone directories, encyclopaedias and card indices, whether held electronically or in paper form.

## What is know-how and trade secrets?

**Know-how** is 'closely-held' information in the form of unpatented inventions, formulae, designs, drawings, procedures and methods, together with accumulated skills and experience in the hands of a business' employees that could assist competitors.

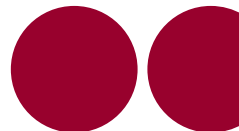
A **trade secret** is a formula, practice, process, design, instrument, pattern, or compilation of information which is not generally known or reasonably ascertainable, by which a business can obtain an economic advantage over competitors.

Know-how and trade secrets are usually known as 'confidential information' (i.e. information which must not be divulged without permission). This can be the most valuable asset of your business and your competitive edge in the marketplace.

For information to remain confidential the person must receive the information in confidence. The best way to ensure this is to request that a receiving party signs a confidentiality agreement. Precautions should also be taken to keep the information secret, such as logging documents and disclosures, keeping materials under lock and key and marking documents as **strictly private and confidential**. In an employment contract, inserting a confidentiality clause and restrictive covenants that apply following termination of employment are crucial.

### Limits to protection

Information remains confidential only so long as it is secret. If the person to whom the duty is owed publishes the information or otherwise puts it into the public domain, by marketing a product made from a secret process that can easily be reverse engineered, it ceases to be confidential.



# What is a trade mark?

A trade mark is any sign which can distinguish the goods and services of one trader from those of another. A sign can include words, logos, colours, slogans, three-dimensional shapes and sometimes sounds and gestures.

A trade mark is usually a brand name. It is used as a marketing tool so that customers can recognise the product of a particular trader. To be registered in the United Kingdom, it must be capable of being represented graphically, that is, in words and/or pictures.

## How do I apply for a trade mark?

Trade marks can be registered nationally, European Union wide and worldwide. Once registered, the owner of a trade mark has a monopoly over the use of the mark for the class of goods for which it is registered. The monopoly can be maintained indefinitely as long as the trade mark can be used to distinguish the goods or services in question.

Depending on where you want to protect your mark, you must apply to the appropriate national or international body:

- in the United Kingdom you should apply to the Trade Mark Registry of the United Kingdom Patent Office;
- in the European Union, you should apply for a Community Trade Mark, which gives protection throughout the entire European Union (via the Office for Harmonization in the Internal Market based in Alicante); or
- worldwide, a number of countries are members of the Madrid Union, thus an application can be made via the World Intellectual Property Organization (WIPO). The European Union itself has become a member of WIPO meaning a Community trade mark can now be used as a basis for an international application.

## Protecting your trade mark

You do not have to identify your trade mark as registered but you can use the ® symbol or the abbreviation 'RTM' (for 'Registered Trade Mark') to show that your trade mark is registered; the mark can be registered somewhere other than in the United Kingdom.

It is unlawful to use the registered symbol ® or the abbreviation 'RTM' on a mark that is not registered anywhere in the world. The symbol 'TM' has no legal significance in the United Kingdom. TM does not indicate that your trade mark is actually registered, only that it is being used as a trade mark. It is commonly used for a mark that is pending registration.

You can sell, assign, license or mortgage your trade mark, and you can take action against others who directly infringe your trademark or cause confusion by using same or similar marks for similar goods or services. If your mark is unregistered and someone is using it to represent their goods and services, then you can take common-law action to prevent this 'passing off', although it can be difficult to prove.

# What is a patent?

A patent gives an inventor the right for a limited period to stop others from making, using or selling an invention without the permission of the inventor. It is a deal between an inventor and the State in which the inventor is allowed a short term monopoly in return for allowing the invention to be made public.

Patents are about functional and technical aspects of products and processes. Most patents are for incremental improvements in known technology; evolution rather than revolution. The technology does not have to be complex.

Specific conditions must be fulfilled to get a patent and the foremost ones are that the invention must be new (the invention must not form part of the 'state of the art'), involve an inventive step and be industrially applicable.

A patented invention is recorded in a patent document, which must include a description of the invention, (possibly with drawings, with enough detail for a person skilled in the area of technology to perform the invention) and claims to define the scope of the protection (the description is taken into account when interpreting the claims).

The original patent document of a patent application is published by a patent office. The application then adds to the state of the art for later applications, and anyone can comment on the application.

Patent rights are territorial; a United Kingdom patent does not give rights outside of the UK. Patent rights last for up to 20 years in the United Kingdom. Some patents, such as those for medicinal products, may be eligible for a further 5 years protection with a Supplementary Protection Certificate. Once the term of the patent expires it can be freely performed by anyone.

A patent can be of value to an inventor; patents can be bought, sold, mortgaged, or licensed to others. They also benefit people other than the inventor since large amounts of information can be learnt from other patents.

### **How do I apply for a patent?**

Depending on where you wish your patent to be in effect, you must apply to the appropriate body. In the United Kingdom this is the United Kingdom Patent Office, the European Patent Office (EPO) or via WIPO. If you file a UK application, you have up to one year to decide if you wish to file further applications in other countries.

## **What is copyright?**

The sorts of material which benefit from copyright protection are set out by statute and are broken down into the following categories:

- Original literary, dramatic, musical or artistic works, (including computer programs and some databases);
- Sound recordings, films or broadcasts; and
- Typographical arrangements of published editions.

### **Who owns copyright?**

Copyright gives creators the right to control the ways in which their material may be used. The rights cover broadcast and public performance, copying, adapting, issuing, renting and lending copies to the public.

The purpose of copyright is to allow creators to gain economic rewards for their efforts and so encourage future creativity and the development of new material which benefits us all. Copyright material is usually the result of creative skill, labour and/or investment, and without protection, it would be easy for others to exploit the material without compensating the creator.

### **Duration of copyright**

- Literary, dramatic, musical or artistic works – 70 years from the end of the calendar year in which the last remaining author of the work dies (or from creation if the author is unknown).
- Sound recordings and broadcasts – 50 years from the end of the calendar year in which the work was created or released.
- Films - 70 years from the end of the calendar year in which the last principal director, author or composer dies (or from creation if the author etc. is unknown).
- Typographical arrangement of published editions – 25 years from the end of the calendar year in which the work was first published.

- Broadcasts and cable programmes – 50 years from the end of the calendar year in which the broadcast was made

### What is automatic copyright protection?

Copyright protection is automatic as soon as there is a record, in any form, of the material (that is original, and exhibits a degree of labour, skill or judgement) that has been created. Copyright is not registered, but creators can take certain steps to help prove that the material is theirs.

Interpretation is related to the independent creation rather than the idea behind the creation. Names, titles, short phrases and colours are not generally considered unique or substantial enough to be covered, but a creation, such as a logo, that combines these elements may be.

### Protect your material

A 'copyright notice' should be obvious and legible with the actual term 'copyright'; the symbol ©; the year (normally when first written or published); and the name of the owner (for sound recordings you should also include the phonogram symbol ℗ to denote the copyright of the sound recording).

The addition of footprints in software, watermarks or comments in electronic files and the retention of background work can be used as evidence to support copyright.

### How do I get copyright protection in other countries?

Usually your copyright work will be protected overseas automatically in the same way that it is automatically protected in the United Kingdom. The United Kingdom is a member of several international conventions in this field, notably the Berne Convention for the Protection of Literary and Artistic Works, the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations and the Universal Copyright Convention. Copyright material created by United Kingdom nationals or residents and falling within the scope of one of these conventions is automatically protected in each member country of the convention by the national law of that country.

## What is a design?

A design refers to the appearance of the whole or a part of a product (other than a computer program) resulting from the lines, contours, colours, shape, texture or materials of the product or its ornamentation.

In the United Kingdom designs are protected by three legal rights; registered designs; unregistered design right; and artistic copyright.

Design registration gives the owner a monopoly on their product design, i.e. the right for a limited period to stop others from making, using or selling a product to which the design has been applied, or in which it has been incorporated, without their permission and is additional to any unregistered design right or copyright protection that may exist automatically in the design. Protection can last for a maximum of 25 years.

### What are the benefits of design registration?

The design of a product can be synonymous with the branding and image of a company and can become an asset with a monetary value.

In the United Kingdom a registered design:

- gives the holder a right to take legal action against others who might be infringing the design and to claim damages;
- may deter a potential infringement; and
- gives the holder the exclusive right to make, offer, put on the market, import, export, use or stock any product to which the design has been applied or is incorporated or to let others use the design under the terms agreed with the registered owner, in the United Kingdom and the Isle of Man.

## What is a database right?

A database is a collection of data or other material that is arranged in such a way so that the items are individually accessible. A database may be protected by copyright and/or database right.

This protection can apply to both paper and electronic databases. There is a wide definition of 'database' which means many areas are covered i.e. traditional mailing lists, lists of customers, as well as telephone directories, encyclopaedias and card indices, whether held electronically or in paper form. There is however a distinction to be drawn between a database and its individual components, which may or may not be protected in their own right separately from any protection afforded to the database.

### How is my database protected?

There is no registration for database right as it is an automatic right and your database is protected for 15 years as soon as it is in a recorded form. If you publish the database the period of protection is for 15 years from publication date.

Many databases are a collection of copyright works, therefore when compiling a database you must make sure you have permission from the copyright owner for use of their material. You must also make the people using databases aware of the rights of copyright owners as well your own database rights.

## IP and Tax

It can make commercial sense to segregate IP in an entity separate from the rest of your business. Should anything happen to that business, it may then be possible to retain control of the IP for future use. You may transfer the IP to an entity in a low tax jurisdiction; the entity can then charge licence fees or royalties for the use of that IP. This can assist the transfer of profits from higher tax to lower tax jurisdictions. As with all tax planning, the premise must be based in commercial reality and compliant with worldwide transfer pricing legislation.

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Oury Clark Solicitors is a full service United Kingdom law firm which is part of the Oury Clark network comprising a significant accountancy practice, a consultancy practice, a financial services division and a recruitment agency.

IP is a valuable asset that requires protection in today's market. Please do not hesitate to contact our Corporate & Commercial department (using the details below) should you have any questions regarding IP protection.



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