



# LAW ANSWERED

## SAMPLE CHAPTER FROM OUR COMMERCIAL LAW & INTELLECTUAL PROPERTY ELECTIVE GUIDE

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# INTELLECTUAL PROPERTY

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## IP IN PRACTICE

### ASSIGNING IP

#### ASSIGNMENT

An assignment is an outright transfer of property.

### PARTIAL ASSIGNMENTS

Each IP right is really a “*bundle*” of rights, as there is more than one way to infringe them. This means that it is possible to assign some rights, whilst retaining others:

<b>Trade Marks s. 24(1)&amp;(2) TMA</b>	Can limit to some but not all of the goods protected and as to particular uses of the trade mark.
<b>Copyright s. 90(1)&amp;(2) CDPA</b>	Can limit to one or more of the exclusive rights held or to part but not the whole copyright period.
<b>Unregistered Design Right s.222(1)&amp;(2) CDPA</b>	
<b>Patents s. 30(2) PA</b>	A patent would be assigned in its entirety.

### JOINT OWNERSHIP OF IP

Assignment of a share in the rights allows IP rights to be jointly owned. This is usually best avoided, as each owner will generally need permission from the other before exploiting the rights, which can significantly limit the rights’ usefulness.

Where rights are jointly owned, a co-owner can breach the rights in the jointly-owned IP (e.g. **s. 173(2) CDPA**).

### FORMALITIES FOR ASSIGNMENT

- Only the assignor needs to sign the assignment deed.
- You can also assign IP rights prospectively (i.e. to assign future rights), e.g. pending applications (**s. 91 CDPA** (copyright) / **s. 223 CDPA** (UDR)).
- Assignment of TMs needs to be registered with the IPO on form **TM16**.

- The assignment should be registered by the new owner asap (**s. 25 TMA / s. 19 RDA / s. 33 PA**).
- If the assignee fails to do so, the right is only effective against a conflicting purchaser if they knew about the prior right (**s. 25(3) TMA**).
- The assignment document will **not** constitute evidence of ownership.
- If not registered within 6 months, the assignee will not be entitled to its costs if a trial ensues over a TM or Patent dispute (**s. 25(4) TMA / s. 68 PA**).
- An assignment needs signed writing with a clear intention to transfer the rights:

Trade Marks	<b>s. 24(3) TMA</b>
Copyright	<b>s. 90(3) CDPA</b>
Unregistered Design Right	<b>s. 222(3) CDPA</b>
Patents	<b>s. 30(6) PA</b>

- If the above formalities are not satisfied then an assignment only takes effect in equity. This allows an equitable assignee to seek a court order requiring the assignor to execute a legal assignment.

## ASSIGNING NON-PROPERTY RIGHTS IN PASSING OFF AND CONFIDENTIAL INFORMATION

**NOTE:** it is not generally possible to transfer rights to confidential information / passing off, as they are not personal property.

### PASSING OFF

Passing off is a tort at common law. A claimant has to demonstrate that they have some obvious goodwill in some aspect of their goods or services, and that customers are likely to be confused by some action taken by the defendant which misrepresents that aspect of the goods or services. An interest which could give rise to a passing off claim would normally only be transferred as part of a transfer of a whole business or part of a business.

### CONFIDENTIAL INFORMATION

Parties can require an assignment of any documents that convey the information **and** a covenant from assignor not to disclose the information and / or to destroy any copies.

## LICENSING IP

### NATURE OF A LICENCE

- A licence is a **consent** for another to use your IP right.
- If it is given for consideration, it is contractual and revocation of that consent would amount to a breach of contract. Bare licences (i.e. a non-contractual permission) can be revoked at any time.
- The promise to consent to the licensee's use of the IP is given in consideration for the licensee's adherence to the contract terms (crucially to pay the licence fee).
- Licences are a personal right held by an individual, **not** a proprietary right and cannot grant proprietary rights in the IP being licensed.

### FORMALITIES OF A LICENCE

- A licence can be granted orally, but it is best to avoid this as it can lead to uncertainty about the licence's terms and potentially to disputes.
- The licence should normally be registered: (s. 25 TMA (TMs) / s. 19 RDA (RDR) / s. 33 PA (Patents)).
- Registration binds third party assignees of the IP right (s. 28 TMA).

### NEGOTIATING LICENCE TERMS

(Use the following mnemonic to help you remember: PRISM STICS)

<b>P</b>	<p><b><u>Payment</u>:</b></p> <ul style="list-style-type: none"> <li>• Usually royalties or flat fee.</li> </ul>
<b>R</b>	<p><b><u>Restrictions on Licensor</u>:</b></p> <ul style="list-style-type: none"> <li>• Is the right sole, exclusive or non-exclusive?</li> </ul>
<b>I</b>	<p><b><u>Integrity of IP</u>:</b></p> <ul style="list-style-type: none"> <li>• Licensee needs a warranty that licensor owns the IP and an undertaking that the licensor will not allow it to lapse. Consider who pays any renewal fees.</li> <li>• Usual to include a right of first refusal for the licensee to purchase the right should the licensor no longer want it.</li> </ul>
<b>S</b>	<p><b><u>Subject matter</u>:</b></p> <ul style="list-style-type: none"> <li>• Specify clearly what IP the licensee can and cannot use.</li> <li>• Does this licence include future IP?</li> </ul>

M	<p><b><u>Manner of use:</u></b></p> <ul style="list-style-type: none"> <li>• I.e. <u>how</u> can the licensee use the right(s)?</li> <li>• Licensor will want quality control provisions included in the terms.</li> </ul>
S	<p><b><u>Scope:</u></b></p> <ul style="list-style-type: none"> <li>• Does the licensor want to limit the scope of the licence? This allows for a simpler contractual claim upon breach, rather than claiming IP infringement.</li> <li>• Consider the geographic extent of the licence – is it global, or limited to a particular territory or continent?</li> </ul>
T	<p><b><u>Term / Termination:</u></b></p> <ul style="list-style-type: none"> <li>• Is this fixed or indefinite? Should there be continuing obligations?</li> <li>• Express termination clauses are essential, e.g. for breach of the licence.</li> <li>• Consider how any remaining stock will be dealt with. For example, will there be a sell-off period following termination?</li> </ul>
I	<p><b><u>Infringements by Third Parties</u></b></p> <ul style="list-style-type: none"> <li>• Licensor will usually make the claim, but it is in both parties' interests to prevent infringement by third parties.</li> <li>• Underlying right can be lost if not policed (see s. 46(1)(c) TMA).</li> <li>• Licensee will be required to cooperate with any litigation.</li> </ul>
C	<p><b><u>Conflict of Third-Party Rights</u></b></p> <ul style="list-style-type: none"> <li>• This covers situations where the licensor is breaching third party rights.</li> <li>• The licensee will want a warranty that the IP does not infringe, and potentially an indemnity against infringement claims by third parties.</li> </ul>
S	<p><b><u>Sub-licensing:</u></b></p> <ul style="list-style-type: none"> <li>• Can sub-licence(s) be granted? The licensor will want to maintain control.</li> <li>• Any sub-licences should be via a separate written agreement.</li> </ul>

## SUMMARY TABLE IP

	Primary Statute	Registerable?	Duration	Renewal	Type of Protection
<b>Patents</b>	Patents Act 1977	✓	20 Years	Initially after 4 years, then annually	Monopoly Protection
<b>Trade Marks</b>	Trade Marks Act 1994	✓	Indefinite	Every 10 years	Monopoly Protection*
<b>Passing Off</b>	-	X	-	-	Right to prevent misrepresentations leading to confusion
<b>Copyright</b>	Copyright, Designs and Patents Act 1988	X	<u>Most</u> categories = life of author + 70 years	-	Exclusive right against copying
<b>Registered Designs</b>	Registered Designs Act 1949	✓	25 years	Every 5 years	Monopoly protection
<b>Unregistered Design right</b>	Copyright, Designs and Patents Act 1988	X	10 years**	-	Exclusive right against copying
<b>Supplementary Unregistered Designs</b>	The Designs and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019	X	3 years	-	Exclusive right against copying

\*Within the context of specific goods/services

\*\*Unless not commercially exploited in the first 5 years