

A Client's Guide to Business Intellectual Property

Introduction

There is much confusion around the words "intellectual property". This guide is intended to help small and medium-sized businesses understand exactly what intellectual property is and how it can be protected.

Many small or medium sized businesses believe that IP protection is something which is relevant for household name brands, companies who with consumers or companies whose business is technology-related. However, it can safely be said that every business will own some form of IP even if it is just the business name and the copyright attaching to its various materials.

Every business should be aware of the need to protect IP and many of the steps which need to be taken in order to effect such protection are either free or very low cost.

This note covers trademarks and copyright in some detail as these rights are likely to be relevant to almost all businesses. Design rights and patents are then briefly explained.

What is Intellectual Property?

Intellectual property refers to assets such as names, goodwill and rights arising from the creation and invention of new products and created works. Most forms of intellectual property are protected by legal rights, some of which arise automatically and some of which need to be registered.

The rights which exist without registration are copyright; protection of reputation and goodwill; certain forms of design right; and confidential information.

Rights which need to be registered are registered trade marks and registered design rights and patents.

Often a key question for businesses is who owns the IP being used by the business. This question is often of key importance and will be addressed below.

Dealing with each of the main types of IP below I will deal with registered and unregistered trade marks, copyright, design rights and patents.

Part 1: Trade Marks and Copyright

What is an Unregistered Trademark?

In reality there is no such thing as an unregistered trademark. In order for a business to benefit from a monopoly over the use of a particular word, symbol etc to designate its goods and services the only effective form of protection is a registered trade mark. All registration offers far stronger protection if a trade mark has not been registered but carries some goodwill then it may be protected by what is called a “passing off” right. Therefore, when we talk of an unregistered trade mark we are really talking about a right to sue someone in passing off in certain circumstances if they use the same brand.

What is ‘Passing Off’?

A business will have a claim for passing off against another business if the business in breach uses a name, logo, slogan, packaging etc which is the same as or very similar to someone else’s branding in a way which deliberately or unintentionally causes loss of goodwill or financial loss to them.

In order to prove passing off it is necessary to show established reputation or goodwill in the mark and that the other party has deceived members of the public or trade in some way or is likely to do so, and the business bringing a claim for passing off must also show that it has suffered an actual loss as a result of the passing off.

An action for passing off is generally very difficult and expensive because of the need to show reputation, that the other party’s actions are causing or are likely to cause confusion, and the need to show loss. This is very different for an action from infringement of trade mark rights where no reputation in the mark needs to be proved nor does any actual loss have to be shown in order to obtain an injunction preventing use.

Given the difficulty of bringing passing off claims it is strongly advised that all businesses protect their key branding by means of a registered trade mark.

What is a Registered Trademark?

A registered trademark is a formal monopoly granted to the holder of the trademark to use a given name, symbol or other designation as a badge of origin for given goods and services. If a trademark is granted then, generally speaking, no-one else other than the registered holder of the mark will be able to use an identical or similar name or image to promote similar products, if this would cause confusion.

A registered trade mark may consist of words, designs, letters, numerals, the shape of goods, packaging etc however, trade marks may only be registered if they are capable of distinguishing one party’s goods and services from another.

Trademarks are registered at the Intellectual Property Office, a official registration body based in Cardiff.

Why Register a Trademark?

It is relatively straightforward to register a trademark and this can provide a useful deterrent against unauthorised use of a business’s name, logo or slogan and will also assist if there is a dispute where there is some similarity in business names, logos etc. A registered trade mark is regarded as a valuable asset of a business and a properly registered mark may in some cases increase the value of a business to a buyer.

Registered trade marks also assist greatly in the event of domain name “cyber squatting” disputes.

What Goods and Services will a Trade Mark Protect?

It is important to note that a registered trade mark will only protect the words or symbols in question in relation to specific goods or services, which fall within 50 internationally ‘classes’ of goods and services. For example pharmaceutical products are in class 5.

As a general rule the holder of a trademark can lose the protection granted for given goods or services if they fail to use the mark for those goods or services.

How Long does Trademark Protection Last?

Although a registration is initially for 10 years, registration can be renewed provided that the mark is still in use. Provided that the mark continues to be used the registration period is indefinite.

Is my Brand Capable of Registration as a Trademark?

Not all names and logos will be protectable as trademarks. There are various grounds on which trade mark registration can be refused. These are referred to as the “Absolute Grounds” and the “Relative Grounds”.

What are the Absolute Grounds for Refusing Registration?

Trade mark registration can be refused by the trade marks examiner if a) that the trade mark has no distinctive character; b) that the trade mark is purely descriptive in nature; and c) that the trade mark is contrary to public morality.

The question is whether the public would recognise the mark as a trade mark. To use an example, this firm would be unable to register “London Solicitors” as a trademark for legal services as the mark is both descriptive (as the mark simply describes the fact that Russell-Cooke is a law firm based in London) and lacks distinctive character.

Assuming that the mark passes these tests then the trade marks examiner will generally allow the mark to proceed to publication. However, at this stage then the relative grounds may apply and the owners of earlier trade marks may object.

What are the Relative Grounds for Refusing Registration?

The relative grounds for refusal of registration of a trade mark relate to the owners of earlier trade marks. The relative grounds are that a) the mark is identical to another mark for identical goods or services; b) identical to another mark for similar goods and services and there is a likelihood of confusion on the part of the public; c) a similar mark for identical goods and services and there is a likelihood of confusion on the part of the public; or d) a similar mark for similar goods and services and there is a likelihood of confusion on the part of the public.

The trade marks examiner will usually notify any earlier mark holders who the examiner believes may wish to object and in fact anyone can raise an objection following publication. If an objection is lodged then there will be a period for the parties to try and resolve any disagreements often by entering into a “coexistence agreement”. If it is not possible to reach agreement then the party making the application may either withdraw their application or the matter may proceed to a hearing for determination.

Should I use the ® or ™ symbols?

It is not compulsory to use the ® symbol for registered trade marks. If it is used it may be used only for the classes in which the mark is registered, In addition it should only be used in jurisdictions where the mark is registered. It is an offence to give the impression that a mark is registered when it is not and any business should be aware of the risks of improper use of the symbol.

The ™ symbol has no legal significance in the UK but serves to put people on notice that the user of the mark regards it as their trade mark. This symbol may be used for marks which are not registered and it may usefully be used in cases where a mark is likely to be too descriptive or with insufficient distinctive character in order to be able to be registered.

Copyright

Copyright comes into existence automatically upon the creation of any literary, dramatic, musical and artistic works. Commonly, copyright is thought of as existing or protect authors, musicians, artists etc however, it is worth bearing in mind that any written or website materials and literature etc created by a business will benefit from copyright protection.

What Does Copyright Protect?

As well as words, images, typographical layouts etc. copyright will also protect software code and even databases.

Copyright does not generally protect the name of a business but may protect the particular way in which a name is written or designed (e.g. a logo).

Copyright Does Not Protect Ideas

Copyright does not protect ideas or information only the form in which those ideas or information are expressed. There is no formal intellectual property right other than a patent which protects an idea per se.

For instance if you have thought of a unique and valuable idea for a new business and you write a business plan for that business then copyright will only protect the business plan itself and not the underlying ideas (which you are likely to think are far more valuable than the particular words you have used to describe the idea). If someone were to see the business plan there would be no breach of copyright if they used or disclosed the underlying ideas.

The only effective means of protecting ideas is by contract (getting someone to promise not to) or by using the law of confidentiality.

When is Copyright Material Created?

In the UK copyright comes into existence as soon as material is created and there is no need for registration. For instance, as soon as content is written for a website, it will benefit from copyright protection even before the content has been posted on the website.

To use website copy as an example both the words themselves and the way in which they are presented on the site will be protected by copyright. Images, and the layout of the website may also be protected.

Who owns the right?

The right will generally be owned by the “author” of the work. If the author is an employee of the business and creates the work in the course of their employment then the right will belong to the employer.

However if copyright works are created for a business by independent contractors or third parties (for instance external graphic designers or software engineers) then the copyright will belong to the contractor, unless the contractor agrees to transfer the copyright to the business. Many businesses assume that they own the copyright in their website which they have paid for and often they are aggrieved to find out that an independent firm of website designers owns the rights to their site. Although an independent contractor will own the copyright there is an implied ‘licence’ for the business to use the copyright and a contractor used to create work cannot usually stop a business from using the material (but they may be able to prevent a business from using the material in a context which was not contemplated at the time).

There may be a jointly held copyright in jointly created material.

What are the Protections Granted by Copyright?

If you or your business owns material which benefits from copyright protection then you will be able to prevent copying, performing, selling, distributing or using that material without your consent.

How Long Does Copyright Protection Last For?

The length of the term of copyright protection depends on the type of material. For literary, artistic, musical and dramatic works the protection will last for the author’s life plus 70 years. Copyright in published work lasts for 25 years, films for 70 years, sound recordings and broadcasts for 50 years

Should We Use the © Symbol?

The © symbol is an assertion that a copyright holder is asserting their rights. There is no obligation to use it and failure to use the symbol does not reduce the scope of copyright protection in the UK. However the symbol shows third parties that the copyright owner claims copyright and may act as a deterrent to improper use. Using the symbol also makes it harder for infringers to claim innocence.

Signatories to the Universal Copyright Convention agree to protect works protected by UK copyright in their jurisdictions, however use of the copyright symbol is a compulsory requirement in some jurisdictions.

How Can a Business Use Copyright Material of Others?

If you need to use material which you believe is subject to copyright protection then unless the use falls within one of the exceptions below, you are strongly recommended to obtain permission to use the material. Permission to use copyright material is known as a licence and a fee may have to be paid for the use.

Exceptions to the requirement for permission include ‘fair dealing’ for non-commercial purposes such as research or private study, using work for educational purposes, and extracting for review and criticism of copyright work. In the business context these exceptions are likely to be of very limited use.

Even if a work is an 'orphan' – i.e. the owner of the copyright cannot reasonably be traced, using the material still runs the risk that a copyright owner will claim copyright infringement.

Some works are licensed through a collective licence, such as the well known Performers Rights Society and licence, which provides a collective licence for a business to perform copyright protected music compositions.

What are Moral Rights?

The Copyright Designs and Patents Act 1988 creates 'moral rights' which include:

- The right for an author to be identified (if they assert the right);
- The right not to be falsely described as the author of a work;
- The right to object to derogatory treatment of work.

Employees who create works in the course of their employment do not benefit from the right to be identified as the author or to object to derogatory treatment.

Design Rights

Copyright does not generally protect 3D shapes. Copyright may protect the surface decoration of a 3D object or 2D plans which describe the object but not the 3D shape itself.

Design rights exist to protect the 3D shape of an object. All of the rights provide exclusive use for the owner of the design but the periods of protection differ.

What is an Unregistered Design Right?

An unregistered design right arises automatically for any new design which is original and not commonplace. The right lasts for 15 years from the first recording of the design or 10 years from marketing the item, whichever ends sooner.

What is a Registered Design Right?

A registered design right provides more protection. An application is made to the Intellectual Property Office for a new design with individual character. The registration is for 5 years but the registration can be renewed for up to 25 years in total.

What is a European Design Right?

There is also an EU registered design right which protects a design in all 27 member states of the European Union for up to 25 years.

There is also an unregistered EU right which lasts for just 3 years.

Patents

Patents protect inventions by giving the owner a monopoly right to use the invention, and the right to prevent others from using the invention.

Although historically patents have been used to protect industrial advances, scientific processes and inventions they are increasingly used to protect processes and software.

There is generally no international recognition of patents and patents must be obtained in each jurisdiction for which protection is sought. This can make patenting a new invention very expensive.

What Makes an Invention Patentable?

In order to patent an invention, the invention must be new, must have an inventive step which is not obvious to someone with knowledge and experience in the field, and must be capable of being used. In order to protect a patent the invention generally cannot have been made public anywhere in the world before the date of the patent application.

Who Owns a Patent?

The person entitled to apply for a patent is generally the inventor or inventors. There is a presumption that an employer will own the rights to any invention by employees in the course of their employment. However employees may have rights to receive royalties if their invention is of outstanding benefit to an employer.

How is a Patent Registered?

Generally before a patent application is made the historic record of patents and applications will be searched.

Registration of a patent can be a very time consuming process. The process involves checking that the invention is new and involves an inventive step, publication, and an opportunity for objections.

How Long Does a Patent Last?

A UK patent lasts for a maximum of 20 years from the date of the application.

For further information please contact:

Guy Wilmot

Solicitor

020 8394 6531

Guy.Wilmot@russell-cooke.co.uk

Jonathan Thornton

Partner

020 8394 6521

Jonathan.Thornton@russell-cooke.co.uk

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