

HSBC Innovation Seminar

A Guide to Intellectual Property Protection

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**Overview of
IPRs**

**Risk
Management
& Insurance**

Case History

**Levels of IPR
Protection**

WHY IPR PROTECTION?

Start-ups

Attract **funding** easier if :
IPR protection adequate;
Safeguarding your assets;
Brand maintenance and
reputation.

Investors

Companies must be seen to
be **mitigating the risk** of
failure !!!

IPR from the Investor's Viewpoint

- **Barriers to entry**
- **Market share**
- **Increase in 'switching costs'**
- **Mitigating risk for the funds invested**
- **Adequate IP protection**

CASE HISTROY

Business Plan: Jon has a new technology for Improving Domestic Irons and is looking for a loan or investment.

Jon claims the following:

- **A registered design**
- **Patent application** pending
- **Trade mark registered**
- **Prototype** created
- **Market survey** generated a lot of interest
- **Financial projections** are fantastic!!
- He **owns** all of the rights.

WHAT ARE THE ISSUES?

Options - Technology

- ✧ License

 - ✧ Assignment

 - ✧ Mortgage

 - ✧ Set up company

 - ✧ Alliance - JV, collaboration, partnering

OVERVIEW OF IPRs

www.patent.gov.uk

REGISTERED RIGHTS

- ❖ **Patents** - inventions
- ❖ **Trade marks** - badge of business, logos, names, smells, sound
- ❖ **Registered designs** - “look” of product for industrial designs

QUASI-REGISTERED RIGHTS

- ❖ **Domain names**

UNREGISTERED RIGHTS

- ❖ **Know-how** - trade secrets
- ❖ **Copyright** - literary, including digital work, research notes, software
- ❖ **Design rights** - product shape and configuration
- ❖ **Brands** - goodwill and reputation

IPR: Copyright

- **Bundles of rights** - to reproduce, rent, broadcast or to stop parties exploiting work
- **Literary work**- books, articles, drawings, digital works
- **Musical work** – music
- **Artistic work** – sculpture, photograph
- **Computer generated** – computer program
- **No system of registration**- protected as soon as recorded

IPR: Copyright

→ Ownership

→ Duration

→ Originality

→ Copyright Infringement

IPR: Registered Designs

→ **Design** – appearance of whole or part of a product resulting from the **features** of the lines, contour, shape, material, texture of the product

→ **Product** – any industrial or handicraft items including packages, graphic symbols and parts

→ **How to obtain a registered design?**

IPR: Registered Designs

→ **Right to use the design** – making, importing, selling, stop unauthorised use

→ **Ownership**

→ **Is the design original** – New? Individual character?

→ **Searches**

→ **Design Infringement** – unauthorised commercial use

PATENTS

- Ownership
 - Validity
 - Duration
 - Patent Searches
 - Risk of Patent Infringement
 - Patent Filing Strategy

Test for Patentability

A patentable invention

- ✦ it must be novel;
- ✦ it must involve an inventive step;
- ✦ it must be capable of industrial application; and
- ✦ it cannot fall within an excluded category, i.e. discovery, literary work, mathematical model

For an invention to be novel

- ✦ the invention must **not** form part of the “state of the art” ie. all matters, including any product, process, information in any form which could be oral, written or by use or in any way whatsoever which was “made available to the public” anywhere in the world before the priority date

Inventive step

- ✦ must not be an obvious invention so that a person skilled in the art (eg. a skilled scientist) would have found it an obvious invention to make at the priority date

Disclosure

General Rule:

Patents - Invention disclosed before filing patent application – loss of patentability
e.g. publication of an invention in a journal

Know-how - unauthorised disclosure can **destroy know-how** e.g. an employee passing on details

Disclosure: What disclosure can destroy novelty?

Destruction of novelty means the invention is not patentable i.e. the invention is not novel. (*Note:* Not every disclosure is novelty destroying)

✦ disclosure at an international *conference* ?

- YES

✦ publication of a patent application in the UK? - YES

(If in USA “first to invent” - 12 months from filing date)

✦ disclosure under an obligation of confidence? - NO

Test for Patentability: Novelty

RECAP:

- ✦ To be **patentable**, an invention must be *novel*;
- ✦ Must **not** form part of the “**prior art**” - means any product, process, information located in whatever form (oral, written, in use) anywhere in the world which is “made available to the public”;
- ✦ “**Made available to the public**” - means published or capable of inspection in the UK or any member of the public is free to use without breaching confidence or the public is given enough information to perform the invention

Note: Disclosure of a patentable invention can destroy novelty.

IPR: Trade Marks

→ Clearance Searches

→ Conflicting Marks

(Trade Mark Infringement/Passing-off)

→ Registrability

→ Filing Strategy

→ Brand Reputation/Protection

Know-how

→ Ownership

→ Disclosure

→ Confidentiality Agreements

Confidentiality

The information must be:

- ✦ confidential in nature - i.e. it must have the necessary quality of confidence;
- ✦ disclosure must be made in circumstances imparting an obligation of confidence

Crucial to enter into a confidentiality agreement:

- ✦ specify what information to be kept confidential;
- ✦ how long for?
- ✦ the limits on use and disclosure of confidential information

Confidentiality

Why is confidentiality important?

- ✦ protects material not capable of IP protection, e.g. patenting of business methods in the UK;
- ✦ protects an invention before filing a patent or a design application;
- ✦ protects confidential information disclosed during negotiations, e.g. secret processes or other know-how.

What types of information can be protected?

- ✦ know-how (commercial information); formulae; recipes; processes; improvements to products or processes,

Breach

Breach of confidence

✦ Receiving party discloses or uses confidential information for other purpose than agreed;

✦ Obtain an injunction (Interlocutory Injunction)

Note: there can be no delay in obtaining an interlocutory injunction

Remedies: damages, account of profit, delivery up or destruction

Why Specialist Insurance Policies?

- IP important assets
- Financial Muscle
- Protection and enforcement of IPRs
- High costs of IP litigation
- Increase in IP and domain name disputes
- Protects a company's balance sheets

Specialist IPR Insurance

Specialist types of legal expenses insurance for safeguarding and defending against:

- Infringement of IPRs; or
- Actual or alleged breach of contract; or
- Defending a challenge to the validity of the insured's IPRs e.g. the validity of a patent.

Premiums vary widely - policy limit.

Some insurers may only insure companies with established businesses and may require an **IP Audit** to obtain an independent opinion on the validity and scope of the IPRs and the value of the market covered by IPRs.

IP Audit

IP Audit

- Scope of Company's risk
- Can it be controlled?
- In-house risk management measures?
- Extent of insurance coverage
- Independent opinion on validity, scope of IP and value of the market covered by IP
- Damages which may arise from the infringement

Risk Management - checklist

- ❖ Due diligence
- ❖ Ownership of all IPRs?
- ❖ Copyright notices on all original works?
[Name] [Year of Creation]
- ❖ Trade mark symbols: ® or ™
- ❖ Registration of IPRs?
- ❖ Consents & authorisation obtained for
hypertext links on website

Risk Management -checklist

- ✧ Advertising complies with relevant laws?
- ✧ Signed confidentiality agreements
- ✧ Confidential documents marked “strictly confidential”
- ✧ Security (Firewalls & Virus Protection)
- ✧ Segregation of servers
- ✧ Specialist IPR Insurance-Audit & Valuation

Conclusion

✧ **Beware!** A company may not be able to obtain patent protection for its invention but it may still be a very valuable asset commercially.

✧ Know-how may be the best means of protecting a technology invention.

THANK YOU - Dr Rosanna Cooper

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