



**ENTREPRENEURIAL  
BUSINESS LAWYERS**

## **IDENTIFYING, PROTECTING & EXPLOITING YOUR IPR**

This Briefing Note provides an overview of the different types of intellectual property rights, what is required to acquire such rights and how these rights can be exploited.

### **COPYRIGHT**

Copyright is an unregistered intellectual property right that aims to prevent one person copying or using another person's original work without that person's permission. Copyright extends to any form of original literary, dramatic, musical or artistic works, sound or video recordings, broadcasts, tables, compilations, computer programs or databases. Copyright arises automatically provided: (i) the work is original; (ii) recorded; and (iii) either the author is a "qualifying person" (i.e. British, a resident in the UK or a company incorporated in the UK) or the work is first published in the UK. The person who creates the work will be the first owner of copyright except an employer will own the copyright in a work created by an employee "in the course of employment".

### **DATABASE RIGHTS**

A "database" is defined as "a collection of independent works, data or other materials which are: (i) arranged in a systematic or methodical way; and (ii) individually accessible by electronic or other means". Databases can be protected by copyright and/or by database rights. To be protected by copyright, the database must be "original" in that the arrangement or selection of the contents is the result of the author's intellectual creation. In contrast, to qualify for database right, the database does not require "originality" but there must have been a substantial investment in obtaining, verifying or presenting the contents of the database. The owner of the database right is the person who takes the risk of obtaining, verifying and assembling the contents of the database.

### **PATENTS**

A patent is a registered intellectual property right granted by the Intellectual Property Office that gives the owner a monopoly right to use and exploit an invention. Patents are used to protect the rights of the inventor to exploit new or improved products, technology, machinery, devices, compounds or processes. The invention must be embodied in some practical, technical or industrial application. Patents are not easy to obtain and the application process for patents can be time-consuming and expensive. However, if successful, patent protection is a very valuable intellectual property asset. As registered intellectual property rights, patents are identified on a public record as owned by the business, they can be sold or licensed for significant consideration and they can be enforced through infringement proceedings.

### **TRADE MARKS**

Trade marks are symbols which may appear or be attached to a business' products or services and by association with those products or services, the trade marks represent the goodwill and reputation of such products or services. Trade marks may consist of words, slogans, designs, numbers, packaging, domain names, shapes of goods, sounds, colours or moving images. Trade marks may be registered or unregistered. Unregistered trade marks may be established simply by "use" if the use of a symbol in conjunction with a product gives rise to an association of the symbol with the product. However, in modern business where marketing strategies, product design and advertising are increasingly important, companies often seek registered protection for their trade marks from the

relevant Trade Marks Registry (for example, at the Intellectual Property Office for a UK trade mark).

#### **REGISTERED DESIGNS**

A registered design is a registered intellectual property right granted by the Intellectual Property Office that gives the owner a monopoly right to make goods incorporating the design. The design can be three-dimensional such as the shape of an article or two-dimensional such as surface patterns or logos. A registered design provides protection for the design across all sectors so, for example, if the registered design was originally applied to t-shirts it would also be protected in respect of mugs or tea towels. A registered design is easier and less-expensive to obtain than patent protection but like patents, registered designs have the advantages of being listed on a public record as owned by the business, can be exploited for commercial gain and can be enforced through infringement proceedings.

#### **DESIGN RIGHTS**

Design rights are unregistered rights that protect a shape or configuration of an article. Like copyright, design rights do not provide a monopoly right but aim to prevent a third party from copying a design. To be protected by design rights, the design must: (i) comprise a shape or configuration; (ii) be original; (iii) be recorded in a design document or be the subject of an article made to the design; (iv) be created by a “qualifying person”; and (v) not fall into an “excluded category” such as surface decoration.

#### **EXPLOITING YOUR IPR:**

##### **IP AUDIT**

Conducting an IP Audit of your business will enable you to assess your company’s IP position and will put your company in a good position if new investment or an exit is on the horizon. Businesses should undertake an IP audit to: (i) ensure they have identified all the IP assets they own; (ii) consider whether they should register their IP; (iii) consider new opportunities to commercialise their IP; (iv) assess what IP they rely on from third parties; (v) ensure there are no disputes or infringements of their IP; and (vi) assess the contracts they have in place to protect and capture their IP (i.e. employment contracts, consultancy agreements, design/development agreements and confidentiality agreements).

#### **LICENSING**

Licences are very flexible and can be a useful and profitable way for businesses to exploit their IP. A licence agreement needs to set out the scope of the licensee’s rights, the territory, duration, any restrictions on the use of the IP, warranties, royalties payable and termination provisions. In terms of the licence scope, a licence can be exclusive (where only the licensee can use the IP), sole (where the licensee and the licensor can use the IP) or non-exclusive. Licences can also be restricted by preventing sub-licensing or by defining a “field of use” which limits the licensee’s right to use the IP.

#### **ASSIGNATIONS**

Where a business identifies that it owns IP that it no longer wishes to use or exploit, the business may wish to sell the IP to a third party. The business will usually receive a lump-sum payment for the transfer of the IP instead of royalties. Assignations are also used where a third party consultant is commissioned to develop IP and the IP needs to be transferred to the company or in a spin-out from a university where a new company will be formed to develop and/or commercialise the IP. Sometimes an assignation of IP may be triggered after a certain level of royalties is paid under a licence agreement or where certain milestones or targets are met under the licence agreement.

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