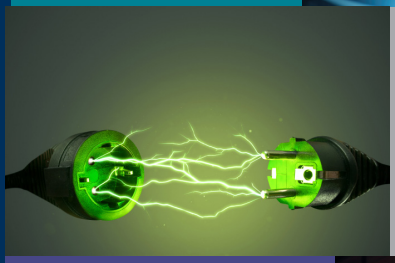
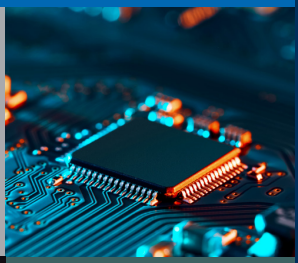
MAUCHER JENKINS

A *quick guide* to Intellectual Property (IP)

Leading UK, German and European Intellectual Property Specialists





About **Maucher Jenkins**

Maucher Jenkins is a leading full-service firm of UK and European patent and trade mark attorneys, with offices in the UK, Germany, Switzerland and China.

We pride ourselves on being a progressive and forward-thinking firm, with experienced, knowledgeable and technically excellent attorneys. We know that value for money is paramount to our clients and we therefore strive to deliver cost-effective, pragmatic and high-quality advice, in accordance with the individual needs and commercial objectives of the businesses with which we work.

We hope you find our Quick Guide to Intellectual Property helpful and if you have any questions, or would like advice on any aspect of intellectual property, we would be delighted to hear from you at info@maucherjenkins.com.

Patents

What is a Patent?

A patent is a state-granted monopoly right which, once granted, gives an inventor an exclusive right to stop others from using, making, selling, offering to sell and/or importing the invention without their permission.

What is Patentable?

Patent protection may be available for an invention if it meets the following requirements:

- The invention must be new (i.e. it has not been made available to the public by written or oral description, by use or in any other way).
- The invention must be inventive (i.e. it is not obvious to a person skilled in the art).
- The invention must be capable of industrial application (i.e. it can be made or used in any kind of industry).

In addition, the patent law in some countries may prevent the grant of patents in certain excluded categories. Examples of such excluded categories include methods of medical treatment of the human or animal body, and some business methods and computer-related inventions.

What should I do if I want to obtain patent protection for my idea?

Our patent attorneys can provide you with advice on the possible patentability of your invention and can assist with preparing and filing a patent application.

If you wish to pursue patent protection for your idea, it is very important that you do not disclose the details of the invention to others without having first filed a patent application or putting a confidentiality agreement in place (e.g. a non-disclosure agreement).

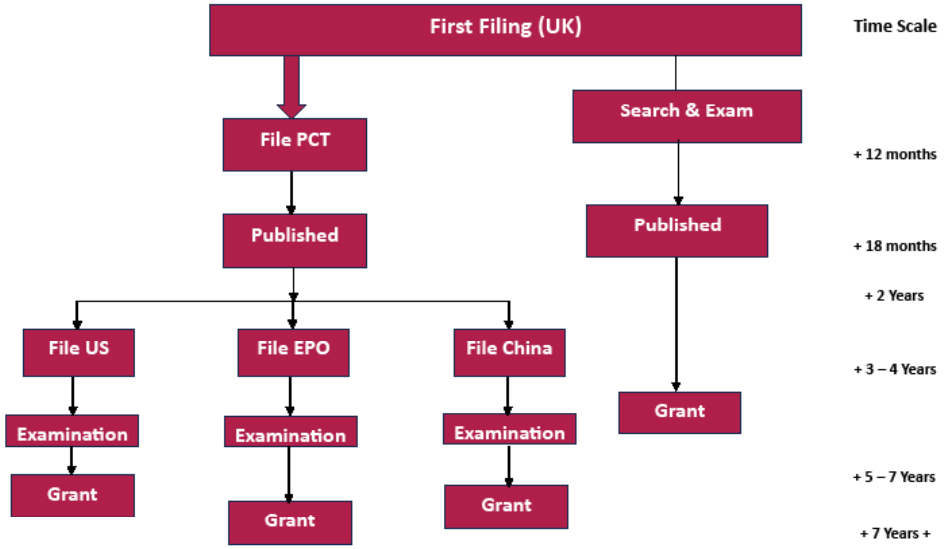
Patents

Where should you file your patent?

When considering where to file your application, it may be important to determine factors such as where your main markets are, where your competitors are located and/or where you will be manufacturing your product.

As a first step, we typically suggest filing your application at the UK Patent Office since the official fees at this patent office are relatively low. After filing the initial patent application, there is then a period of 12 months in which a further patent application may be filed that 'claims priority' from the initial application. The term 'claims priority' means that the further application will benefit from the filing date of the initial patent application.

An example of a further patent application is an International (PCT) patent application. The International Application has two stages. The first stage is the International Phase during which a search is carried out by the Patent Office. At the end of the International Phase, the National Phase begins. At this stage, the Applicant can choose which jurisdictions they would like to pursue protection in. For example, the application could be filed in Europe, the US, China, Japan, etc. The application is then examined before the national patent offices of the jurisdictions in which you have chosen to pursue protection.



Patents

Can we help you?

Our attorneys have extensive experience in preparing and filing patent applications and assisting with the examination and grant process before the national patent offices.

We can also assist with prior art and/or freedom to operate searches. A prior art search may be carried out to look for publications that may be relevant to the patentability of your idea. A freedom to operate search may be carried out to look for any registered third party IP rights that may prevent you from using or selling your idea. If you would like to speak to one of our attorneys we would be very happy to help.

Trade Marks

What is a Trade Mark?

A very important asset! A trade mark identifies your goods or services. It guarantees the quality of those products to the purchasing public and ensures that they are not confused with the goods or services of your competitors.

Your customers will be reassured when seeing your trade mark that subsequent purchases will be to the same standard as the first. New customers will be attracted to your products by the presence of the trade mark, since any advertising or personal recommendation will emphasise the mark.

Can I choose any trade mark?

No! Many thousands of trade marks are already owned by other organisations. Before adopting a new trade mark, it is therefore important to check whether your mark is the same as or very similar to someone else's mark. If it is and you go ahead and use your mark, you may be forced to stop by the owner of the earlier right. This could have disastrous consequences, since you could lose everything spent on the initial launch of your product. You may even have to pay badly needed funds as recompense to the other party. It therefore makes good commercial sense to clear your mark for use and, once you have done this, apply to register it, so that you are in a strong position to stop others competing unfairly with you.

How do I register my mark?

As follows: In order to obtain a registered trade mark, it is necessary to file a trade mark application for the mark covering a particular country (e.g. UK or USA) or a region (e.g. the European Union). Your mark will usually be accepted for registration if it satisfies two main criteria. First, it must not be descriptive of the goods or services of interest to you. Thus "BEAUTIFUL" would not be acceptable for ladies clothing, whilst TOP would not be registrable for hats. Second, the mark must not be confusable with an earlier mark that is registered and/or used for the same or similar products. If your mark meets both of these conditions, it will usually be accepted for registration.

Trade Marks

Is it worth registering my mark?

Definitely! Owning a registered trade mark has a number of advantages. It can give you legal rights even before you use your mark. It appears on a public register. This should help to steer your competitors towards marks that are different from yours. Finally, it is much easier for you to stop others either inadvertently straying too close to your mark or deliberately copying your mark. This makes any legal action that proves to be necessary much cheaper. A trade mark registration is therefore a very cost-effective legal weapon.

Who can advise me on trade marks?

Maucher Jenkins! The journey from the initial trade mark choice, through the comparison with potentially conflicting marks, risk assessment, trade mark application, examination and opposition, to the final destination of trade mark use and registration can be a long and tortuous one. It is always safer and, in the long run, cheaper to seek professional trade mark advice from an early stage in the expedition.

Designs

What are design rights?

Design rights protect the appearance of a product or its packaging. This protection is distinct from trade mark protection, which protects a company's brand selling a product, and patent protection, which protects the functioning of a product. The following is a non-exhaustive list of aspects of a product that can be protected by design rights:

- Lines
- Contours
- Colours
- Shape
- Texture
- Materials
- Ornamentation

Registering a design right

The following must be fulfilled in order to obtain design right protection:

- The design must be new - although a 12-month grace period in which a product can be tested in the market is permitted. It is recommended, however, to register your design as soon as possible to avoid the risk that a competitor registers a similar design before you do.
- The design must possess distinctive individual character in comparison to the designs which have previously been registered or used.
- Parts of a product that cannot be protected include the function of the product and parts which are not visible during normal use of the product.

Designs

Unregistered design rights

It is not necessary to register design rights in order to enforce them if someone infringes your work. UK and European unregistered design rights arise automatically in the jurisdiction that the product is first disclosed to the public. They are intended for short-lived products and, accordingly, provide protection for relatively short period of time (3 years from first disclosure for a European unregistered design, typically 10 years from first disclosure for a UK unregistered design).

However, having a registered design gives you a significant advantage when enforcing your rights. If someone infringes your unregistered design right, you would need to prove that you previously owned the design and that it has been copied. This additional burden of proof can result in more complex and expensive legal proceedings than if the design had been registered.

Advantages of design right protection

Registering a design is quick and cheap to do and ensures that any legal challenge to your design is easy and quick to defend in court.

Having a registered design right also means that your rights can be easily enforced by customs officers, bailiffs or other authorities.

By registering a design, you are afforded full protection for up to 25 years. This is an advantage when compared with just 10 years of protection for an unregistered design in the UK and 3 years in the European Union.

Do you want to register a design?

If you think your business could benefit from a registered design, please get in touch with our attorneys for more information. We have extensive experience working with SMEs, start-ups and individual inventors who have the most to gain from these assessments.

Copyright

Protecting your copyright

Copyright protection is automatic - you don't have to apply or pay a fee to secure it. Specifically, it protects any creation, including the following:

- Literary, dramatic, musical and artistic works as well as films and broadcasts.
- Tables, compilations and computer programs (including their preparatory design materials).
- Graphic works, photographs, sculptures and collages are included in artistic works, irrespective of artistic quality, as are works of architecture.
- Databases benefit from protection where there has been substantial investment in their compilation, but care should be taken to document that investment.

If you wish to assert your copyright over your creations, you should include the copyright © symbol on your work. You should also ensure that you keep dated records of your creative process in case you are required to prove that your work is your own in any future proceedings.

What qualifies as copyright infringement?

Someone can infringe your automatic rights by doing one of the following without your permission:

- Copying your work
- Distributing copies of it, whether free of charge or for sale
- Renting or lending copies of your work
- Performing, showing or playing your work in public
- Making an adaptation of your work
- Putting it on the internet

Please get in touch with Maucher Jenkins if you would like advice regarding copyright.

Commercialising your IP

When commercialising your intellectual property it is important to take legal advice and the team at Maucher Jenkins would be happy to help.

The Green Channel

One way to accelerate prosecution of a patent application before the UKIPO is to apply for the patent application to be prosecuted under the Green Channel. To have their application prosecuted under the Green Channel, the Applicant must convince the UKIPO that the invention underlying the patent application has an environmental benefit. This is typically not a particularly high bar, but clearly unfounded requests will still be rejected. There is no official fee for requesting prosecution under the Green Channel.

The Applicant can also request the UKIPO to accelerate search, examination, combined search and examination, and/or publication. The most obvious benefit is to potentially achieve grant more quickly; under the Green Channel grant can occur between 9 months and 1 year (if everything goes smoothly!).

Patent Box

Patent Box – reduced corporation tax

The UK Government legislation on the Patent Box tax incentive came into effect in April 2013.

The incentive is a reduced corporation tax rate of 10% on net profits attributed to patents (after certain deductions), with the aim of encouraging development of patentable technology in the UK. This compares highly favourably with the current main corporation tax rate of 25%.

All revenue from a UK company can count towards your Patent Box application and any patent in a qualifying patent office can count. UK national patents attract low official fees, so are a cheap way to qualify for the Patent Box without the need to file in other countries.

Commercialising your IP

Qualification for Patent Box regime

You may qualify for Patent Box through legal ownership of the patent and/or exclusive license from the patent owner. Patents acquired from or developed in collaboration with other companies may also qualify.

It can be a UK or European patent, or a patent granted by another EEA country with similar patentability criteria, such as a German patent. US patents do not qualify, as they may cover inventions such as business methods that would not be patentable in the UK.

The tax incentive is not limited to profits derived from countries where the patent is granted; instead, the existence of a qualifying patent is taken as an indication that the technology meets the requirements of technicality, novelty and inventive step.

Pending patent applications do not qualify, but once a patent is granted, profits arising up to 6 years before grant may qualify for the reduced tax rate.

The company must have undertaken 'qualifying development', by making a significant contribution to the creation or development of the invention claimed in the patent, or a product incorporating the patented invention; mere ownership of the patent is not enough. A company can also qualify if it actively manages the portfolio of patent rights for another company in the same group that has undertaken the 'qualifying development'.

Commercialising your IP

Licencing & Selling your IP

A company's IP is an intangible asset of the company and can sold similarly to any other asset. It is also possible for the IP owner (licensor) to grant a licence to a third party (licensee).

What is a Licence?

Rights afforded by the various types of IP allow a proprietor to prevent third party from doing certain acts related to that IP. A licence is an agreement, between the licensor and a licensee, that permits the licensee to perform acts that would be an infringement of the IP if the licence wasn't in place. For example, a licence may allow the licensee to sell a product that is covered by a patent without the patent owner being able to sue the licensee.

Types of Licence

Non-exclusive licence – the licensor is able to give licences to multiple licensees under a non-exclusive licence. The licensor is allowed to continue to use the IP.

Sole Licence – the licensor gives a licence to a single licensee. The licensor is allowed to continue to use the IP.

Exclusive Licence – only the licensee is allowed to use the IP. Not even the licensor is permitted to use the IP under an exclusive license.

Commercialising your IP

Use of a Licence

Licences can be beneficial to both the licensor and the licensee. Some examples are set out below:

- A company structure may be such that a subsidiary is created to hold all the IP, with other subsidiaries created to use the IP. In such a scenario, a licence can be granted from the subsidiary holding the IP to the subsidiary that uses the IP. The subsidiary holding the IP therefore gains revenue through the licence, while the subsidiary operating the IP can focus on operating without having to be involved in R&D themselves.
- A franchisor may allow a franchisee to use their trade mark so that the franchisee benefits from the use of the reputation in the trade mark, while the franchisor has an additional source of revenue.
- A first company may have a patent that covers a particular product, but without the manufacturing and distribution capability to produce that product at scale. That first company may then grant a licence to a second company that has the manufacturing and distribution capability. The first company can gain an additional revenue stream through royalties in the patent, while the second company can enter a new market by selling the product.

As can be seen above, some benefits of licences include additional revenue sources, lowering the barrier to entry for a market, wider distribution of your product, improving inter-company collaboration and so forth.

While there are benefits, there are times when a licence may not be appropriate. For example, if a franchisee operating under a franchisor's trade mark offers a service or product quality that is below that of the franchisor, the reputation associated with the trade mark may suffer. In another example, allowing a licence for a patent could allow a competitor into a market of particular interest to you. This could be problematic if they are able to take advantage of economies of scale to offer a product at reduced cost.

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