

This brochure highlights the importance of intellectual property rights to businesses. It also underlines the need to protect them if these assets are to be preserved and grow. It outlines practical steps that everyone in a business can take to ensure that intellectual property is adequately protected and is not unscrupulously exploited and damaged by others. The information it contains is intended for general guidance only, and relates to intellectual property rights as they exist within the UK (and Europe, where indicated).

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Intellectual Property

What is it?

Intellectual property (or "IP") rights provide legal protection for some of the most important aspects of a business. They can protect, for example:

- the name of the business
- its logo
- label designs
- packaging shapes
- advertising
- slogans
- domain names
- software
- databases
- documentation
- artwork
- music
- design documents
- scientific or other industrial processes

and sometimes even the product or services themselves that are offered by the business.

IP rights are essentially preventative in effect - they act to stop third parties doing something they would otherwise be able to do. Their purpose is to encourage investment and innovation and to discourage copying.

Rights may be bought, sold, mortgaged or leased just like tangible property such as land. This is usually called 'assigning' or 'licensing' and can be an important business opportunity and source of income.

IP rights tend to be territorial by nature, with most countries having their own laws (although there are exceptions, such as the Community Trade Mark covering all Member States of the EU). Owning a right in one country does not necessarily mean the right is held in another country.

The main IP rights are:

- Trade marks (registered or common law)
- Copyright and database rights
- Designs (registered or unregistered)
- Patents
- Unfair competition/passing off
- Trade secrets/confidentiality
- Although not strictly an IP right, domain names provide important signposts to a

business and its product/service offerings, requiring careful management.

"IP" is an umbrella term covering the rights listed above (and a few other, more rarely used rights). Each right has its own legal basis discussed in more detail below.

Trade Marks

A registrable trade mark is a sign that identifies a particular brand with its manufacturer or owner, and distinguishes it from other brands and products. At its broadest, it enables consumers to choose between goods and services offered by different undertakings.

Trade marks may be:

- names/words - FORD; GOOGLE
- letters and numbers - KRONENBOURG 1664
- slogans - GILLETTE - the best a man can get
- logos and pictures - the NIKE swoosh;
- the NESQUIK rabbit
- colours - copper and black (DURACELL)
- shapes - the TOBLERONE chocolate bar
- sounds - the DIRECT LINE jingle

It is desirable to protect a business' trade marks by applying to register them with the relevant Intellectual Property Office (essentially a public body with responsibility for running the regime).

Two sorts of trade marks are available for the UK: UK national trade marks (administered by the UKIPO in Newport) and Community Trade Marks or "CTMs", covering the whole of the EU (administered by the Office for Harmonization in the Internal Market or "OHIM" in Alicante, Spain). All in, it costs approximately £900 to register a standard UK trade mark, and approximately £1,700 for a CTM.

Once a mark has been registered, the ® symbol may be featured alongside it. This warns others that it is a registered trade mark. Using it incorrectly is, technically, a criminal offence.

If a sign is used as a trade mark but is not yet registered or is even unregistrable, the TM symbol may be featured, which shows that unregistered trade mark rights are being claimed.

An alternative to both ® and TM is * with a footnote explaining what the right is and the company claiming it, eg: 'KODAK is a [registered] trade mark of...'

A trade mark may only be registered if it meets the criteria set out in each country's laws. Generally, trade marks must be distinctive and capable of being represented on paper.

Time limit on protection: none, as long as renewals are carried out (usually every 10 years) and the mark remains validly in use. It is very important to ensure that a registered trade mark remains in use in substantially the same form as it was granted. If a business has a trademark for a label for one of its products, then if the format of the label changes, the business should seek advice on filing a new trademark application for a new label.

Best practice:

- Choose new trade marks carefully.
- Avoid descriptive words and slogans such as 'best' and 'the tastiest pizza in town'.
- Clear any new trade marks before you use them to make sure they are not already in use by others. If you don't, you may be stopped from using them, even forcing you to withdraw your product after launch.
- Register your trade marks. It makes it much easier to prevent others using them and acts as a 'keep off the grass' notice.
- Make sure you use your trade marks correctly (see Using Trade Marks below).
- Control the use of any trade marks you license to maintain the connection between you as the trade mark owner and the product itself.
- If you discover any of your trade marks being misused, take action immediately (see Taking Action, below).

Copyright

Copyright protects the skill and labour involved in creating original literary or artistic works, among other categories of creative endeavour, preventing their unauthorised copying.

There are many aspects of a company's business where copyright protection is likely to be available:

- logos
- labels and packaging

- brochures and advertising
- jingles
- software
- reports and other documents or artistic works created internally or for third parties

In Europe, copyright is acquired automatically as soon as the creator records the work in a permanent form. It is not required, nor indeed is it possible, to register copyright within the UK. Copyright ownership may be indicated by showing the © symbol, followed by the year the work was first published, plus the name of the copyright proprietor e.g. © 2010 Bristows.

The first owner of copyright is the author of the work in which copyright is claimed (e.g. the writer of a brochure; the artist of a picture; the composer of music; the producer/principal director of a film). However, where certain works are created by an employee in the course of employment, the employer is the first owner of copyright subject to contrary agreement.

Time limit on protection: 70 years after the death of the author in the EU for most copyright works.

Best practice:

- Ensure your business has all the software licences it needs – undertake regular audits.
- If an outside supplier originates any creative work, ensure that the copyright in their work is transferred to you. This requires a legal document called an 'assignment'. Arrange this when the work is commissioned.
- In any merchandising of copyright material, include measures to control how the licensee uses your copyright material in the agreement, and monitor the actual use.
- Where possible include 'sleepers' in copyright works. These are small, deliberately included but imperceptible mistakes, such as double spacing between words. These can be valuable later on in proving that copying has taken place.
- Look out for copying, and take action immediately if you discover any (see Taking Action).

Designs

Protection of designs varies between countries. In the UK, both registered and unregistered protection is available under both a European system and a separate domestic UK system.

UK and EU Registered Designs

Registered designs are available to protect the appearance of the whole or part of a product. This includes not just a product's shape but also its packaging, including logos and typographical arrangements. Registered designs can be important where the appearance of a product and/or its packaging is important to consumers. It is not necessary to prove that a third party has copied the design for infringement to occur.

To be registrable the design must be both novel and have individual character: that is to say it must produce a different overall impression on an informed user from existing designs.

The owner of a registered design has the exclusive right to use the design and any design which does not produce on an informed user a different overall impression.

Time limit on protection: up to a maximum of 25 years, subject to renewals being carried out (every five years).

It costs about £1000 to register an EU design and about £500 to register a UK design.

UK and EU Unregistered Design Right

Unregistered EU and UK design rights arise automatically but can be difficult to enforce. It is necessary to prove that the design which is supposed to have been copied is properly the subject of design right protection, that you own it, and that the alleged infringer copied your work rather than creating the item independently.

UK unregistered design right protects only the three-dimensional elements of a design, giving automatic protection against close copying. The EU unregistered design right covers not only three-dimensional elements of a design, but also two-dimensional surface decoration such as logos.

The owner of EU unregistered design right enjoys the same rights against potential infringers as the owner of

an EU registered design, except that copying must be shown to prove infringement. The owner of a UK unregistered design has the exclusive right to make articles exactly or substantially to that design.

Time limit on protection: 3 years for the EU right; 15 years maximum for the UK right (or 10 years from first commercial availability in some instances).

Best practice:

- Apply for design registration as soon as possible and in any event within 12 months of publicly disclosing the design. 'Publicly' means disclosure to anyone, even the trade, who is not bound in confidence. Seek legal advice on the identity of the person or company applying to register the design to ensure it is the right entity.
- For UK and EU Unregistered Design Right, record the design in a design document or make a prototype to the design to obtain protection. Note on the drawing or model the author, date, circumstances in which the work was created and details of any subsequent modifications. Keep these records in a safe place and note their existence in a database or index.
- Ensure your rights are acknowledged and protected in any merchandising agreement. Monitor how they are used.
- Look out for copies of your designs, and take action immediately if you discover any (see Taking Action).

Patents

Patents provide protection for inventions of products or processes (e.g. a new widget or method of making beer foam in a glass). To be patentable, the product or process must be new (that is, not previously published) and innovative, although this can be an improvement to an existing idea as long as it is not obvious. Patent protection is not available for methods of doing business, computer programs or methods for presenting information.

A patent prevents others from making, using or selling the innovation and so is a source of commercial advantage. Patents are often licensed in return for a share of profits from sales (termed 'royalties').

A patent application can be filed at the UKIPO or at the European Patent Office. All types of patent are presently national after grant.

Time limit on protection: patents are granted for up to 20 years. The patent must describe the invention clearly enough for competitors to be able to use the invention after this period.

Best practice:

- Keep ideas confidential until you have filed a patent application.
- Mark all drawings, notes, correspondence and meeting notes with third parties as 'confidential'.
- Before filing, only disclose to third parties under an obligation of confidence to you.
- If you commission work that includes an invention, endeavour to obtain outright all patent rights, rather than taking a licence.
- Look out for any infringement of your patents, and take action immediately if you discover any (See Taking Action).

Unfair Competition/Passing Off

There may be situations when trade marks, copyright, designs or patents have not been infringed but where legal action may still be taken.

In the UK, if consumers are misled by representations (which can be oral statements or implied statements such as similarly designed packaging) into thinking one product is made by or approved by another, then action may be possible under the law of passing off.

A typical example is 'look-alike' packaging. These products are so similar in appearance to a competitor's brand that consumers may mistake them for the genuine article or believe them to be otherwise connected with your product.

Most continental European countries provide protection to brand owners in similar circumstances, under the law of 'unfair competition'.

Best practice:

- Look out for any third party suggesting an implicit or express connection with your company, brand, product or service where none exists, and take action immediately if you discover such (see Taking Action).

- Be aware that laws vary widely from country to country so always take local advice.
- Preserve any evidence of confusion. Ensure that your customer helpline records any instances of consumers calling with an enquiry about a product belonging to or service offered by a competitor or other third party.

Domain Names

Domain names are the unique addresses that identify, and permit access to, specific web sites. It is important that domain names are selected with care and registered.

Ensure that a proposed domain name is not already held by someone else. As with new trade marks, a new domain name should be cleared with a search for other parties' trade mark rights before use, unless the domain name is wholly descriptive of your product (e.g. petfood.com).

Establish a centralised policy for clearing and tracking your domain names, and develop a policy towards cybersquatters. Action outside the courts is available through ICANN for a 'top level' domain name (e.g. .com, .net, .info, .org) or through Nominet UK for 'uk' domains. Both offer a quick and relatively cheap service.

Trade Secrets/Confidentiality

Novel and unique formulations may be protected by trade secrets. Whereas patents and registered designs require disclosure in return for a limited period of exclusivity, trade secrets can be kept secret forever. An example is the Coca-Cola drink formulation.

Material cannot regain confidentiality once the secret is out.

Best practice:

- The confidential material has to be treated with great care and made available on a need to know basis. Use confidentiality agreements and monitor access to the information.
- If possible, do not allow any one individual to have access to all aspects of a secret process.

- Take action if you discover that there has been any unauthorised dissemination of the secret.

Look out!

Businesses with valuable IP assets rely on people keeping a look out for infringements, particularly in relation to trade marks and brands, but not exclusively so.

Keeping a look out protects a business' sales, safeguards its reputation with consumers, maintains brand distinctiveness and ensures a company's competitive edge.

What to look out for

Look-alikes

These imitate a brand or product, looking so similar that consumers think that it is the brand or is at least made by the same company. They free-ride off a brand's reputation.

Counterfeits

The packaging is usually a complete and direct copy of the original, although the contents will be inferior.

Fake merchandise

Your brand may feature on a wide range of items, such as umbrellas, T-shirts and hats. Such items may be carrying your brand name or logo without consent.

Full legal action may not be appropriate in all circumstances and it is best to seek legal advice before taking any further action.

Where to look

Infringers may be operating in any place of commerce. Shops, market stalls, newspapers and magazines, sales brochures and mail-order catalogues are all popular with those who may seek to exploit your brand.

The Internet is another place to monitor carefully. Cybersquatting in relation to domain names is only one problem area.

Look out for competitors that are using your brand in metatags (the 'invisible' words on a website screened

by search engines); or as Ad Words; 'suck sites' (eg. "nikesucks.com") can seriously damage the reputation of your brand; and copycat sites.

Auction and other consumer-as-seller sites such as eBay are particularly popular with infringers, since transactions may be effected almost instantaneously and always behind the safety of a computer screen where identities and other contact information can be easily masked.

eBay administers the "VeRO" (Verified Rights Owner) Programme to enable owners of IP rights to notify it if any sale listing infringes their rights. Infringing items will be removed from the site, usually very quickly. The VeRO Programme can be an efficient, fast and cost-effective means of stopping infringements online.

Taking action

If you spot any infringement of your company's IP rights, it is important to take action quickly to protect their value.

To take action:

- Gather all the information you can about the infringement, without arousing suspicion. Make a sample purchase of any infringing product or service offering, keep the receipt, note prices and promotional displays, along with the time and date. Capture and print screen shots of any relevant material on the internet.
- Note anything that is said by the salesman.
- Alert your legal department to the infringement or, if you do not have a legal department, alert the company secretary or company's firm of solicitors to the infringement.

Brand management and marketing

A brand is often a business' most valuable and important asset.

By way of example, COCA-COLA is generally deemed to be the world's best known consumer brand, recognised across the globe. The branding consultancy Interbrand has estimated that COCA-COLA's brand value in 2009 was more than US \$68.7 billion, based upon its importance in driving consumer selection, and the likelihood of ongoing revenue generated by it.

Businesses invest substantially in their brands, and IP rights are of fundamental importance in protecting them as assets.

New Brands

The most important right associated with a new brand is likely to be its trade mark.

It is wise to plan brand protection, and to involve specialists who can advise you early in the brand development process.

Choose strong trade marks. These are less likely to be copied by others, add value to the brand and are easier to enforce. A strong trade mark is distinctive, so avoid:

- descriptive words (e.g. NATURAL SOUP)
- laudatory words (e.g. FINEST; SMOOTH; QUALITY)
- common surnames (e.g. BROWN'S; SMITH'S)
- geographical names (e.g. LONDON)

The strongest brands, and the strongest trade marks, are truly distinctive, such as Marmite and Levi-Strauss. Names, words, slogans, logos, graphics, label designs and bottle shapes may all be registrable as trade marks.

Once you have a shortlist of possible trade marks (and it is wise to have a selection, in case some are already registered), two further stages will make them legally enforceable:

- 'searching', to ensure they are not already registered; and
- 'registering' them, to protect them.

Specialist help is recommended for these two stages.

Using Trade Marks

Trade marks need to be used consistently and correctly if their value and protection is to be maintained. If used incorrectly, a brand name can become generic. This is what happened to 'linoleum' and 'escalator'.

There are some golden rules in using trade marks properly:

- distinguish the trade mark within text, using CAPITALS, italics, bold, 'inverted commas', underlining or colour
- trade marks are proper adjectives (e.g. 'a MARS bar'), not nouns (e.g. 'fit a VELUX' is incorrect) or verbs. However, they should not be used as descriptive adjectives (e.g. use 'the distinctive flavour of NESCAFE coffee', not 'the distinctive NESCAFE flavour')
- use the generic name of the product or service with the trade mark ('CASTROL oil')
- do not corrupt a trade mark, personalise it (e.g. 'GUINNESS is pleased to announce...'), or hyphenate it
- avoid the possessive form of the trade mark (e.g. 'CUPRINOL's promise') unless it is registered in this form (e.g. 'McVITIE'S')
- a trade mark should not be made plural if it is singular, and vice versa
- keep strictly to the house style and guidelines
- a trade mark should be appropriate to the brand

A useful test...

When using trade marks in advertising or other text, see if the sentence still makes grammatical sense if the trade mark is removed. If it does, it is likely the mark is being used correctly

Does Your Business Need An IP Audit?

If you think your business could benefit from a brief analysis of its existing IP and its IP potential, Bristows would be delighted to help. For an agreed fee, we will review your business' website, in conjunction with your answers to the questions below, and provide you with a short report on how to maximise protection and get the most from your IP assets.

If you are interested in organising an IP Audit, please contact a member of our Intellectual Property Protection team on +44 207 400 8000.

1. Business name and address (and indication of type, e.g. limited company, partnership etc.)

2. Main business activities (including product/service offerings)

3. Website(s) and/or other domain names

4. Does your business own any registered trade marks/patents/designs, or has it ever filed any application(s) for any of these?
 - a. Yes. Please give details:

 - b. No
 - c. Don't know
5. What business logos do you use? (please attach copies)

6. Does your business permit any third party to use its intellectual property (e.g. by way of a licence agreement)? If so, please provide details of any contracts or other arrangements you have entered into in this regard.

7. Does your business use any intellectual property owned by any third party (other than standard software packages, e.g. Microsoft Office etc.)? If so, please provide details of the terms on which you are permitted to use such intellectual property.

8. Do you undertake a regular audit of the software your business uses?
a. Yes
b. No

9. Do you routinely commission third party companies or individuals unconnected with your business to produce or create any item(s) for your business' use (e.g. software; written reports; products; packaging; designs etc.)? If yes, please provide details:

10. In the course of your business do you use or administer any trade secrets, for example recipes or other confidential information? If so, please give details of the measures used by your business to maintain the confidentiality of this information.

11. Does your business have a standard confidentiality or non-disclosure agreement which it uses when disclosing commercially sensitive information to third parties?
a. Yes
b. No

12. Are you aware of any competitors who take advantage of your business by imitating your products and/or copying your literature, mimicking your website etc.? If so, please provide details:

13. Do you monitor the Internet to see if/how third parties are trading in your goods?
a. Yes
b. No

14. Have you ever invoked eBay's VeRO Programme to tackle the sale of any infringing item(s)?
a. Yes
b. No

15. Do you handle personal data for individuals?
a. Yes
b. No

Contacts



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Brian Cordery

Partner

Brian specialises in intellectual property dispute resolution. His practice is divided equally between patents and other intellectual property rights. Brian's patents practice has involved cases for sectors ranging from electronics to biotechnology, with most of his experience acquired in the pharmaceutical field. On the brands side, Brian has acted in many disputes relating to trade marks, copyright and registered designs.



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Paul Jordan

Partner

Paul is an advertising and marketing lawyer advising on brand protection matters. He joined Bristows in 2009. Though his experience covers the full range of intellectual property issues (both contentious and non-contentious), Paul's work focuses on content licensing, trade mark and copyright infringement, and advertising clearance. His experience includes advising on: global IP protection; global brand restructuring; passing off disputes; brand launches; and the defence of ASA and PhonepayPlus investigations.



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Fiona Nicolson

Partner

Fiona specialises in commercial IP work and has many years of experience in helping clients successfully commercialise their technology, often through international licensing. Fiona is active in a number of areas including life sciences, academia, engineering, branding, fashion and software and has experience in acting for a broad spectrum of clients including individual inventors, small and growing companies, large corporates and academic institutions. Fiona lectures widely on IP related topics and is past President of the Licensing Executives Society (Britain and Ireland). LES is an international organisation for business people involved in licensing and technology transfer.

The information contained in this document is intended for general guidance only. If you would like further information on any subject covered by this guide, please email Brian Cordery (brian.cordery@bristows.com), Paul Jordan (paul.jordan@bristows.com), Fiona Nicolson (fiona.nicolson@bristows.com) or the Bristows lawyers whom you normally deal. Alternately, telephone on + 44 (0) 20 7400 8000.

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