

# qLegal

The small print for BIG IDEAS

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## qLegal Online Publication

### Introduction to Intellectual Property Rights

*This toolkit is designed to assist start-ups in understanding the basics of intellectual property rights and how it might apply to their business.*

#### **What Is Intellectual Property (IP)? The Purpose and Importance of Intellectual Property for Businesses**

The term is used to describe certain rights relating to non-physical property. They are generally agreed to be: patents, designs, trade marks, copyright, and trade secrets. These rights allow for the protection of the product of your work against unauthorised use by others. In other words, this stops people from stealing or copying your work.

The rights can be sold or transferred. It is a way to make money from the IP owned by your business. One way is to allow others to use the property through licencing: You can allow others to use the protected property in a way that would otherwise be considered an infringement and you can charge a fee or impose conditions on how the protected property can be used.

#### **Ownership of Intellectual Property**

Intellectual property is generally owned by its creator (especially in the case of copyright), the person who first registered the rights (where registration is part of the process to obtain protection, such as trade marks) or the person who bought the rights/obtained a licence from the creator or owner. The rights can be owned by individuals, by businesses or jointly by several people.

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## Copyright

Copyright protects original literary, dramatic, musical and artistic works, non-literary works such as software, web content and some databases, but also broadcasts, films, sound recordings and typographical arrangements. It is an “automatic” right in the sense that the author of the work immediately benefits from its protection without any formalities like registration.

The rights protect the work from its creation, then last for various periods of time depending on the type of work. For example, with literary, dramatic, musical and artistic works, the rights generally last until 70 years from the death of the author.

Copyright confers on the owner a variety of exclusive rights, including the right to reproduction of the work, right to distribution, communication to the public and public performance. However, the copyright owner may issue a licence to allow these acts to be carried out by another person.

It is important to note that copyright is jurisdictional. This means that each country has its own set of rules that protects copyright. In the United Kingdom, the law of copyright is governed by the Copyright, Designs and Patents Act 1988. However, since the Berne Convention (an international treaty) harmonises several key aspects of copyright law across countries, several principles are aligned internationally.

## Trade Mark

A trade mark is something which allows people to distinguish goods or services. It is defined by the Trade Marks Act 1994 as “any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings”. A trade mark can consist of words, letters, a logo, colour, numerals, a shape, sounds, etc., as long as they are represented clearly and visually. For example, if you wish to trademark a tune, it will need to be graphically represented as a score.

UK Trade marks must be registered through the UK Intellectual Property Office (UKIPO). Protection for trade marks is territorial and will be given in the country where the trade mark was registered. This means that the trade mark needs to be registered wherever you require protection. In determining whether to register in another country, you need to consider whether you intend to expend to markets outside of the UK in the future.

However, registration is not guaranteed to be accepted by the UKIPO. To be registered, a trade mark must not fall foul of any of the “absolute grounds” for refusal of registration (e.g. it must not be misleading or

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descriptive). An example of a non-distinctive mark is the trade mark 'Bottle' to describe a water bottle, as this describes what the good is without distinguishing it from other similar products. The trade mark 'Uber' was accepted as it is distinctive in relation to the services. It is sufficiently distinctive from other driving services to have been granted registration. These absolute grounds for refusal essentially seek to prevent people registering marks which are incapable of functioning as trade marks, i.e. by effectively distinguishing between goods and services.

Furthermore, third parties may object to the application. This is often based on their own registered or unregistered rights in the same or a similar sign (which are known as "relative grounds" for refusal of registration). The objective here is to protect those third parties' exclusive rights to use their own marks and to prevent consumer confusion, which could arise if goods and services from different sources use the same trade marks. The process is known as "opposition". The trade mark cannot be registered until the opposition is settled and this can be resolved through negotiation, withdrawal of the application, or a contested legal process in which the UKIPO or a court decides the case.

If the registration is accepted, the registered owner then enjoys exclusive rights to use that mark. This protects the mark from unauthorised use. Protection lasts for 10 years from registration and can be renewed for additional periods of 10 years for a fee.

In the UK, trade mark protection is governed by the Trade Marks Act 1994.

## Patent

Patents protect an invention by granting exclusive rights over it. This allows the patent owner to be the only one generating revenue from his or her invention for a period of time, while forbidding others from manufacturing/copying it. A famous example of a patented invention is Bluetooth. Patented inventions also include medicine, new plant varieties, and tools.

The normal duration of a patent is 20 years from the filing date, and this may not be extended. The rights are exclusive to the inventor. To be granted this exclusive privilege in the UK, an application must be made to the UK Intellectual Property Office. It will be examined by the office to check if the invention fulfils all the conditions necessary to be patented. The invention has to be:

- (1) novel;
- (2) inventive; and
- (3) capable of industrial application.

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Like trade marks, patents are territorial rights. The protection and rights are applicable in the country in which you have applied and been granted the patent. In the UK, the law applicable to patents is the Patents Act 1977.

## Industrial Designs

Designs are a form of intellectual property right protecting the shape and configuration of an object. For example, the shape of a vacuum cleaner can be protected under this category of intellectual property rights.

They are protected under five regimes: national registered designs, community registered designs, unregistered community designs, unregistered design rights, and copyright. Protection offered by copyright has been discussed in a paragraph above.

### 1. National Registered Designs (UK) and Community Registered Designs (EU)

To obtain protection for national and community designs, there are requirements for designs to be new and individual, and not be functional. These designs are registered in order to be granted protection.

Registration of the design protects any aspect of it from unauthorised use by a third party. Protection lasts 25 years but has to be renewed every five years. The registration may be refused, but you have the possibility to respond and ask for a hearing.

Like for trade marks and patents, registration is territorial. There is no international industrial design right. Therefore, you need to apply for protection via registration in other countries if you wish. Registering a design in the UK (to obtain a national registered design) does not protect it abroad. The European Intellectual Property Office can register designs to be protected in the whole European Union (community registered design).

In the UK, the law applicable to national registered designs is the Registered Designs Act 1949, and in the European Union, community registered designs are governed by the Regulation on Community Designs (EC) No 6/2002.

### 2. Unregistered Community Designs (EU)

Unregistered community designs are given a protection throughout the European Union from the day they were made available. This protection is granted without registration. The protection lasts for a period of

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three years from when it was first made available to the public, without the possibility for this period to be extended. Like registered community designs, they are governed by the Regulation on Community Designs (EC) No 6/2002.

### 3. Unregistered Design Rights (UK)

An unregistered design right protects the shape and configuration of an object under the Copyright, Designs and Patents Act 1988. This design right is automatic and provides a 15 year protection for the design from the day of its creation (subject to some qualifications) without needing to be registered.

### Trade Secret

Some sensitive information can be protected by intellectual property rights. In the UK, they are protected on several grounds.

Secrets may be protected as confidential information (*Coco v. A.N. Clark (Engineers) Ltd [1969]*). A breach of confidentiality occurs when information which is of confidential quality and made known in circumstances that impart an obligation of confidence, is used in an unauthorized manner to the detriment of the party that communicated it. The quality of the information as confidential allows its owner to keep legal protection as long as it is shown that reasonable steps were taken to keep it secret. If no reasonable steps were taken, such as properly disposing of documents, then the secret no longer benefits from the protection of confidential information.

Secrets are also protected through the provisions of a European directive, implemented as the Trade Secrets Regulations 2018. A trade secret is a narrower concept than that of confidential information. A trade secret is information not generally known or reasonably ascertainable. It is secret in the sense that it is not generally known or readily accessible to people that are knowledgeable about this kind of information. It has commercial value and grants a certain economic advantage because it is secret and as such, once public, it will no longer benefit from protection. To qualify as a trade secret, the information must be commercially valuable due to its nature as a secret, be known to a limited group of people, and reasonable steps must have been taken to keep it secret.

On both grounds, if information amounting to a trade secret or confidential information is divulged or used in an unauthorised way, the owner of the secret can sue for damages, an injunction or other remedies. If a litigant sues based on acquisition, use or disclosure of a trade secret, the procedural measures in the regulations apply. If they cannot do this (e.g. their information is not commercially valuable and is

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therefore not covered by the regulations), they should still be able to sue under the pre-existing common law doctrine of confidentiality and obtain remedies under it.

The information protected is usually technical information (manufacturing processes for example) or commercial information (strategies, distribution methods, etc.). A very famous example is the recipe of Coca-Cola. The brand chose to keep it confidential, instead of patenting it, allowing them to keep the list of ingredients a secret from the general public and competitors.

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