

Legal Aspects of IP

Protecting and accessing IP rights in IP Agreements

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About me

30 years experience in IP

- Ministry of Defence
- Qinetiq
- BAE Systems
- Rolls-Royce
- Private practice working with many direct clients





Cautionary Note

Don't oversell your capabilities

- Focus on your area of expertise – the IP clauses
- Ensure wider terms are looked over by a contracts lawyer in the appropriate jurisdiction
- Have an accountant check over any financial terms

IP Strategies

- Preserve
 - typically unregistered IP such as trade secrets
- Control
 - the IP that gives you your USP or market advantage
- Access
 - IP that others own but which you need to use in your product
- Avoid
 - Ensure your risk of enforcement of third-party owned patents is mitigated or planned for
- Exploit
 - Generating income from your IP or use value to negotiate access to third party owned IP



Main types of IP Agreement

- Confidentiality Agreement aka Non-Disclosure Agreement
 - Sharing of IP for information purposes
- IP Assignment
 - IP Owner transfers ownership and control of their IP to another party
- IP License/ Technology Transfer
 - IP owner grants access to their IP for specified purposes in specified territories
- IP Collaboration Agreement
 - A mutually beneficial collaboration between IP owners which may result in new IP arising
- Supply contracts
 - The recipient may need access to the supplier's IP to make use of the supplied technology in their commercial dealings



Confidentiality Agreements

- Often used when parties are looking at the feasibility of working together on a future project
- Protects information exchange
- Could be one-way, from one party to another, or a reciprocal information exchange between parties (there could be more than two parties)
- IP for exchange and who owns it needs to be clearly identified
- Use of disclosed IP for any purpose other than to review and understand what it is - prohibited
- Disclosure of received information to any persons or for any purposes not explicitly authorized – prohibited
- May require return of all information received and prohibit retention of any copies
- Recipient may require a clause to protect them in the event they have already previously independently generated it or received non-confidential access to it from another source
- Not sufficient for projects where the recipient wishes to make use of the information in their own research and development. A second more involved agreement should be entered into for such purposes.



IP Assignments

- Should be recorded in writing
- A transfer of the ownership of IP rights typically in return for consideration, such as financial compensation
- Original owner gives up all right, title and interest
- Original owner (Assignor) guarantees they have ownership and unencumbered entitlement to transfer ownership
- Can assign applications as well as granted
- If in priority year, consider including obligation to assign rights to apply for overseas protection too
- Consider obligations to assign rights to improvements
- Secure commitment from inventors via original owner to cooperate with formal requirements before IPOs
- May be executed as a Deed
- Assignee should be advised to record their title at the IPOs
- If assignee is a corporate entity, authorized signature and seal required
- Signed by both parties to the contract
- Often imposed on employees in employment contracts so employer has control over IP.



IP Licenses/Technology transfers

- Ownership remains with the original owner
- Owner grants the licensee access to their IP in return for something
- Can be one way or multi-way (cross-licensing)
- Can be exclusive, non-exclusive or sole
- Can be restricted to specific geographical regions
- Can be restricted to use only in certain products or markets
- Can be limited term and may include options to extend term by defined periods
- Simplest form involves granting access for payment be that a lump sum or royalties based on volume of sales
- Licensor might seek a minimum financial return independent of sales
- Licensee should be advised to ensure Licensor as owner commits to cooperate in addressing all legal formalities relating to the IP going forwards
- Ensure it's clear which party is responsible for payment of maintenance fees
- Exclusive licensee has automatic right to enforcement, otherwise best to explicitly agree terms on rights to enforce
- Ensure it's clear who can enforce the licensed rights and defend against challenges, be clear on who will pay the costs of doing so
- If making agreements across borders, be sure you know the law of the country the agreement has effect under



IP Collaboration Agreements

- May be used when parties each have some useful technology or expertise to contribute to a bigger project
- Co-dependency – each may need access to the other’s technology or expertise or money to achieve their end commercial goal
- May be a precursor to a future joint venture or new company for exploiting the results of the project
- Allow access to “Background IP” - IP already developed by a party
- Generate “Foreground IP” – need to address ownership and access rights for non-owner
- Joint ownership of Foreground IP is not always necessary and can create complications and conflicts down the line
- The right kind of access to Background IP may be crucial for a party to exploit Foreground IP
- Different licensing and cross-licensing terms for Foreground and Background IP
- Parties might wish to exploit results together or independently in different markets/territories



Supply Contracts

- If their component is protected IP, consider continuity of supply
- Seek commitment from supplier to license their IP in the event they cannot reliably meet your demand to enable you to source from elsewhere without conflict
- Seek warranties from supplier that their components are not protected by third party owned IP
- Seek indemnities in event their components land you in trouble with third party IP owner
- Be clear on who addresses any enforcements on IP in the component once it is in your product
- Address who pays the cost of litigation or any mitigations to resolve a dispute
- If you have to defend litigation, ensure supplier is committed to assist in preparing the case



Considerations in IP transactions

- Clear identification of the IP which is the subject of the Agreement
 - Not just registered IP, also unregistered IP such as copyright, unregistered designs and trademarks
 - Trade secrets and know-how
 - Prior existing IP (“Background IP”) and IP expected to be generated (“Foreground IP”)
- Ownership
 - Who owns the subject IP at commencement
 - Any transfer of ownership
 - Ownership of any new IP arising under a project covered by the Agreement
 - Pitfalls of joint ownership – is it necessary?
- Access
 - Who is allowed access, for what purposes, in what territories, for how long?
 - Can access rights be passed on to third parties?
 - What must the recipient of access to IP provide to the IP owner by way of consideration?
 - Is access exclusive or non-exclusive ?
- Term
 - Is license for an indefinite term, a fixed term, a term which can be extended at the wish of one or both parties?
 - Can agreement be terminated? By either or both parties? In what circumstances? Are there any penalties for doing so?
- Payment
 - How much? How often? By when? What happens if payment is made?



Recording IP transactions at IPOs

- Not mandatory but a sensible precaution
- Preserves Assignee or Licensee's rights if unscrupulous Assignor or Licensor purports to assign to another party
- Best to get it done within 6 months but certainly before attempting to enforce against a third party
- Infringer can use lack of recordal to defend claims for monetary relief
- If not recorded before commencement of litigation, could impact negatively on any costs award
- Evidence – could be the full agreement but to preserve confidentiality of other commercial dealings addressed in a complex agreement, could be a short form addressing only the transfer or license of the registered IP rights.
- If possible, try and record at EPO before expiry of the Opposition Period to avoid having to do so in all the subsequently validated states.





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Thanks For Coming

See you again next time