

STANLEYS IP GUIDE

SELECTED TIPS AND REMINDERS

- *Strip away your fixed assets - your buildings, motor cars, office furniture - everyone has those. What do you have left that makes a difference?*
 - *Your products, your people and their creativity. They are your real assets. Your INTELLECTUAL PROPERTY protects them.*
- *Patents are for winners. They can turn a good idea into a moneyspinner. For indifferent products, they may be just another overhead.*
- *The most important thing to make a new product succeed? Without a doubt, the person behind it.*

Stanleys

INTELLECTUAL PROPERTY

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- This is a small ‘pocket’ guide. Laws and practices change, and can be complex. This simple guide cannot be a substitute for your professional adviser, whom you should consult often.
- This edition was revised in May 2017.

PATENTS

- protect new products and processes ("inventions")
- can cover many different ways of achieving the same new result
- must be kept secret before filing (most countries)
- but then get published after 18 months
- can take (e.g.) two or three years to obtain
- have to be obtained in each country individually
- but a UK application gives an *almost* world-wide option for 12 months (*the priority term*)
- and international arrangements allow many countries to be covered in a single patent application (all dealt with in English)
- can last up to 20 years
- can be attacked at any time
- can be freely traded (sold or licensed) around the world
- a few things cannot be patented
 - e.g. lifeforms, computer programs, business schemes
 - but always check, as the law constantly changes

Example Costs

UK application.....	£2-5k
Overseas application.....	£1.5-5k
"EP" European Application.....	£3-4k
- and each country upon grant.....	£0.5-2k
"PCT" International Application.....	£3-5k
- followed by overseas or European applications as above	
Prosecution (each country).....	£0-5k
Annual renewals (each country).....	£0.2-2k

Note re costs: The above is only an example, to indicate the general level of costs. In a complex case or a difficult case which encounters serious objections, the costs can be significantly higher. On the other hand, they could be less! This applies to all cost examples given in this guide.

Typical Progress of a Patent for several countries

Months	Action	Cost (£k)
-3	Preliminary Advice and Searches	1.0
0	UK Patent Application	3.5
12	PCT Patent Application	3.5
16	PCT search results (consider)	0.5
18	Patent Application published	0.1
	TOTAL Spent To This Stage (1yr 9mths)	8.6
30	File EP and National Patent Applications	15.0
	TOTAL Spent To This Stage (2yrs 9mths)	23.6
36	Prosecute EP and National Pat Applications	5.0
48	Ditto	10.0
60	EP National Phases upon grant	7.0
	TOTAL Spent To This Stage (5yrs 3mths)	45.6

IMPORTANT NOTE: This is just one much simplified example out of almost endless possibilities. It illustrates the general level of costs in obtaining international protection, but these can vary a great deal from case to case. Note how the costs are spread over time. If you want just UK protection for a simple invention, you might get it all done for around £3k, and that's still a potential market of over 50 million people!

Countries of the EP and PCT Patent Treaties

EP

Albania	France*	Macedonia	Slovakia*
Austria*	Germany*	Malta*	Slovenia*
Belgium*	Greece*	Monaco	Spain*
Bulgaria*	Hungary*	Netherlands*	Sweden*
Croatia*	Ireland*	Norway	Switzerland (&
Cyprus*	Iceland	Poland*	Liechtenstein)
Czech Rep.*	Italy*	Portugal*	Turkey
Denmark*	Latvia*	Romania*	United Kingdom*
Estonia*	Lithuania*	San Marino	
Finland*	Luxembourg*	Serbia	

[* EU member state]

PCT

EP (all of the above states)

USA	Australia	Mexico	Thailand
Canada	New Zealand	Brazil	India
Japan	Singapore	Sri Lanka	Cambodia
South Korea	Israel	Vietnam	Kuwait
China	Russia	Indonesia	South Africa

... and many more countries, including the ex-Soviet states (several now part of the Eurasian Patent System, modelled on the EPO) and many in Africa, all totalling some 152 states at June 2017, representing most of the world's population. Countries are still joining, so please check for latest details. (Taiwan is not a member at the time of this edition.)

REGISTERED DESIGNS

- protect only the appearance (eye-appeal) of an article
- do not usually cover many different ways of achieving the same new result
- may not be registered for articles that must match another (UK)
- must be kept secret before filing in some countries
 - can be filed within 12 months of disclosure for UK, EU and US
- but later get published (most countries)
- can be obtained very quickly in the UK and the EU – more slowly elsewhere
- both UK and EU can include multiple designs
- Other than the EU, registered designs generally have to be obtained in each country individually
- a UK application gives a mostly world-wide option for 6 months (for countries that provide similar protection)
- can last up to 25 years (UK & EU)
- can be freely traded (sold or licensed) around the world

Example Costs

UK application.....	£0.5k
Overseas application (incl. EU)	£0.5-1k
Prosecution (each country).....	£0-0.5k
Renewals (each country) - e.g. every 5 years	£0.2-1k

UTILITY MODELS

- are available in some countries but not the UK
- are sometimes called "Petty Patents"
- are perhaps suitable for low-tech products, with less rigorous examination and shorter duration than for full patents
- are not discussed more fully here

REGISTERED TRADE MARKS

- protect the *name* (or logo, or even sound) under which products or services are sold
- but are *quite different to company names*
 - *someone else's Registered Trade Mark can stop you from using your registered company name on your products!*
- are limited to specific *classes* of products or services
- e.g. automobile sales, television broadcasting and restaurant services are all in different classes
- can be quite quick to obtain - but might take a year or two
- do *not* have to be kept secret before filing
- have to be obtained in each country individually
- but a UK application gives a mostly world-wide option for 6 months
- and international arrangements allow several countries to be covered in a single application (all dealt with in English)
- *can be renewed indefinitely!*
- can be freely traded (sold or licensed) around the world

Example Costs

UK application.....	£0.5-1k
Overseas application.....	£0.5-2k
EU or International application.....	£1.1-2k
Prosecution (each country).....	£0-1k
Renewals (each country) - e.g. every 10 years.....	£0.5-2k

EU Trade Mark A single application effective throughout all EU states.

International Trade Mark The UK is a member of the current system, which includes Japan and the USA.

AND NOW THE FREEBIES!

COPYRIGHT & DESIGN RIGHT

- protect only against *copying* of an original work
 - *no protection against someone having the same idea independently!*
- *copyright* developed from "the fine arts" - books, pictures, plays, films etc, but irrespective of artistic merit
 - *it's effective in many countries*
 - *and can last for up to 70 years after the author's death!*
- these days *copyright* in text and graphics can be very important for 'apps' for smartphones and other electronic devices
- and *copyright* also protects *computer programs!*
- *design right* protects many (not all) industrial products against copying
 - *but only for a short time*
 - *5 to 10 years in the UK*
 - *3 years in the EU*
 - *and not in many other countries*
- can be freely traded (sold or licensed) around the world

Example Costs

Copyright and design right in the UK and EU are free!
But keep your original works, signed and dated, to prove it
Some countries register copyright, involving a modest cost

PASSING OFF

- is not an IP right in itself, but is well-known in the IP business
- it's what you can sue someone for, if they *pass off* their products as yours, by using your trading name or style
- it's like having an *unregistered* trade mark
- but you have to prove to the Courts first of all that you have a distinct reputation in that mark
 - and that can take time and money
- registering your trade mark is usually much safer and better
- similar laws apply in other countries, sometimes known as "unfair competition" laws
- *goodwill* in a trade name can be traded (sold or licensed) around the world
- no fees to pay at the outset
 - but can be expensive if you have to go to Court.

CONFIDENTIAL INFORMATION AND KNOW-HOW

- can include secrets of how to make a product, provide a service, run a business, and so on
- can be very valuable
- and can readily be traded (sold or licensed) around the world
- but must be kept secret
- and once *out of the bag*, are generally *worthless*
 - *you can sue someone for breach of confidence, but you can never get more compensation than they can pay*
- no fees to pay at the outset
- but can evaporate in a moment!

SOME FURTHER THINGS TO KNOW ...

OWNERSHIP

- don't assume that you own it, just because you paid for it!
- a patent can belong to the inventor, if *not* an employee *whose job it is to invent*
- the position is similar for copyright and design right
- if you pay a contractor or consultant for research or design work and want to own the IP rights *make sure that you put this in a proper written agreement*
 - ownership of IP rights is often overlooked in contracts

COMPUTERS AND IP

- *computer programs* (on their own) are protected by way of *copyright* rather than patents
- but *patents* are granted in many countries for inventions that use *computers* and *computer programs*
 - in Europe, the main thing is that some sort of *technical effect* is achieved
 - until recently, the US was more liberal but is now becoming less so
- so don't assume that patents and computers are incompatible
 - ask your professional adviser

SEARCHING

- your invention must have novelty to sustain a valid *patent*
- *and you don't want to infringe someone else's patent!*
- most Patent Offices (*or IP Offices 'IPO'*) carry out their own searches as part of their patent application procedures
- you can carry out your own search first
 - to see if your invention looks novel
 - perhaps pick up some good ideas from prior patents
 - but be careful about infringing them
- www.espacenet.com and www.uspto.gov are pretty good if you want to get started with some basic searching yourself
 - you'd be surprised what you can find out about your competitors today - and they about you!
- private searching firms are often the most thorough, but an in-depth search through millions of documents can be expensive
- *the UK IPO provides an excellent value patent search, which is subsidised at only £130, as part of the patent application procedure*
- Stanleys can provide a budget patent search, which is relatively inexpensive and reduces the risk of applying to patent an invention that is already known and well classified in the databases
- searching for prior *trade marks* is *essential* before adopting a new mark
 - it can take some time to do it properly
 - but can save you a fortune in avoiding later litigation
 - UK trade mark searching is available at www.ipo.gov.uk
- searching for prior *designs* is also available at www.ipo.gov.uk

Example Costs

Stanleys Budget Patent Search £300-£500.

Trade Marks £200-£500+.

LICENSING

- can be an excellent way to *exploit your IP*
 - in territories or markets that you cannot easily reach
 - where the demand is greater than you can supply
 - if you prefer to collect your royalty cheque than make or sell the product yourself
- to *license* is to *grant a permission*
 - *if you have no IP, they don't need your permission!*
- can be a great way to *expand your business*
 - by *licensing in* someone else's clever product
 - *save those R & D costs - use someone else's!*
- sole or exclusive?
 - a *sole* licence is the only licence you will grant
 - an *exclusive* licence *excludes you too!*
 - but *several* of each can be granted *for different areas of activity*
- competition laws?
 - I'm afraid so - professional advice essential

Example Costs

Get professional advice. A few hundred pounds for initial advice, a few thousand pounds for a licence agreement, could save you from terrible mistakes.

LITIGATION

- the process of slogging it out in court when IP rights are infringed
- and maintaining your lawyer's lifestyle
- can be expensive
 - but you can insure the costs (next section)
 - and very few actions ever get inside the court doors
- will take up lots of your time
- and many months to proceed (e.g. 12 to 24 months)
 - which is less than it used to
- an *interlocutory injunction* can stop an infringer until the action gets to court
 - *but if it turns out not to be an infringement after all, the loser must pay compensation for loss of business*
- usually, the loser pays most (rarely all) of the winner's costs
 - *but no-one ever makes up for loss of the winner's executive time*
- you can't sue for infringement of a patent, design or (registered) trade mark until it is registered or granted
- never threaten anyone with IP infringement, without first consulting your professional adviser. It is all too easy to end up on the receiving end of legal proceedings to restrain "unjustified threats", with the accompanying risk of damages and costs.

Example Costs

Professional advice is essential. A few thousand pounds to get started, hundreds of thousands of pounds in a full and complicated case – and even millions in big company disputes. But small businesses can and do cope with it and win, with a good case, strong nerves and careful planning.

INSURANCE

- is available for legal expenses
- for all types of IP - patents, designs, trade marks, copyright, confidential information, licence disputes
- for both prosecuting and defending litigation
- premiums can vary considerably
 - and are often assessed on the nature and extent of the insured's business
- available in many countries (selectable)
- the terms are always changing
- no insurer ever likes to pay out
 - but they do from time to time
 - and in any event, *good insurance cover* can put anyone in a *good bargaining position*

Example Costs

From some hundreds to many thousands of pounds per annum, for cover up to a hundred thousand pounds and more. Go to a specialist broker if you can.

VALUATION

- IP can be valued, assigned (sold), licensed, mortgaged, and generally traded as an asset throughout the world
- a wide range of techniques is needed to value IP, since it can take so many different forms
- the value of IP can change rapidly and dramatically
 - products can quickly go into and out of fashion
 - a famous brand name may attract a new health scare
 - the value of a new, untried product can be very speculative
 - litigation can put a question mark over the value of a patent (for example)
 - but once successfully defended, the value of the patent can soar
- Some businesses like to have IP as an asset in their balance sheet - especially if they are a takeover target.

Example Costs

Valuing IP can be a time consuming business - especially if there is a lot of it to value. But often, the value can vastly exceed the cost of the valuation exercise.

THE CHANNEL ISLANDS

Guernsey has modern IP laws, including Trade Mark and (uniquely) Image Rights registration systems. Jersey will re-register UK Patents, Registered Designs and Trade Marks. Guernsey will re-register Patents and Registered Designs from various jurisdictions.

FOR THE SMALL BUSINESS

I had been in the profession for two or three years and had only recently moved to Yorkshire, when the prospective client asked:

"Well, what do *I* need a patent for then, lad?"

This was quite unexpected. Until then, I had been immersed in studying and learning the intricacies of the patenting business, mostly on behalf of large European companies who, in those days, still had to file separate patent applications for protection in the UK. They had never questioned the need for my existence. Patents were a fact of life, and I got paid to prepare and file applications for them.

I was temporarily flummoxed, and muttered something unconvincing about how good patents were, everyone ought to have them, etc. Despite this, the client went ahead anyway. But from that moment on, I started to think about his question, and have been doing so ever since - each time a new client comes to me for protection. Yes - I'm in the protection business!

Why Bother?

No-one *has* to have a patent. The whole activity is quite voluntary. There is no point in applying for a patent unless:

You have a good idea

There is a reasonable chance of making good money from it

You - or someone else - is prepared to work very hard to make it a success

The protection business

These days, one thinks of more than patents for protecting one's business. As you can see from the above, there are designs, trade marks and copyright - as well as know-how and confidential information. All of this has become known as *Intellectual Property - IP*.

What's a good idea?

In short, one that will make you good money.

But I have no idea which new product is going to catch on. No-one really has. So if you have a completely new product - good luck!

Improvements to existing products and processes are usually easier to get into production. People feel more comfortable with them - especially manufacturers

and marketing people. Boring, but true!

Don't let this put you off. Just appreciate that you might have to work harder to get a new product or process accepted. What matters is that it has a reasonable chance to make good money.

What's good money?

This means different things to different people. One person's million is another person's 50k.

Your protection could cost you three or four thousand pounds for the UK only, and tens of thousands of pounds for international cover - spread over some years. So you want this to be modest in comparison to the rest of your outlay. Don't worry, if you're at all into manufacture and sales, it will be!

If you're only in the game to license your invention(s), you'll probably want or need your licensee to pay the more substantial costs of protection, after you meet the initial outlay (which should be modest in comparison to your anticipated return). But you'll still need to work both hard and rapidly.

So what happens if I don't bother?

You make it easier for the competition. You don't put any hurdles in their way, and if your product is a success, they can jump straight on your bandwagon.

If your plan is to license, there may be no reason for a licensee to pay you anything at all. Wave goodbye to your bandwagon!

Surely I don't have to pay for protection every time?

Some things in life are free. Copyright, know-how and confidential information, for example.

There may be little point in paying for patent or design protection for a large range of short-life products that come and go in a matter of weeks or months. Or for regular staple products such as flour, sugar, cement, gravel, etc - unless, of course, they are usefully improved.

But even in these cases, Registered Trade Marks can be very valuable. How much would you pay to be able to use the Trade Mark **COKE** or **PEPSI** for cola - or **SHELL** for petrol? **TETLEY** for tea? **COLMAN'S** for mustard?

Doesn't protection take ages to obtain?

It can take two or three years or more to have a patent granted. A few weeks or a few months for a design or trade mark. But don't worry. You get benefit

from the day that you apply. And it can often take two or three years or more to get some products to market anyway.

Can I try my product in the market first?

Not if you want a patent in the UK and most other countries - or a registered design in some countries.

You can't even tell a mate in a pub about it until the patent or design application has been filed. Only discussions in strict confidence are allowed.

Do I need to know more?

Yes, a bit. If you're a busy person, you can leave it all to us. We'll need to discuss details with you, but we know the questions to ask. You'll need to understand the sort of protection that we are applying for on your behalf, and the main types are summarised above. This guide is designed to be brief - not comprehensive.

A final word

Very little in business is precise and predetermined. Few businesses know for certain how much product they will sell over a given period and how much profit they will make. They have to adapt to changing circumstances. Our protection business is no exception to this. The position continually changes.

www.ipo.gov.uk will lead you to lots of detailed information about IP

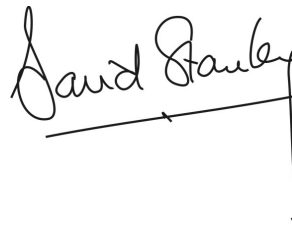
FOR THE CORPORATE EXECUTIVE

Your position is likely to be rather different. IP may be an essential and important weapon in your strategic war chest. It is a common tactic to build up a wall of patents around a given technology. Even if some are modest, they can all add up to a very difficult obstacle for competitors to deal with. Blocks of patents are often used as bargaining currency between major corporations, perhaps to strike cross-licensing deals. *[We won't stop you from doing this, if you allow us to do that, and so on.]*

Of course, the master patent for a whole new technology can continue to have massive value in the hands of anyone, not least of all a major corporation.

Note the significance of Trade Marks, which can continue to have enormous commercial value, even after master patents have expired.

Are your IP assets on your balance sheet?

A handwritten signature in cursive script that reads "David Stanley". The signature is written in black ink and is positioned above a horizontal line that extends to the right and then turns downwards into a vertical line.

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