

# INTELLECTUAL PROPERTY - WHAT YOU SHOULD KNOW

This guide considers the main intellectual property rights available to UK businesses and offers practical insight into the steps required to acquire and protect those rights. Often, early action is very important.

## Trademarks

### Consider registering designs

A lot of businesses do not realise that functional shapes or designs, even if not patentable, can in some cases attract separate design right protection and can be registered as designs. The registration procedure is relatively quick and straightforward and the registration gives the proprietor the right to prevent others from making articles to that design for 25 years.

### Unregistered design right

Even if you do not register your design, you may benefit from unregistered design right protection. So if you suspect your design has been copied, check whether it meets the criteria for unregistered design right protection as you may be able to take steps against third parties who copy and use your design. In some cases this right lasts for 3 years, in others it is 10 years from the date the design is first marketed.

## Copyright

### Arises automatically whenever an original work is created

Copyright arises automatically and so a copyright work attracts protection as soon as it is created, but it is not

a registerable right in the UK. Copyright will subsist in literary works (e.g. documents, text or software code), artistic or design works (e.g. drawings, graphic works, charts, plans and photographs) and databases, provided in each case that they are original (i.e. not copied from another work).

### Use of the © symbol

Businesses will have countless copyright works, but only a small proportion of these works may be valuable. On these more important copyright works it is helpful to include the © symbol with the name of the copyright owner (usually the business or company name) and the year it was created somewhere on the document. This makes people aware that the work is a copyright work and also gives them the identity of the person to contact for a licence if they would like to make use of it.

## Databases

### Separate protection for databases

Databases such as key customer lists, purchase order systems and document management systems can be some of the most valuable assets in a business. They can qualify for copyright protection but can also

benefit from separate database right protection. This right arises if there has been a substantial investment in obtaining, verifying or presenting the contents of the database. If the database qualifies for protection the database owner can prevent others from extracting and re-utilising information on the database without authorisation.

## **Software used in the business**

### **Third party software**

If you are making any use of third party software you need to ensure you have a licence to do so. Most packages come with standard end user licence agreements but bespoke software may not, in which case it is best to have a written licence agreement in place.

If you are developing software in-house, make sure you check that any code which appears to be “open-source” (i.e. code which is developed collaboratively and is usually free to download) has no awkward conditions attached to its use.

### **Bespoke software**

Software is generally not patentable in the UK, although the position is different in the US and some other jurisdictions. If your software is going to be used or marketed extensively outside the UK it may be worth considering applying for patent protection abroad.

Businesses often find it surprising that it is not possible to gain IP protection for the functionality of software. The code itself will be protected by copyright provided it is original (i.e. not copied from elsewhere), but this protection does not extend to the ideas behind the software and its functionality.

It is therefore important to keep source code and software specifications confidential by limiting access to them, and only disclosing them where necessary and to people who are aware that the information must be kept confidential. It is best to ensure that, where possible, anyone who receives copies of the code or other elements of key knowhow signs a non-disclosure agreement before receipt.

## **Ownership of IP rights created by employees or consultants**

### **Employee-created IP rights usually vest in the employer**

Where an employee creates a copyright work, a design, or develops an invention in the course of his/her employment, the IP rights in the work will automatically vest in the employer. This may not be the case where the work carried out by the employee was not part of his/her usual duties and was not done at the request of the employer.

### **IP rights created by non-employees will often remain owned by the consultant**

Businesses are often caught out by the fact that where a consultant, freelancer or contractor has been commissioned to create a copyright work (for example, to create code or content for a website), the default position is that they will retain ownership of the copyright in that work. It is therefore advisable to include in an agreement prior to the start of the engagement a provision which assigns all IP rights created for the purpose of the engagement to the business commissioning the work. In order to be effective this agreement must be signed by the individual or company carrying out the work.

The position with commissioning of designs is different – the default position is that any rights in designs created (other than copyright) are owned by the business commissioning the work rather than the person or company that creates them.

## **Confidential information, knowhow and trade secrets**

### **How to prevent former employees taking confidential information**

One of the most common causes of IP disputes is an ex-employee taking key information of their employer to a competing business. This is usually expressly forbidden by employment contracts (and this is best practice), although certain duties of confidence are implied into all employment contracts. After termination of employment, many of these express or implied duties no longer apply. The courts consider that restrictions should not be placed on ex-employees' use of information which has become part of their skill and knowledge during their employment. The position is different with specific items of genuinely confidential information (e.g. pricing details, customer lists and trade secrets), which an employer

can protect against misuse or disclosure post-employment.

Ensure that confidential documents and information are clearly marked as confidential and password protected where possible, as in many cases in order to show misuse of confidential information by an ex-employee the employer must show that the employee was made aware that the information was confidential.

It can be very difficult to police employees'/ex-employees' use of confidential information such as databases. It is worth considering planting seeds (i.e. fake entries) in valuable databases so that misuse is more easily identifiable.

### **What to do if an ex-employee misuses confidential information**

Ensure that you act quickly in taking legal action against ex-employees who have misused confidential information (or seem to be about to do so); an injunction to prevent an ex-employee's misuse will not be granted if there has been a delay in seeking the remedy.

If, having considered this guide, you would like to know more or to discuss your own circumstances in greater detail, please speak to your usual contact at Stevens & Bolton or a contact listed at the end of this guide.

## **FIND OUT MORE**

For further information about any of the issues raised in this guide, please contact:



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