

Managing your intellectual property

Traditionally, a company has valued its tangible assets but paid little regard to its intangible assets such as intellectual property. Over the past decade, intellectual property has increased in importance and value and it is vital that a company is aware of this, not only to protect its own assets but also to avoid infringing the rights of any third party which could result in a costly action against it.

Intellectual property audit

Ideally you should carry out an intellectual property (IP) audit on a regular basis, not only checking your IP assets but those of your major competitors. This is especially important for a business involved in technology and R&D.

The principal steps in relation to an IP audit are:

- identify your registered IP
- identify your unregistered IP
- identify IP licensed from third parties (to include any registration requirements regarding the licence and whether the licence is transferable)
- identify IP licensed to third parties
- Investigate any potential infringements
- identify and check all agreements of the company which deal with IP rights (eg contracts for services, employment contracts, consultancy contracts, marketing agreements etc)
- Assess any opportunities for exploitation of your IP rights (eg assignment, licensing, joint ventures).

Protecting your IP rights

For a breakdown of IP rights and the protection afforded to such IP rights, please see our guidance note – *'A basic guide to intellectual property rights'*.

Development of IP management policies

After conducting an IP audit, policies should be put in place to ensure that a company is protecting its IP and meeting its objectives following the audit. These could include the following:

Renewal of registrations

A system of reminders should be set up so that relevant employees are aware of the renewal dates for registered IP. Before the employee renews the registration, you should consider the commercial value of the registration and whether it should be renewed. However, you should take care not to allow registrations to lapse if the rights could be of value to a third party. If so, you

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could consider whether to license or assign the rights for value to the third party.

Confidentiality

Any product which is developed should be kept confidential as any prior disclosure may make the invention part of the 'state of the art' and incapable of obtaining patent protection. All confidential documents should be marked 'confidential' or 'trade secret' to ensure that third parties are aware of their confidential nature.

The disclosure of confidential information should be protected with a confidentiality agreement or non-disclosure agreement. For additional practical tips on how to protect your confidential information please see our guidance note – *'Practical tips for confidentiality and non-disclosure agreements'*.

Documentation

Product development should be documented and kept safe. Even if it seems trivial it is worth keeping, as this paperwork could help refute a claim for infringement in the future. All documents should be dated to record when the product was developed.

Personnel

All relevant personnel who have access to IP should have confidentiality clauses in their contracts.

- **Employees** - although generally speaking, IP created by an employee is owned by the employer, if the IP is created by the employee outside the normal course of his employment, the employer may not have rights to it. Therefore, employment contracts should make it clear that all IP created by an employee (whether inside or outside his normal duties) will vest in his employer. Even where such a clause is included, there are still grey areas of the law, for example where inventions are created outside working hours. Employment contracts should also contain a waiver of an employee's moral rights.

In some cases, even where an employee develops an invention which belongs to his employer, the employee has a statutory right to compensation if it is of 'outstanding benefit' to the employer. The employer cannot contract out of this provision but it is rare for a court to award a payment on this basis.

- **Consultants** - using external consultants should be considered carefully. Generally, a consultant will own the IP rights in the works which it creates for a business – this is irrespective of whether you have paid them to do it. An express provision governing ownership and use of those rights to be created should be agreed with the consultant at the outset.

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