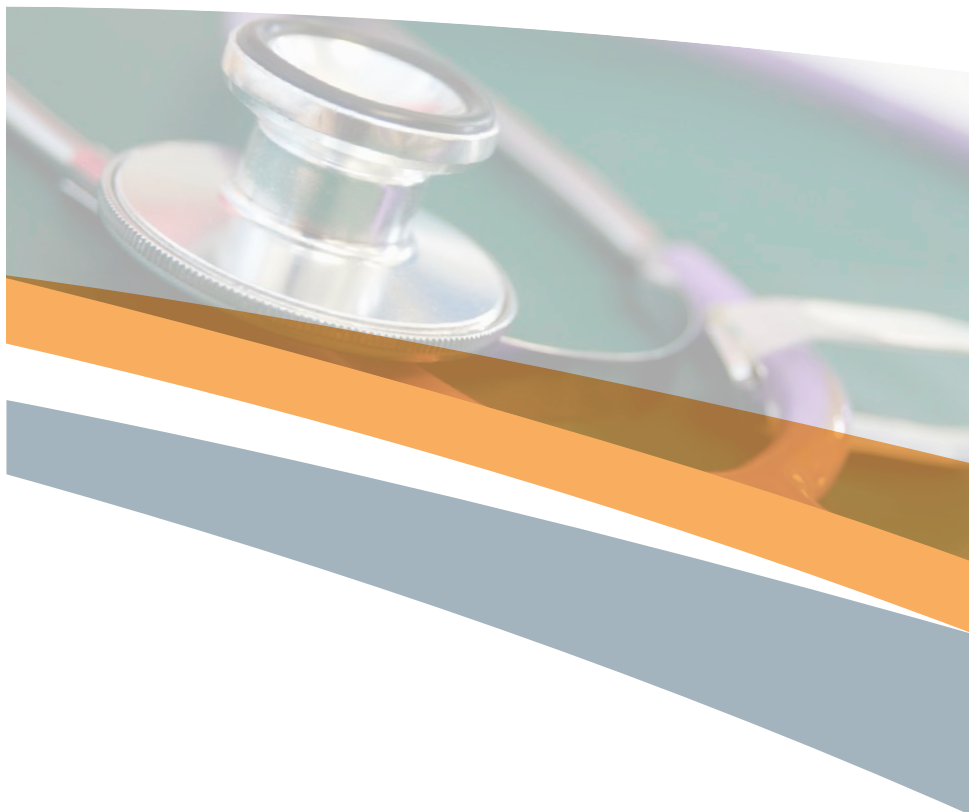




Intellectual
Property
Office

Resolving IP disputes

IP Health Check 5





IP Health Check booklets

This booklet forms part of our IP Health Check series, a suite of booklets and online tools for business which have been developed to help you identify your intellectual assets and advise you how best to exploit and protect them.

There are five IP Health Check booklets in this series:

1. Licensing intellectual property;
2. Agreeing a price for intellectual property rights;
3. Non-disclosure agreements;
4. Choosing the right IP adviser;
5. Resolving IP disputes.

Online IP Health Check

The online IP Health Check is free for any business to use and takes you through a simple questionnaire which creates a tailored confidential report setting out an action plan.

There are seven online IP Health Checks:

1. Trade Marks for branding of goods and services;
2. Patents for technology in products and processes;
3. Registered designs for the way products look;
4. Copyright for literature or artistic work;
5. Licensing your intellectual property for exploiting your IP;
6. Confidential information to keep your IP secure;
7. Protecting trade marks overseas.

The online IP Health Check is available at:
www.ipo.gov.uk/iphealthcheck.





About this booklet

Occasionally, disputes can arise in relation to intellectual property (IP) rights. For example, this could be about ownership, what the IP rights cover or whether it should be protected. This booklet may help to better understand your options in advance of seeking legal advice¹ and to consider possible strategies if you believe your rights have been infringed or where it is alleged you have infringed someone else's rights.

Infringement of IP rights usually takes place when a person who is not the owner, exercises any of the exclusive rights without the permission of the owner. It can range from using technology protected by a patent to reproducing someone's photograph on your website. Infringing copyright or trade mark rights on a commercial scale could also be a criminal offence.

As an owner of IP rights, you are responsible for enforcing them and depending on the type of dispute, you may file proceedings at the IPO or with the Courts. Although there have recently been numerous improvements to the working of the courts in order to improve access to justice, legal action should always be the last resort in trying to resolve any dispute.

¹ <http://www.ipa.gov.uk/ipadviserbooklet.pdf> - Choosing the right IP Advisor

In fact the court will expect parties to a dispute to have made appropriate attempts to resolve matters before starting legal proceedings and in particular to have considered the use of a form of Alternative Dispute Resolution (ADR) such as mediation. If the court finds that a party has unreasonably refused to do this before taking legal action, then the court can order the party at fault to pay the legal costs or part of the legal costs of the other party.

This healthcheck booklet therefore provides information on the options for users and right holders in relation to ADR and the court system. It further helps users of IP, in particular businesses, to understand and implement measures to prevent and tackle any instances of IP rights infringement and so avoid possible legal, IT security and reputational risks. The booklet explains where IP infringement may become a criminal offence and where Trading Standards Offices may be able to take action.

Finally, although the booklet focuses on disputes in the UK, it does give some background on UK Trade and Investment should your dispute be overseas.





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You can use the phrases patent pending or patent applied for to indicate that you have applied for patent protection.

Owning IP rights

Showing that your IP is protected

You can show that your intellectual property (IP) is protected or that you have applied for protection by marking your product, website or literature. This may deter potential infringers and help in legal action.

Copyright

You can mark your copyright work with the international copyright symbol ©, followed by the name of the copyright owner and the year of creation. This is not essential in the United Kingdom (UK) but may assist you in legal actions and is needed in some foreign countries. If your work is a sound recording then you may show it is protected using the ® symbol followed by the owner of the work and the year the recording was first published.

Designs

You can display the design number on the product or literature once it is registered. For example Design No 1234567 or Reg Des 1234567. However, there is no official symbol to show that a design is registered.

Patents

You can use the phrases patent pending or patent applied for to indicate that you have applied for patent protection. Do not use these terms if you have not applied for a patent or been granted a patent, because to do so is a criminal offence in many countries including the UK.

Do not use ® on a mark that is not registered, because it is a criminal offence to do this in the UK.

Trade marks

You can use TM to show that something is being used as a trade mark, even if it is not registered.

You can use the ® symbol to show that something is a registered trade mark. This could mean that the mark is registered in the UK or abroad. Do not use ® on a mark that is not registered, because it is a criminal offence to do this in the UK.

Showing that your IP is insured

It may also help if you can show in some way that your IP is insured (see below).

Using someone else's IP

IP Audit or alleged infringement

You may realise when considering the IP that you use, or you may be told in writing, that you are infringing another person's IP rights. Do not ignore this or any correspondence you may receive. In both situations you should quickly seek legal advice as you may need to stop what you are doing immediately.



The type and nature of a dispute and the options for resolving it can vary depending on the IP right and the specific circumstances.

Resolving IP disputes – options

Legal Advice

You should contact a legal adviser e.g. a patent or trade mark attorney, before taking any action in an IP dispute whether you are a right holder or if it is alleged you have infringed IP rights. In particular, they will ensure that any correspondence between the parties is handled in the right way. What you may be charged for legal advice will vary depending on the provider. It may be worth shopping around and there are numerous websites, including the Law Society's, the Chartered Institute of Patent Attorneys or the Institute of Trade Mark Attorneys, which may help to identify providers.

The type and nature of a dispute and the options for resolving it can vary depending on the IP right and the specific circumstances. It will help if you know in advance and have considered what those general options may be:

1. Alternative Dispute Resolution

In many cases, it is better for parties to negotiate a solution before taking legal action in the courts. Using Alternative Dispute Resolution (ADR), such as mediation, can often be cheaper and quicker and the results of a decision can be beneficial to all parties.

An unreasonable refusal to mediate prior to beginning legal proceedings can also mean that the party at fault does not recover all their legal costs.

The IPO Mediation Service² has been established to assist you in resolving your IP dispute and we also maintain a list of other mediation providers so that you can choose. IPO mediators are all accredited with a background in IP and can help to facilitate agreements in relation to copyright, trade mark, design and patent disputes. Any agreement reached will be binding if it results in a signed contract.

The Judge of the Intellectual Property Enterprise Court (IPEC)³ will ask whether the parties have been advised about ADR. In an appropriate case the Judge has the power to adjourn a case for a specified period of time to encourage and enable the parties to use ADR. An unreasonable refusal to mediate prior to beginning legal proceedings can also mean that the party at fault does not recover all their legal costs.

2. Opinions

If you are involved in a dispute with someone else about infringement or validity of a patent or Supplementary Protection Certificate and want to try to resolve this without getting involved in full legal proceedings you might want to consider asking the IPO for an opinion⁴.

An opinion can help parties to negotiate a settlement or a right holder to decide whether to start legal proceedings. An opinion is not binding on you or others involved. You can still proceed with full legal proceedings in the court or with us if you want to.

2 <http://www.ipso.gov.uk/ipenforce-mediation-ourservice.htm>

3 The Patents County Court (PCC) was renamed the Intellectual Property Enterprise Court on 1 October 2013.

4 <http://www.ipso.gov.uk/p-opinion.htm>



In England and Wales IP disputes may be resolved in the High Court or Intellectual Property Enterprise Court.

3. Licensing

The parties to a dispute may resolve it by agreeing the terms for use of the IP. The agreement could be in the form of a licence⁵. There are different types of licence available. If you decide to pursue licensing you are advised to seek professional advice and to enlist a specialist lawyer or patent or trade mark attorney in relation to drafting the agreement.

4. Other IPO services

Depending on the type of dispute, you may file legal proceedings relating to patents at the IPO or with the Courts⁶. You may also file proceedings in relation to some trade mark⁷ and design⁸ issues e.g. you may file opposition to the registration of a trade mark application or file invalidity/revocation applications at the IPO. Legal costs related to proceedings are calculated on a published fixed scale with maximum limits for different stages.

5. Courts

If an IP right is infringed it is also possible to resolve the dispute through legal action in the civil courts. This could include an injunction (which could either compel someone to do something or more usually stop doing something) and/ or claiming damages.

In England and Wales IP disputes may be resolved in the High Court or IP Enterprise Court (IPEC).

5 <http://www.ipo.gov.uk/ipenforce/ipenforce-dispute/ipenforce-licence.htm>

6 <http://www.ipo.gov.uk/types/patent/p-dispute/p-hearing/p-interpartes/p-fileproceed.htm>

7 <http://www.ipo.gov.uk/types/tm/t-other/t-object.htm>

8 <http://www.ipo.gov.uk/pro-types/pro-design/d-law/d-law-designright.htm>



The Intellectual Property Enterprise Court is distinct from the High Court and is likely to be of most interest to SMEs...

Intellectual Property Enterprise Court of England and Wales

The Intellectual Property Enterprise Court (IPEC), previously known as the Patents County Court, can hear claims relating to a wide range of IP rights, including copyright, trade marks, designs and patents. The court is based in London, although it can hear cases around the UK, and has been established as a lower cost forum for IP cases with streamlined procedures and increased cost certainty. As such it will be of most interest to SMEs.

Claims in IPEC can be heard on one of two tracks, a streamlined multi-track, or small claims track.

Small claims track (SCT)

The SCT is for uncomplicated copyright, trade mark and unregistered design claims with a value of up to £10,000 and is the cheapest way to obtain a court ruling. Hearings are short, informal and there is no requirement for legal representation. Where both parties agree, the court can make a decision based on the papers, meaning they do not have to appear in court.

The streamlined multi-track

IPEC also hears cases under a streamlined multi-track procedure which reduces delays and speeds up proceedings (minimising the time that the litigants could be distracted from their day to day business). If the dispute is not resolved earlier by agreement, a court hearing could be less than a day and will normally be no longer than 2 days. In addition, the maximum that the losing party could pay towards the successful party's costs is set at £50,000 excluding interest (providing conduct has been reasonable).

More complex or valuable claims may be heard in the High Court.

It is important to note that the maximum figure i.e. £50,000 represents the cost of a fully argued patent case where validity of the patent was questioned and which went to court for the maximum 2 days; most cases would last considerably less time and are much cheaper.

The maximum damages which can be claimed in the court is capped at £500,000. This limit minimises the risk for litigants of potentially lengthy and costly disputes over where the case should be heard.

High Court of England and Wales

More complex or valuable copyright or trade mark claims will be heard as part of the normal business of the Chancery Division of the High Court. However, patent or design cases will be allocated to one of the nominated specialist judges of the Patents Court in the High Court Chancery Division.

Scotland and Northern Ireland

As well as the England and Wales IPEC/High Court, Judges of the Court of Session, the highest civil court in Scotland, may also hear appropriate cases relating to IP. Some intellectual property matters may also be heard in the Chancery Division of the High Court of Northern Ireland.

IP Insurance

In the same way that you take out insurance on your physical property, such as your business premises, it is possible to take out insurance on your IP.

Legal costs and damages awards in the IPEC have been reduced as a result of recent reform. The Government recognises that these are still not



A number of companies offer specialist IP insurance, but brokers that specialise in IP or have an IP insurance division should be best placed to help you out.

insignificant sums and recommends that SMEs in particular, consider purchasing Before the Event (BTE) Legal Expenses Insurance (LEI). This is intended to cover your legal costs should you have no choice but to begin IP proceedings in Court. It could also act as a deterrent to potential infringers.

There are a number of companies who offer specialist IP insurance. You could seek advice from your legal advisor who may provide you with contact details, but brokers that specialise in IP or have an IP insurance division should be best placed to help you out. Following reform of the court the financial risk for insurance providers is much clearer and so it is expected that premiums will become more affordable. As with securing legal advice you should therefore shop around.

Negotiating with an insurance company may mean disclosing your IP and you should consider the need for a non-disclosure or confidentiality agreement⁹.

IP Infringement – Risks for business

IP infringement and in particular IP crime can threaten legitimate businesses and undermine consumer confidence. Your business may face a number of risks if you do not take appropriate steps to guard against IP infringement. Failure to address the problem could leave you and your business

⁹ <http://www.ipa.gov.uk/nda.pdf>

The behaviour of your staff, and their actions at work, may also incur liability for the organisation as a whole.

liable and at risk to civil action and/or even criminal prosecution. Under civil law you may be subject to court action and have to pay damages. Criminal proceedings could lead to unlimited fines or a custodial sentence (up to a maximum of 10 years).

You should consider not only the way your business is conducted, but also be aware that the behaviour of your staff, and their actions at work, may also incur liability for the organisation as a whole. For more information please see our online guide 'Preventing Infringement of IP Rights in the Workplace'¹⁰.

IP Crime

Trade mark infringement on a commercial scale is commonly called 'counterfeiting' and may be a criminal offence. Similarly, copyright infringement on a commercial scale or to such an extent to 'affect prejudicially' the right holder is usually referred to as 'piracy' and may also be a criminal offence. Trading Standards may be able to take action in such cases.

If you have concerns, or are aware of any person that may be involved in counterfeiting and/or piracy, then you may report this through your local trading standards via Consumer Direct¹¹, the Police¹² or anonymously via the charity Crimestoppers¹³. Those who are responsible for the production and

¹⁰ <http://www.ipo.gov.uk/ipenforce-workplace.htm>

¹¹ <https://ssl.datamotion.com/form.aspx?co=3438&frm=citacomplainform&to=flare.fromforms>

¹² <http://www.police.uk/>

¹³ <http://www.crimestoppers-uk.org/>



The booklet primarily focuses on disputes in the UK. If you have a dispute that involves intellectual property registered overseas, you may need to take steps in that country to resolve the issue.

distribution of counterfeit and pirated products and content on a commercial scale may also be involved with other types of serious organised crime, such as benefit fraud, drugs and people trafficking.

IP Disputes – Overseas

The booklet primarily focuses on disputes in the UK. If you have a dispute that involves intellectual property registered overseas, you may need to take steps in that country to resolve the issue. UK Trade & Investment¹⁴ (UKTI) has representatives in most British Embassies and High Commissions, and can offer advice on appropriate measures to take. Where representation is needed, UKTI's chargeable Overseas Market Introduction Service can provide some facilitation, or you can seek the assistance of locally-based legal services. The IPO has a network of attachés in key markets, who are working with UK industry and host Governments to address systemic IP problems faced by UK businesses overseas.

¹⁴ www.ukti.gov.uk

Annex A

Aide memoire: resolving IP disputes

A. IPR holder	B. User/alleged infringer
<p>Show your IP is protected</p> <p>Get, and show you have, legal expenses insurance</p>	
<p>You realise someone may be infringing your IP rights</p> <p>Seek legal advice straight away (you may be able to get an injunction to stop them)</p>	<p>In looking at your IP you realise you may be infringing, or it is alleged you are infringing someone else's IP rights</p> <p>Seek legal advice straight away (you may be advised to stop what you are doing)</p>
<p>Resolving disputes</p> <ul style="list-style-type: none"> • ADR including Mediation and/or Opinions Service • Licensing • Other IPO Services(Tribunals) • Courts <ul style="list-style-type: none"> ◊ IP Enterprise Court ◊ High Court [Patent Court and Chancery] ◊ Court Of Session [Scotland] and ◊ High Court [NI] • IP Insurance 	<p>Resolving disputes</p> <ul style="list-style-type: none"> • ADR including Mediation and/or Opinions Service • Licensing • Other IPO Services(Tribunals) • Courts <ul style="list-style-type: none"> ◊ IP Enterprise Court ◊ High Court [Patent Court and Chancery] ◊ Court Of Session [Scotland] and ◊ High Court [NI] • IP Insurance

Annex B

IPR Infringement – further details

(see also the IPO
website www.ipo.gov.uk)

Patent infringement

Infringing a patent means manufacturing, using, selling or importing a patented product or process without the patent owner's permission. The owner of a patent can take legal action against you and claim damages if you infringe their patent.

How to avoid infringing

Patent applicants have to provide a full description of the invention. You can ask us for an opinion, to check if what you want to do would infringe a particular patent. If it would infringe, you may be able to agree terms with the owner, or even buy the patent from them.

You can check our database of patents that are currently not in force.

What if someone sues you for infringing?

There are two basic types of defence if someone claims you are infringing their patent:

- You are not infringing - what you are doing does not infringe their patent claims, or
- The patent is invalid – you can take legal action to challenge the validity of the patent. If you win, their patent may be cancelled (revoked). The loser usually has to pay both sides' costs, so think hard before starting legal action.

Design infringement

Infringing a design means making, offering, putting on the market, importing or exporting the design, or stocking the product for the

above purposes. These rights are infringed by a third party who does any of the above with the design, for commercial gain.

How to avoid infringing

The Intellectual Property Office can not advise you on whether your design would infringe an existing design. If you are concerned that you may be infringing, you may wish to obtain professional advice from a patent attorney, trade mark attorney or IP solicitor. You can search registered designs on the IPO website.

What if someone sues you for infringing?

There are two basic types of defence if someone claims you are infringing their design:

You are not infringing - what you are doing does not infringe their design, or
The design is invalid – you can take legal action to challenge the validity

of the design. If you win, their design may be cancelled (invalidated). The loser usually has to pay the legal costs of both sides, so think hard before starting legal action.

‘Design Right’ refers to the specific legal protection available to unregistered designs in the UK (Registered and Unregistered Community Design may also provide protection).

It is more difficult to prove infringement of an unregistered Design Right as you must be able to prove it was copied, or that the potential for copying existed. Although infringement proceedings must be brought before the Courts, some disputes concerning the subsistence of design right can be referred to the IPO.

Trade mark infringement

If you use an identical or similar trade mark for identical or similar goods and services to a registered trade mark – you may be infringing the registered mark if your use creates a likelihood of confusion on the part of the public. This includes the case where, because of the similarities between the marks, the public are led to the mistaken belief that the trade marks, although different, identify the goods or services of one and the same trader.

Where the registered mark has a significant reputation, infringement may also arise from the use of the same or a similar mark which, although not causing confusion, damages or takes unfair advantage of the reputation of the registered mark. This can occasionally arise from the use of the same or similar mark for goods or services

which are dissimilar to those covered by the registration of the registered mark.

Unregistered trade marks

There is no available remedy for trade mark infringement if the earlier trade mark is unregistered. Some unregistered trade marks may be protected under Common Law and this is known as Passing off. However, whether or not they are protected will depend on the circumstances, in particular:

Whether, and to what extent, the owner of the unregistered trade mark was trading under the name at the date of commencement of the use of the later mark;

Whether the two marks are sufficiently similar, having regard to their fields of trade, so as to be likely to confuse and deceive (whether or not intentionally) a substantial number of persons into thinking

that the junior user's goods and services are those of the senior user;

The extent of the damage that such confusion would cause to the goodwill in the senior user's business.

I think that I may be infringing, what should I do?

Get **legal advice**. There may be a number of potential courses of action or defences open to you, but this will very much depend on the particular circumstances of your case.

Some traders who think they may be infringing an earlier trade mark choose to cease trading under the offending sign, others choose to approach the earlier trade mark owner and attempt to negotiate a way forward that suits both parties, which may include a co-existence agreement.

If you decide that you are not infringing, or you

have a good defence, you may decide to stand your ground or even to sue the trade mark holder for making unjustified threats. In the worst case scenario, you may have to change your trade mark and re-brand your products or services.

I think that someone may be infringing my trade mark, what should I do?

Get **legal advice** as the most suitable course of action will depend on the particular circumstances of your case. One potential option open to you is to write to the infringer. However you must be satisfied that the earlier trade mark that you own and the activities of the infringer justify this. This is because the law also protects traders from unjustifiable threats of trade mark infringement.

You may be able to negotiate a settlement

which suits both parties, which may involve a co-existence agreement. Another option is that you may be able to get a court order to force the infringer to cease and pay compensation for damages. However, infringement actions must be taken to the PCC or higher courts. The IPO does not handle such actions.

Should you apply a sign (trade mark) to goods or packaging which is identical or likely to be mistaken for an existing registered trade mark without the permission of the owner of that mark and with the intention of making a gain or causing someone else to make a loss then this action may be a criminal offence. The local Trading Standards Office can enforce trade mark offences, so-called "counterfeiting".

Copyright Infringement

Copyright is infringed if someone uses the whole or a substantial part of a copyright protected work without the permission of the owner. In the situation where your copyright is infringed enforcing your right is therefore important.

Copyright owners generally have the right to authorise or prohibit any of the following things in relation to their works:

- copying the work in any way. For example, photocopying,
- reproducing a printed page by handwriting, typing or scanning into a computer, or making a copy of recorded music.
- issuing copies of the work to the public.
- renting or lending copies of the work

to the public. However, some lending of copyright works falls within the Public Lending Right Scheme, and this lending does not infringe copyright

- performing, showing or playing the work in public. Obvious examples are performing plays and music, or playing a CD or DVD in public.
- broadcasting the work or other communication to the public by electronic transmission. This includes putting copyright material on the internet or using it in an on demand service where members of the public choose the time that the work is sent to them. Playing a radio or television in public may also be a communication of the work to the public.

- making an adaptation of the work, such as by translating a literary or dramatic work, making a book into a film, transcribing a musical work and converting a computer program into a different computer language or code.

Copyright is infringed when any of the above acts are done without permission, whether directly or indirectly and whether the whole or a substantial part of a work is used, unless what is done falls within the scope of exceptions to copyright permitting certain minor uses.

Copyright is essentially a private right so decisions about how to enforce your right, that is what to do when your copyright work is used without your permission, are generally for you to take. Although you do not have to, it will usually be sensible, and save you time and money, to try to resolve the matter with

the party you think has infringed your copyright. In some cases it may be necessary to show a court that you have tried to solve the matter with the other party, for instance through mediation, before starting court proceedings.

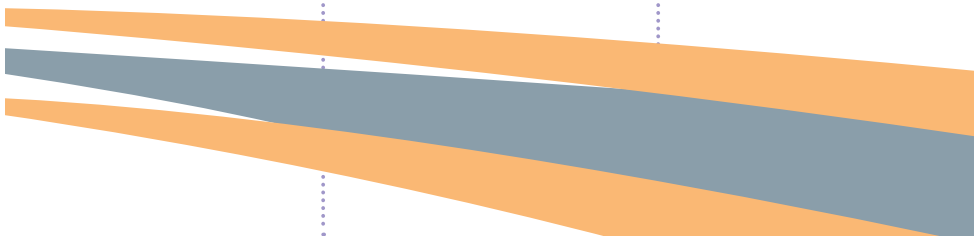
If you cannot resolve the matter with the other party, then going to court may be the right solution. But it would be a good idea to seek legal advice at an early stage.

One of the many organisations representing copyright owners may also be able to give you advice, or, if you are a member, sometimes they may act on your behalf.

If you do go to court, the courts can:

- stop that person making further infringing use of the material by granting an injunction
- award the copyright owner damages
- make the infringing party give up the goods to the copyright owner.

Deliberate infringement of copyright on a commercial scale may be a criminal offence when additional remedies are also available. Your local Trading Standards can enforce such offences.



Useful information and contacts

The Chartered Institute of Patent Attorneys (CIPA)
www.cipa.org.uk/pages/home

The Institute of Trade Mark Attorneys
www.itma.org.uk/about

The Law Society
www.lawsociety.org.uk/home.law

Law Society of Scotland
www.lawscot.org.uk/

Law Society of Northern Ireland
www.lawsoc-ni.org/

The Federation of Small Businesses
www.fsb.org.uk/

The Citizens Advice
www.citizensadvice.org.uk/

The Civil Mediation Council
www.civilmediation.org/

The Confederation of British Industry
www.cbi.org.uk/

Consumer Focus
www.consumerfocus.org.uk

UK Trade & Investment
www.ukti.gov.uk

IP Crime Newsletter
www.ipo.gov.uk/crime-newsletter.pdf

Trading Standards
www.tradingstandards.gov.uk

Supply chain toolkit
www.ipo.gov.uk/ipctoolkit.pdf

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