

Internal Intellectual Property Management

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In many cases the IP subsisting in for example marketing properties, products, materials, processes and know-how is what gives a business its competitive advantage – whether through protected patents, extensive brand recognition or internal procedures. It is critical for all businesses relying on such IP rights to ensure that they adequately manage the creation, ownership, maintenance and exploitation of their IP. There is no single formula that will provide businesses with an appropriate IP Management Program, but there are some basic steps that can be followed in developing such a program.

A possible approach to the development of an appropriate IP Management Program could include:

- Identifying IP Assets;
- Gathering and Evaluating Company Policies, Procedures and Commitments; and
- Developing and Implementing an IP Management Program.

1. Identifying IP Assets

The point of departure in identifying IP assets is to follow an approach exactly like would be followed in a due diligence related to the sale or purchase of a business. As part of this process, all existing IP generated within the business and / or used by the business (whether owned or licenced) and licenced to third parties must be identified. In many instances this is a simple process of identifying for example important trade marks used, but the due diligence must also include details of those process manuals, reports, data tables, customer lists, supply chain data and the like that may not immediately be considered as IP assets, but in respect of which a management policy is equally critical.

Another key consideration in such a due diligence is the identification of IP asset that are in use, but that are not necessarily protected. For example, a bank may consider the name of the bank to be a critical trade mark asset and focus only on this assets, but it should give equal consideration to the trade marks it uses to identify its various products and for example loyalty programs. A key feature of an IP due diligence accordingly is identifying unregistered IP assets.

In addition to identifying IP assets, the IP due diligence must also include consideration of the following:

A. IP Ownership

The ownership of IP rights must be a key consideration for any business as it forms the basis on which that business can exploit the relevant rights and prevent third parties from doing so. An important aspect of the ownership of IP rights relates to the employer/employee relationship and the relationship with independent contractors. Multi-national corporations with operations in various jurisdictions must take the nuances of local laws into careful consideration in the assessment of their stocks of IP rights, as in a jurisdiction such as the United Arab Emirates (“UAE”) the ownership of IP rights may be regulated very differently from the way such rights are regulated in for example common law jurisdictions. The examples below illustrate some considerations that may be relevant.

Patents – In principle, the inventor is the owner of his/her invention, unless he/she is an employee hired to invent. Even in the case where an invention is made without the job responsibility to invent, the employer may still be the owner of the invention if the invention was developed using company resources and tools. The purpose of an audit is to scrutinize the ownership trail of IP rights in order to remedy any discrepancies in the business' ownership of IP right, but also to identify specific IP right identification and assignment requirements, if any.

Copyright – The point of departure generally is that ownership vests in the author of a work and a written assignment agreement will in most cases be required in the UAE in order to vest ownership of copyright in the employer. An appropriate due diligence should identify key properties in which copyright subsists in order to ensure that a system is in place to record and document ownership and ownership changes.

Trademarks – Ownership generally vests in the first party to apply for the registration of a trade mark, but where trade mark right disputes arise in respect of the ownership of a particular mark details related to the creation of the mark and first use thereof could be critical. A full IP due diligence may highlight trade marks that may be vulnerable to cancellation based on local law and in particular trade marks that may be vulnerable to non-use.

Trade Secrets – Trade secrets are developed and used by businesses on a daily basis and remain protected as long as they remain secret. In the UAE for example a trade secret may be any formula, pattern, device, or compilation of information which is used in a business and that gives the business an opportunity to obtain an advantage over competitors who do not know or use that secret.

Trade secrets are protected in different ways, but as part of the due diligence process, the question must be whether appropriate mechanism are in place to protect those trade secrets. For example, what form of confidentiality agreements are in place with employees and contractors and what kind of information security policies are in place, what kind of communication monitoring policies and consent procedures (if required) are in place.

B. Liabilities

Once IP assets have been identified and the ownership of those assets reviewed, the due diligence process should also analyze any liabilities related to those assets. These liabilities could include for example a right that will expire shortly, licences that may not be renewed, claims of infringement by third parties, ongoing cases of infringement against third parties and disputes related to the ownership of rights. These possible liabilities could impact the business' ability to exploit the relevant IP rights. Defending potential IP infringement claims could also pose a significant burden on the resources of a business which may mean that the relevant asset could instead be a liability to a business.

2. Gathering and Evaluating Company

Policies, Procedures and Commitments

This is the fact finding process that is very closely related to the identification of IP assets. In this process it is important to identify what policies and procedure the business has in place to govern the creation, exploitation and maintenance of IP rights. In addition to a review of these documents, it is also important to identify and consider the kind of IP exploitation agreements that may be in place with third parties to identify any limitations on the further exploitation of those rights (for example if an exclusive licence was granted in respect of a particular patent).

Examples of the subject matter with respect to which policies, procedures and agreements should be

considered include:

- IP right record keeping and inventory management;
- Identifying and creating new IP rights;
- Ownership of IP rights;
- Renewing / maintaining IP rights;
- Use of IP rights internally, externally and by third parties;
- Enforcement of IP rights;
- Protection of trade secrets and confidential information;
- Information security; and
- Communication monitoring.

3. Developing and Implementing an IP Management Program

After the completion of the above steps, the next stage in the IP Management Program development process is actually putting in place such policies and procedures identified as lacking through the above steps. This IP Management Program must be tailored to the business' needs and must aim to provide an efficient, effective and optimal strategy for the management of the business' IP assets.

Finally, having gone through all three steps discussed above to develop an appropriate IP Management Program, the implementation of that program must be a key priority. In this regard, clear communication of the new IP Management Program within the business will be required with a strong commitment flowing from the very top of the leadership structure to the implementation and enforcement of the new IP Management Program.