



# An Introductory Guide to Intellectual Property Rights



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In association with



Pinsent Masons

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# 1. INTRODUCTION

This guidance has been created to give a brief overview of the types of intellectual property that are relevant to our members and how the use of (or failure to use) material protected by intellectual property rights can have an effect on your business.

The guide is divided into three main areas:

Protection;

Infringement; and

Utilisation.

**If you have any additional queries relating to the issues raised in this guide or on any other intellectual property points, please contact the DMA legal team or Iain Connor at Pinsent Masons at the following:**

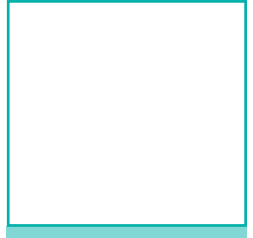
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## 2. WHAT ARE INTELLECTUAL PROPERTY RIGHTS?



A basic definition of intellectual property is:

*“an intangible right that results from original creative thought”*

But what does this mean in practice?

In essence, it means that if you create some marketing copy starting with a blank piece of paper and do not copy anything from anyone else, your copy will be protected by legal rights.

The opposite is also true in that if you use a piece of copy, a logo or a photograph without permission, someone else is likely to have a legal right to stop you going ahead.

In the first instance, the intellectual property rights are owned by the original creators of the works and their existence allows the creator (or a subsequent owner) to prevent others from using these works without consent.

There are a number of different types of intellectual property rights including:

- Trade marks
- Copyright
- Patents
- Design rights
- Database rights

In this guide we will focus on trade marks and copyright.

## 3. WHY ARE INTELLECTUAL PROPERTY RIGHTS IMPORTANT TO ME?

### **Valuable Asset**

The intellectual property of your business can be a very valuable asset and is often under utilised or under valued by many businesses. In this guide we will discuss the ways that you can make better use of your intellectual property to ensure that its full value is utilised. Examples include:

- the registration of intellectual property rights (where appropriate);
- the enforcement of your intellectual property rights against third parties to prevent infringement; and/or
- the licensing of your intellectual property rights to third parties.

### **Infringement**

Use of another party's intellectual property without their consent can have a massive detrimental effect on your business, both in reputational and financial terms. We will discuss the different types of infringement and how best to avoid them.

## 4. COPYRIGHT

### 4.1 What Is Copyright?

The skill, creative effort, time and money invested in producing material may be wasted if it is open to other parties to use or exploit that material without paying the creator.

Copyright is an intellectual property right which relates to the expression of an original idea, but not the idea itself. To acquire copyright protection you need to turn that idea into something tangible, i.e. create your proposal or copy and record your idea in writing or in some other way.

To be considered original, the work must have been the result of an independent creative effort (no elements of it can be copied) and must have had sufficient skill and labour expended in its creation.

#### Copyright Top Tip

Always start with a blank piece of paper when creating something. This removes the possibility that you might have copied the work.

Copyright can subsist in many different forms. Examples of these are:

- (a) the written word (including copy or proposals);
- (b) typographical arrangement;
- (c) photographs and pictures (including creative copy);
- (d) film; and
- (e) music scores and lyrics.

Single words or short phrases such as names, titles and internet domain names do not usually attract copyright protection. These can however be protected in other ways, for example by a registered trade mark or a common law action to prevent passing-off.

However, if a name or title is embedded into a stylised logo, the logo and name would attract copyright protection.

Copyright gives the author of certain rights to control the use or commercial exploitation of the work that he or she has created. This includes rights to reproduce the copyright material and stop others copying it as well as the rights to rent, lend, perform, show, broadcast or adaptation the work.



## 4.2 How Long Does Copyright Last?

Copyright will exist in literary works (written material, photographs etc) for a period of 70 years from the end of the calendar year in which the author dies.

Any typographical arrangement will also be subject to copyright, but will only exist for a period of 25 years after the end of the calendar year in which the edition was first published.

Other forms of copyright have different durations. If you would like more information on these, we would be happy to help.

## 4.3 Who Owns The Copyright?

The most important thing to consider when reviewing any copyright material is who owns it.

The basic answer to this is that the first owner of the copyright will be the person who created it i.e. the photographer or writer. However, if the work is done in the course of employment, the copyright will belong to the employer.

Copyright can be held jointly by 2 or more people (or entities), if created by more than one person. However, this is not an ideal situation as all parties would have to consent to any exploitation of that copyright material e.g. assignment, licensing etc.

If the work is being produced by a third party on your behalf i.e. on a commission, the copyright will remain with the author of the work, unless agreed otherwise. In this case we suggest that there is always a written agreement between the parties, detailing who owns the copyright.

### Copyright Top Tip

When getting work produced by third parties, or if you are producing work on behalf of a third party, always ensure that the ownership of the intellectual property in the work is dealt with in a written agreement.

If work is being produced for you by a third party, make sure that they guarantee in the contract that all the work produced for you is original or that they have all the necessary permissions to use any work that is not their own.

#### 4.4 How To Protect Your Copyright

Unlike other forms of intellectual property, copyright does not need to be registered in the UK.

Provided that the work in question is one that qualifies for copyright protection, copyright will arise automatically as soon as the work is created without any need for registration.

##### Copyright Top Tip

A copyright owner may mark copyright material when it is published with the international copyright symbol:

*“[Name of Author] © [Year]”*

This is known as a “copyright notice” which, although not essential in the UK, may assist a copyright owner in the event of infringement proceedings. Further, it is necessary if a copyright owner wishes to enforce his or her copyright in certain foreign countries.

If you believe that a third party has infringed your copyright, you should always inform the infringer. This will ensure that you can always enforce your rights, if not immediately, at least in the future because no one can argue that you have waived your rights.

#### 4.5 When Is Someone Infringing Your Copyright?

Copyright allows the owner, and the owner alone, to copy, issue copies, rent or lend, perform, show, play, communicate or adapt the copyright material.

Copyright is infringed by a third party who performs any of the actions listed above without the permission of the copyright owner, unless the act carried out falls within an exception (see paragraph 4.7).

If the work has been copied, an infringement will only occur if a “substantial part” has been copied. Copying can be either direct (copying word for word) or indirect (e.g. copying a stage play by watching it and writing down exact pieces later). Therefore, copying the look and feel of another company’s brand or advert, whilst not being a direct copy, may still be classed as infringing the other party’s copyright if what is copied can be classed as being a substantial part of the other party’s intellectual effort.

In addition a person may commit a secondary infringement of copyright if, among other things, they import into the UK, possess, sell or distribute an article which they know or have reason to believe is an infringement of copyright.



## 4.6 Preventing Your Business Infringing Another Person's Copyright

For copyright to subsist in your work, the work must be original (as discussed above). If any of the work is copied from another source, there is a chance that your work will not be original (and so copyright will not subsist in it) and, worse still, you will be infringing a third party's copyright as a result.

### Copyright Top Tip

Don't copy the material just because you cannot find the author. An infringement will still occur.

As intellectual property is valuable to your business, all businesses should therefore ensure that copyright exists in all the work produced by their employees (by ensuring that it is original and not copied) and that they are the owner of that copyright.

### Copyright Top Tip

Due to the rapid growth of the internet, there are a number of well known myths about copyright law on the internet, and in particular these include:

- "If it doesn't have a copyright notice, it's not copyrighted"
- "If I don't charge for it, it's not an infringement"
- "that name is copyrighted"
- "They can't get me, it's 'fair dealing'"
- "It doesn't hurt anybody – in fact it's free advertising"
- "If it's on the web, it's in the public domain and so free to use"

None of these myths are true.

If you do intend to use any work produced by a third party, whether it be a photograph, artwork or copy, ensure that you have permission from the owner of the copyright to use it. Even if you are unable to find or contact the owner of the copyright, you could still be infringing the owner's copyright if you use it without permission.

There is no specific law relating to parody in the United Kingdom, however, you may not use more than a "substantial part" of the work, otherwise it will have infringed the other party's copyright.

### Copyright Top Tip

Don't copy other people's work. It may be possible to use short quotes from other people's work. However, as the test for infringement is whether a "substantial part" has been copied and a "substantial part" refers to how important the quote is rather than its length, you should always try and get permission.

It is important that all employees understand this provision, as the copying of just one photograph or piece of artwork by an employee could result in a third party bringing a claim against the company for the entire piece of work which could have damaging financial and/or reputational consequences.

We therefore suggest that all businesses have an internal intellectual property policy, in which they will set out guidelines on what their employees can and cannot do.

### Copyright Top Tip

Make sure that you have written permission to use anything you don't create yourself. This includes any photos, artwork or copy as well as any client materials such as logos. Also, make sure you check to see if the client has a style guide and if they do, comply with it!

## 4.7 Exceptions To Copyright Infringement

There are a number of copyright exceptions, the most relevant of which are detailed below:

- Minor infringements – copyright is only infringed if the unauthorised use involves the whole or a 'substantial part' (how valuable or important the Section copied is, rather than merely the proportion copied) of the copyright work.

### Copyright Top Tip

*The change rule* – there is no such thing as a "change rule" where making X number of changes to a design, text or drawing means you don't infringe copyright.

- Fair dealing – there is no copyright infringement when the use is fair and is for one of a list of specified purposes (for example where it is for the purposes of review and criticism, non-commercial research or private study).

However, as each case will have a different set of facts, there will be situations where the above exceptions do not apply. Therefore, if you believe that your use of a third parties work comes under one of these exceptions, or if a third party argues that their use of your work comes under one of the exceptions please seek advice.

## 4.8 Parody

There is no specific law in the UK which deals with parody or satire. Therefore, a parodist or satirist is generally only likely to encounter problems when:

- 3.8.1 a substantial part (see above) of the original author's work is copied or used in the parody or satire; or
- 3.8.2 if the parody is attributable to the original author. A recent example of this was when the MP and author Alan Clark was able to get an injunction against a parody of his diaries in the Evening Standard. It was decided by the court that the format and design of the articles would make readers believe that the work was by Alan Clark and was therefore damaging to his reputation.

However, the law on parody is currently being reviewed by the government, with potential changes being made to this area in the future. We therefore suggest taking legal advice on this area prior to publishing a parody or satire of another party's work.

## 4.9 Exploiting Your Copyright

Copyright is a property right which, like rights in physical property, can be bought or sold, inherited or otherwise transferred, either wholly or in part. Copyright may therefore subsequently belong to someone other than the creator.

### Copyright Top Tip

Don't assume that just because a picture is available as a "copyright free" image or under a Creative Commons or Copyright licence, that it can be used for anything. These licences still have limits as to how the pictures can be used and so you need to check.



Copyright owners may choose to license others to use copyright material while retaining ownership themselves. The terms of any such licence should deal with the following issues:

- the exclusivity of the licence: is an exclusive licence to be granted to one licensee (which would also exclude the copyright owner from using the work) or is a non-exclusive licence to be granted to a number of licensees? Is the copyright owner to retain rights to use the copyright work (which would mean that an exclusive licence would not be appropriate to grant)?
- the term of the licence: is the licence intended to last forever (often described as 'perpetual'), or does the copyright owner and licensee intend for it to last for a specified period of time?
- the assignability of the licence, or the licensee's ability to sub-licence his or her rights: can the licensee transfer his or her permission to use the work, or grant licences of his or her permission to third parties?
- the scope of the licence: is the licensee entitled to do anything, or does the copyright owner wish to retain some of those rights? Will the licence be limited to a particular territory, market or purpose?

If you would like more information on exploiting your copyright or to discuss licensing options please seek advice.

## 5. PRACTICAL COPYRIGHT EXAMPLES

- 5.1 A company decides to use a photograph in one of its advertisements. The photograph is found on the internet and is then changed slightly so that it complies with the company's branding. The advertisement is then sent out to consumers. If the company has not got permission to use the photograph, by both modifying it and using it, it will have infringed the owner's copyright. The modifications to the photograph do not stop it infringing.
- 5.2 A company produces some text, which is put on a leaflet and distributed to consumers. The text was produced by the company without any input from anyone else and it believed it to be original. Another company then claims that its copyright has been infringed as the text is the same as some work that it produced previously. If the text was produced independently then there has been no infringement as there has been no copying even if the text is the very similar. However, if it turns out that a "substantial part" of the text was taken from an old leaflet of the company making the complaint then the copyright will have been infringed.
- 5.3 A company wishes to produce an advert in which it parodies another company by using some text from one of the other company's press releases. There is no specific law relating to parody in the United Kingdom, however, the company may not use more than a "substantial part" of the text, otherwise it will have infringed the other company's intellectual property.
- 5.4 A company wishes to produce an advert which in which it parodies another company's advert though it changes some of the text and image with the same idea as that behind the original advert. This would be an infringement as no substantial new skill or labour has been used, even though text and image has been changed.
- 5.5 A company produces an advertisement feature/advertorial that comments on the industry. In it, it reports on another company and by doing so uses some text from one of that company's press releases. This will not be an infringement of the copyright provided the use is in accordance with "fair dealing for the purposes of criticism or review".
- 5.6 A company uses music on its phone system e.g. for putting customers on hold. The company has not got a licence to use the music. By using the music without a licence the company will be infringing the copyright in the music. Licences are available from licensing bodies that cover a range of types of music for purposes such as this.

## 6. TRADE MARKS

### 6.1 What Are Trade Marks?

A trade mark is defined as:

*“Any sign which is capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings. A trade mark may, in particular, consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging.”*

In essence, a trade mark can be anything, which distinguishes your business from another. A trade mark may be a word or combination of words, it may be a logo, it may be the shape of your products or their packaging, it may be the colour you use to promote your goods and services, it may be a musical composition used in advertising. As long as your trade mark is capable of distinguishing your business from other traders (either inherently or through use over the years) then your trade mark acts as ‘a badge of origin’ and is protectable.

### 6.2 Creating a brand

- Before you pick your brand, check whether it (or something similar) is already in use by someone else and that brand is already registered (you might need specialist help to carry out these checks though there is a free database of registered trade marks, found at [www.ipo.gov.uk](http://www.ipo.gov.uk)).
- Once you have chosen a brand get it registered prior to it being used.

### 6.3 Protecting your trade marks/ brands?

In the United Kingdom, trade marks are protected in two main ways.

- Trade Marks, or more precisely the goodwill associated with the business conducted under the trade mark, is protected via the common law tort of ‘passing off’. If you can prove that you have established, via the use of the trade mark, ‘goodwill’ in the business associated with that trade mark, then this goodwill is protectable. Goodwill is essentially the reputation of the mark.

If another trader ‘passes off’ his goods or services as being yours and misrepresents in some way, either deliberately or innocently, that his goods and services are yours or you are in some way connected to him or you have endorsed his goods and services, then if you can show that you have or are likely to suffer damage as a result of such use, you will have a remedy in passing off.

- Trade Marks are also protected via statutory protection under the Trade Marks Act 1994. Trade Marks can be protected by registering the trade mark at the UK Intellectual Property Office. A registered trade mark in the United Kingdom is infringed by the use of the same or similar sign in relation to the same or similar goods and services for which the trade mark is registered.

Trade Marks can be registered in most countries individually but also by various trans-national trade mark registration systems such as the Community Trade Mark which covers all 27 European Union countries.

#### Trade Mark Top Tip

Put ® after your brand if you have registered it as a trade mark. This tells everyone that the mark is registered and cannot be used without permission. Don't put the ® mark next to a brand, unless the brand has been registered as a trade mark. It is an offence to do so. If the brand is not registered then a ™ should be put next to. If ™ is used we also suggest that you put your company details with it to indicate that you are the owner.

#### 6.4 Why should I register a trade mark?

The problem with relying on passing off is that first you have to prove that you have a reputation in the business conducted under that trade mark. Also, passing off rights are limited to the particular geographical location within which you trade.

By contrast if you register a trade mark, there is a presumption that the trade mark registration is valid and so you don't have to prove "reputation". If you register your trade mark as a Community Trade Mark your rights will extend to the whole of the European Union, even though you may only actually trade in a limited locality at present.

Outside the United Kingdom, rights to trade marks are often only achieved via registering the trade mark. In many countries, the proprietor of a trade mark is deemed to be the 'first to file' not the 'first user' of the mark. Therefore, it is important to obtain registered protection before someone else does outside the United Kingdom.

### 6.5 Do I need to register my trade mark?

No, but for the reasons given above it makes good sense to register your trade mark. However, you do not have to register a trade mark to use it. Trade Mark Registrations are designed to stop others using the mark and are not a pre-requisite for your use. However, it is possible that if you do not register your trade mark, other traders could stop you using your mark at a later date. Also, even if you decide not to register your trade mark, you should conduct a search to determine if others have already registered the same or similar mark and thus could prevent your use of the mark.

### 6.6 What should I do when I have chosen a trade mark?

You should first conduct a search in the country or countries where you are to use the trade mark (UK Trade Marks can be searched free of charge at [www.ipo.gov.uk](http://www.ipo.gov.uk), though this search is not comprehensive) to determine if any others have registered the same or similar trade mark first and thus could prevent your use of the trade mark. Then, if the search is clear, you should register the trade mark to prevent other traders using the trade mark.

#### Trade Mark Top Tip

Use your trade mark exactly as registered, as otherwise you are opening up the possibility that a third party can attack your registration for non-use.

### 6.7 How do I register a trade mark?

A trade mark is registered by filing a trade mark application at the Trade Mark Registry of the country or countries where you wish to trade. Trade Mark applications can take between six months and a number of years to register. Trade mark registrations are generally renewable every 10 years, but can be maintained indefinitely.

In 2010 the UK Government fees started from £200 to apply to register a basic trade mark in the UK. To do the same in Europe for all 27 member states by making an application to the Community Trade Marks Registry the fees start from EUR 1050. However, it is rarely this cheap to register a trade mark. These fees are just the filing costs (which in any event vary from time to time) if you file the application yourself. These fees only cover a very basic application done in the normal timescales. If you want to use your mark for lots of things, have the application fast-tracked, use lawyers or trade mark attorneys to help, etc then the costs go up. Finally, people with existing trade marks may object to your application and if they do, it will cost money to deal with these oppositions. The protection is valuable once obtained and provided the renewal fees are paid can last forever.



### Trade Mark Top Tip

Be vigilant as to how others are using your brand. By allowing others to use your trade mark without permission, it may lose its connection with you and become generic.

## 6.8 When is a trade mark infringed?

If you hold a registered trade mark, a third party will be infringing your rights if they use:

- an identical mark being used for identical goods or services i.e. the Coca Cola logo being used to sell soft drinks;
- an identical or similar mark being used for similar goods and services where there is a likelihood of confusion i.e. Macrosoft for software (as opposed to Microsoft) or “Microsoft for televisions” i.e. using it on electrical products which could be deemed to be similar to computers; or
- an identical or similar mark is being used for goods or services where the mark has a reputation and its use takes unfair advantage or is detrimental to the character or repute of the mark i.e. Visa for condoms.

If you use a trade mark, which hasn't been registered, a third party will be infringing your rights if:

- the mark has a reputation in your business;
- the use of the mark by the third party misrepresents the customer into believing that they are or their product/ service is you or your product/ service; and
- as a result of the misrepresentation, you have suffered damage i.e. loss of sales or reputation.

### Trade Mark Top Tip

If your brand evolves, ensure that the registered trade mark is kept up to date so that you have continued protection of your brand. If there are lots of changes to the brand and these aren't registered, all your protection may be lost.

## 6.9 How to avoid infringing a third party's trade marks/ brand

Generally, if you intend to use a third party's trade mark/ brand ensure that you get consent prior to use. This can take the form of a licence. However, there are a number of scenarios where a third party's brand can be used without their permission such as in comparative advertising.

### Trade Mark Top Tip

If you are producing work on behalf of someone else ensure that you have written permission to use their brand and make sure you check to see if the client has a style guide (and comply with it!)

### Trade Mark Top Tip

If you are advertising genuine products (or services), you can refer to those products using the registered trade marks as long as your adverts are in accordance with "honest practices".

If you create or use an advertisement that compares a competitor's products with your own or generally against the market, and you use the competitor's trade marks, you must ensure that you comply with the Comparative Advertising Directive as well as the Commercial Protection from Unfair Trading Regulations among other rules and regulations. These rules are outside the scope of this guide.

## 6.10 Exploiting Your Trade Marks/Brands

Trade marks are a property right which, like rights in physical property, can be bought or sold, inherited or otherwise transferred, either wholly or in part. Trade marks may therefore subsequently belong to someone other than the author of the protected work.

### Trade Mark Top Tip

If you take a licence to use somebody else's registered trade mark or you give a licence so someone else can use it, register the licence with the trade mark registry.

Trade mark owners may choose to license others to use their mark while retaining ownership themselves. The terms of any such licence should deal with the following issues:

- the exclusivity of the licence: is an exclusive licence to be granted to one licensee (which would also exclude the owner from using the trade mark) or is a non-exclusive licence to be granted to a number of licensees? Is the trade mark owner to retain rights to use the trade mark (which would mean that an exclusive licence would not be appropriate to grant)?
- the term of the licence: is the licence intended to last forever (often described as 'perpetual'), or does the trade mark owner and licensee intend for it to last for a specified period of time?
- the assignability of the licence, or the licensee's ability to sub-licence his or her rights: can the licensee transfer his or her permission to use the trade mark, or grant licences of his or her permission to third parties?
- the scope of the licence: is the licensee entitled to do anything, or does the trade mark owner wish to retain some of those rights? Will the licence be limited to a particular territory, market or purpose?

If you would like more information on licensing options please seek advice.

## 7. PRACTICAL TRADE MARK EXAMPLES

- 7.1 A company has designed a logo that is similar to a well known registered trade mark. The logo is used in a catalogue. If the logo and the trade mark are confusingly similar or if the logo “rides on the coattails” of the trade mark, the registered trade mark might well be infringed.
- 7.2 A company uses a celebrity’s name and image to advertise a product or service. The company has not got the celebrity’s permission to do so. By not getting the celebrity’s permission the company will be infringing the celebrity’s intellectual property rights.
- 7.3 A company sells computers and uses the name of the manufacturer on its sales literature, which it then distributes to consumers. As long as the company is selling the named manufacturer’s products, it will not be infringing any intellectual property in the name, provided the use is in accordance with “honest practices”. The definition of “honest practices” is based on the legal concept of reasonableness. We suggest that you discuss your proposals with the DMA legal team or Pinsent Masons LLP to ensure that your proposed use comes under “honest practices”.
- 7.4 A company produces an advert for its products which are designed only to work with another established product. By using the name of the established product in the advert to indicate the intended purpose, the company will not be infringing the other company’s trade mark as long as its use is in accordance with “honest practices”.
- 7.5 A company wishes to create a brand in which it uses the name of its managing director. The name of the director is the same as an established brand. By using that brand they will not be infringing the established company’s trade mark as long as its use is in accordance with “honest practices”.
- 7.6 A company puts ® after its logo on some marketing material. The logo is not a registered trade mark. This is an offence, as by putting the ® next to the logo the company is holding out that the logo is a registered trade mark, when it is not.
- 7.7 A company produces an advertisement in which it compares its products with someone else’s. In the advert it uses lots of registered trade marks to show the products being compared. Using registered trade marks normally amounts to infringement however, by using them in comparative advertising (as long as they comply with certain other rules) it should be okay.
- 7.8 A company wishes to use the Royal coat of arms on some marketing literature to show it is a British company. This is not allowed unless a licence has been gained from the relevant organisation. Further, suggesting a product is “made in Britain” when it is not, is not permitted.