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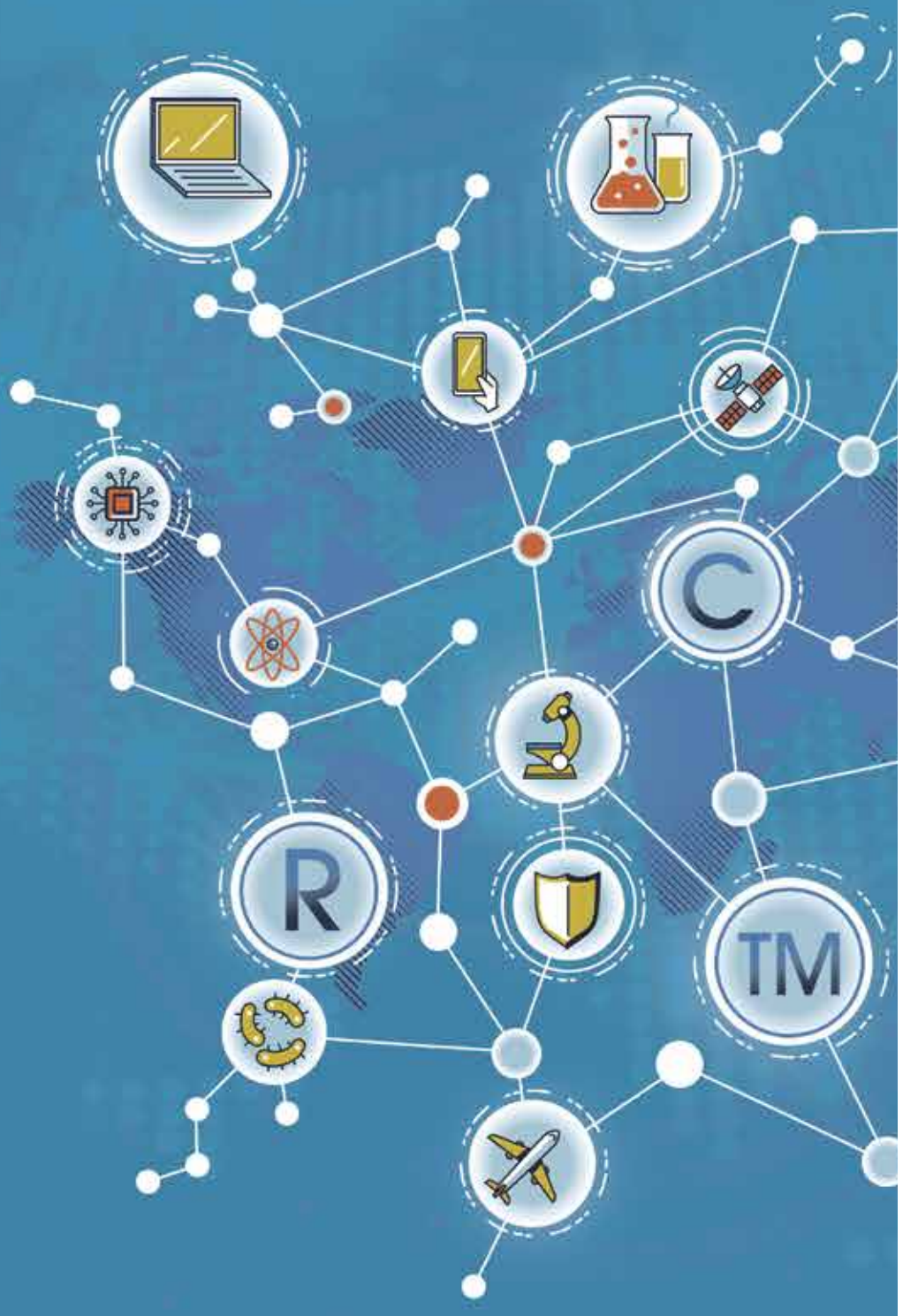

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INTELLECTUAL PROPERTY

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STRATEGY

Prioritising and protecting IP from the get-go

A significant information gap remains around intellectual property's commercial potential and the catastrophic consequences companies are risking for not taking it seriously

Ben Edwards

When Uber acquired Otto, a self-driving car startup in 2016, it thought it was hiring some of the industry's smartest engineers; what Uber also purchased was a lesson on the importance of intellectual property (IP).

Otto's founder Anthony Levandowski, a former engineer at Alphabet's autonomous vehicle unit Waymo, had downloaded a trove of files from Waymo before he left the business to set up Otto.

In the rush to complete the acquisition, Uber failed to investigate questions about Otto's IP that were raised during the due diligence process, dragging the ride-hailing company into a trade-secrets row that ended with it agreeing to pay $245 million in Uber shares to Waymo to settle the case.

While Uber says it didn't receive or use any of Waymo's trade secrets, the dispute underscores how companies that don't take the importance of IP seriously could end up facing a business disaster. As the Waymo settlement also showed, protecting trade secrets is a valuable enterprise, but it is one that is often overlooked by business leaders.

"There are not many companies that do have a solid trade-secrets programme in place; even if they know they have something, they lack the skills and knowledge of how to protect it," says Tilman Breitenstein, group leader for IP at BASF. "Startups and smaller companies often have a higher fluctuation of staff and that makes it much more difficult for those businesses to protect their trade secrets. They also need to attract investors, which means going out and talking about their business, which also puts them at higher risk."

The need to consider trade secrets as part of a wider IP strategy is not the only IP asset companies might overlook or undervalue.

"Sometimes an IP strategy is just thought of as a patent strategy, but it's much more than that. It includes the correct use of software licences, it includes confidentiality, it includes trademarks and branding; there are a whole range of things companies need to get right to avoid something going wrong," says Maria Anassutzi, lead European IP counsel at Canon.

One common mistake companies make when failing to recognise the importance of IP is not aligning their IP strategy with their overall business strategy.


Laura Vinck/Unsplash

"Things move much more quickly these days, so you might have a great strategy for your domestic market, but if you want to expand into another market, you could find your trademark has already been taken," says Katharine Stephens, co-head of lawyers Bird & Bird's London IP practice.

Apple, for instance, was famously caught out by trademark issues in China. In 2012, it had to pay $60 million to Proview Technology to use the iPad trademark in China after discovering an earlier deal to acquire trademark rights from Proview had not included those registered in China, which were owned by a different part of Proview. Then in 2016 Apple lost a legal battle to stop another Chinese company using the iPhone trademark on leather goods.

Another mistake companies make that could trigger a business disaster is not having a process in place to ensure any IP that is created is promptly protected.

"Companies need a strategy for capturing innovation," says Mark Aldred, patent attorney at Gill Jennings & Every, an IP law firm. "This could include having a patent-filing strategy or a periodic assessment or check with the inventors and IP advisers to see if there is any new IP being developed and what the best way of protecting it is, rather than doing so on an ad hoc basis and then realising they have already published it and so may not be able to obtain protection."

In some cases protections can even be removed. In 2018, the European Court of Justice backed an earlier ruling from the European Union's Intellectual Property Office that the design patent for Crocs, the plastic clogmaker, was invalid because the company had applied for protection two years after it had first unveiled the design at a Florida boat show. This means Crocs can no longer stop anyone copying the shoe's distinctive design in the EU.

Some companies, particularly startups and smaller businesses, might also fail to understand the importance of IP because they are preoccupied with being first to market, says Sahira Khwaja, partner at law firm Hogan Lovells.

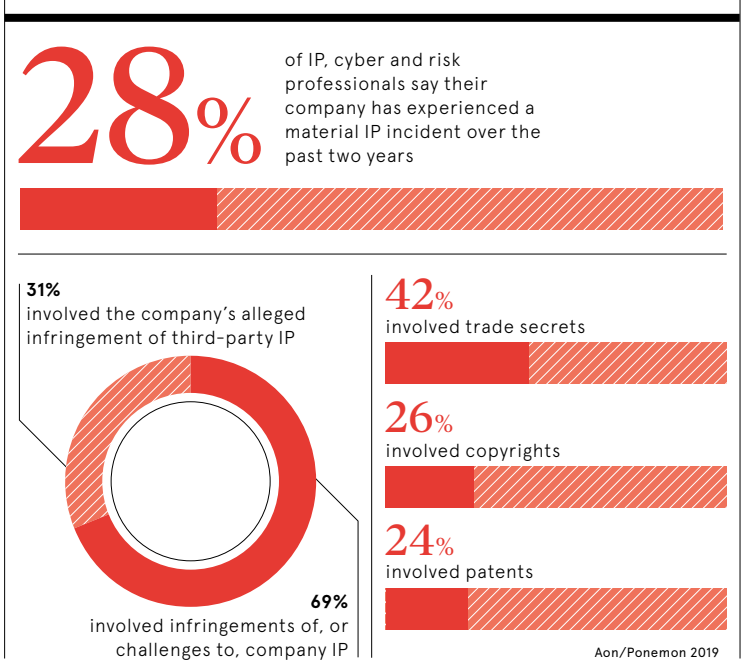
"IP is seen as complex, confusing and expensive, and something to be dealt with later," she says. "Unfortunately, not acting early enough to protect IP properly can mean a lost opportunity to prevent competitors from entering the market with a similar product or service. This can have a knock-on effect on the value of the business, making it harder to get funding from investors and even putting off future buyers."

Yet even companies that have spent time developing their IP strategy are not immune from making mistakes.

"A strategy on its own is not enough," says Breitenstein. "It's really about the implementation and execution. I have seen many strategies that have been nicely drafted, but are not executed properly, so it's really about making deliberate decisions and then executing that; it's often where companies fail."

And while companies have always needed to protect their IP, the pace of innovation in many countries around the world means the commercial importance of IP is only going to increase.

"The marketplace is becoming increasingly competitive, so companies now more than ever do need to be looking at protecting and enforcing their intellectual property so they can secure a competitive advantage to build market share and keep competitors out," Michael Gavey, head of the London IP group at lawyers Simmons & Simmons, concludes.

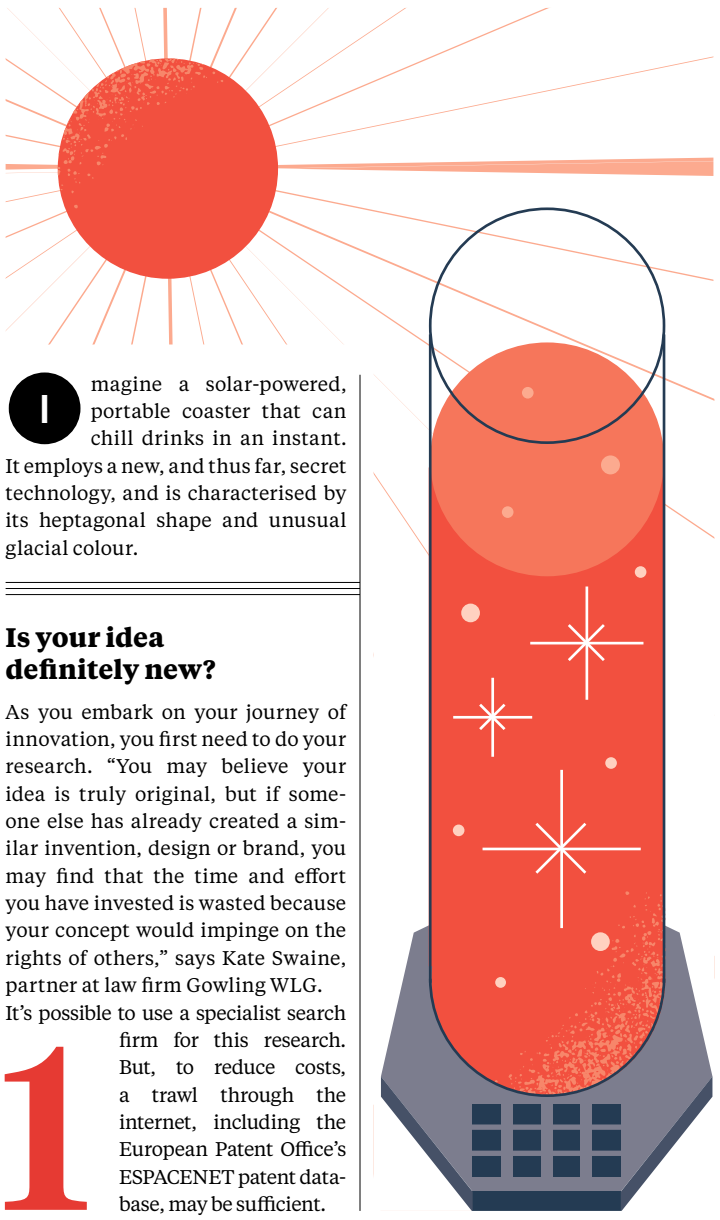


PRODUCT DEVELOPMENT

Pivotal steps along the innovation journey

Whether you design dresses or tech gadgets, both tangible and intangible assets need to be protected. So how does a business manage the intellectual property of a new product? Using a fictional product, tracked throughout its product development cycle, here is a step-by-step guide

Marina Gerner



Imagine a solar-powered, portable coaster that can chill drinks in an instant. It employs a new, and thus far, secret technology, and is characterised by its heptagonal shape and unusual glacial colour.

Is your idea definitely new?

As you embark on your journey of innovation, you first need to do your research. "You may believe your idea is truly original, but if someone else has already created a similar invention, design or brand, you may find that the time and effort you have invested is wasted because your concept would impinge on the rights of others," says Kate Swaine, partner at law firm Gowling WLG.

It's possible to use a specialist search firm for this research. But, to reduce costs, a trawl through the internet, including the European Patent Office's ESPACENET patent database, may be sufficient.

1

Protecting the idea as it develops

Assuming your drinks cooler is indeed a completely new idea, you continue your research and development journey. "Documenting every stage of the process is the best start, from deciding the temperature the cooler will work at, to the specific size and dimensions of the product, and locking down any freelancers or employees into suitable contractual terms which transfer the IP rights into what they create for the business," says Steve Kuncewicz, intellectual property (IP) specialist and partner at lawyers BLM.

Laura Trapnell, partner and head of IP at Paris Smith solicitors in Southampton, adds: "All employees should be working under binding employment contracts that include watertight obligations of confidentiality." If you involve third parties, such as external designers or potential suppliers, they should also sign confidentiality or non-disclosure agreements.

At this stage, you could also speak to an accountant who specialises in research and development tax credits to figure out whether you are eligible for tax relief.

2

Filing a patent application

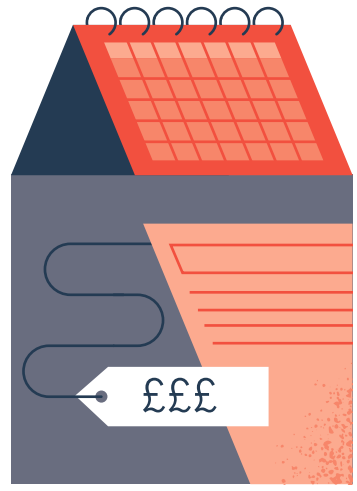
Your cooler has cutting-edge technology that needs to be protected before it goes public. "It's a good idea to file a GB patent application as early as possible, but not before the idea is fully formed," says Rachel Oxley, partner and patent attorney at Mewburn Ellis. No prototype is needed at this stage, but the patent application must explain in detail how it works.

People often don't realise they only gain full protection once their patent is granted and this can take up to three or four years in the UK, according to Oxley. So, once you've filed your patent application, you've staked your claim to the invention, but you can't enforce your IP yet. But that doesn't preclude you from entering the market provided you are certain you won't infringe anyone else's IP rights.

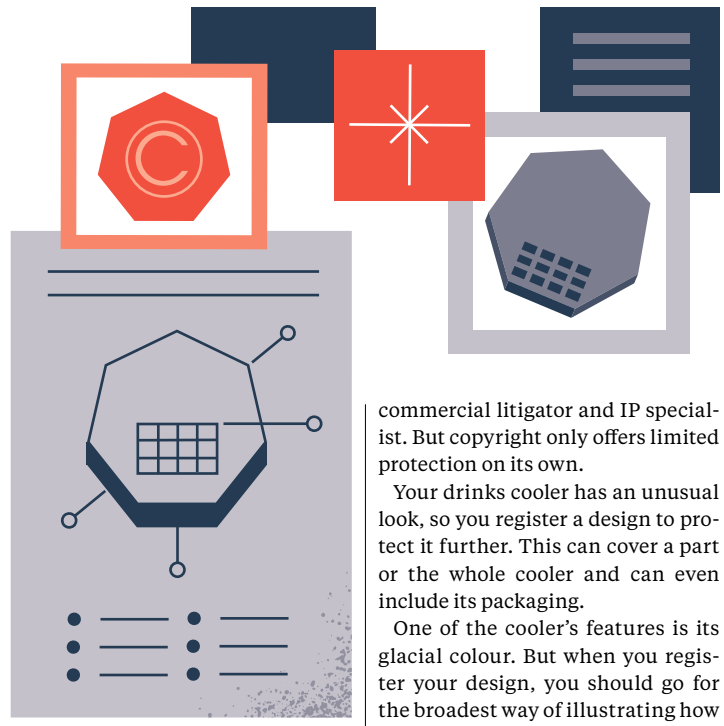
3

A clearance search, which is best done by a specialist search firm, is your best option, says Oxley.

"Think about protecting your IP in other countries sooner rather than later," she says. After filing your GB patent application, you need to file your patent application in other countries within 12 months.



Oxley recommends ensuring you have financial backing, as drafting patent applications can be expensive, ranging from several to many thousands of pounds, depending on how complicated the technology is. Costs escalate if foreign protection is needed.



Filing your design registration

Some elements, such as instruction manuals and labelling, will be protected by copyright. "It's an automatically arising right and does not require registration," says Megan Jefferies, partner at Thrings, commercial litigator and IP specialist. But copyright only offers limited protection on its own.

Your drinks cooler has an unusual look, so you register a design to protect it further. This can cover a part or the whole cooler and can even include its packaging.

One of the cooler's features is its glacial colour. But when you register your design, you should go for the broadest way of illustrating how it looks, notes Oxley. So if somebody uses a different colour for your design, you would still be protected. You would typically submit black and white line drawings of its heptagonal shape and profile, and pictures.

4

Applying for a trademark

Next you're going to register a trademark to protect your brand, including your product name, company name and logo. But first you once again need to ensure your brand is original by looking at existing trademarks. You should also explore whether your brand name has an undesirable meaning in a foreign language in case you take it abroad.

"If you're seeking a trademark, then remember these only apply in the jurisdictions in which they are obtained. Make sure you apply for one in every territory you'll need it for, upon launch or as your drinks cooler business heats up," says Jefferies.

You also need to consider the running costs of protecting your cooler. This means ensuring transparency on the lifetime protection costs, says Trapnell. Patents have annual renewal fees in most countries; trademarks need to be renewed every ten years.

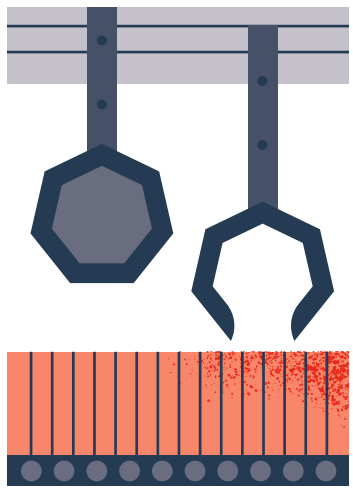
5

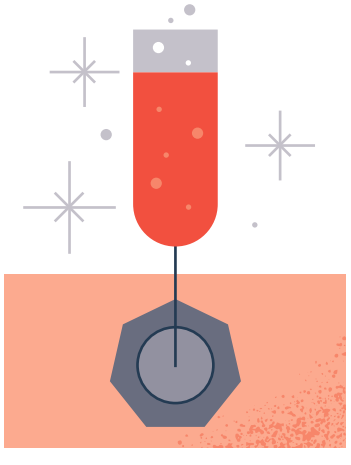
Manufacturing

Your cooler has hit production lines. "It is important that tooling is owned by the business, otherwise the manufacturer will own the moulds and, in the event of a dispute further down the line, you may have difficulty getting them back," says Trapnell.

"Manufacturing agreements need to be very clear on the IP ownership position. Manufacturers should only be granted sufficient rights to enable them to manufacture the products, for a defined product, for a defined time and for a defined number."

6





Commercialisation

At last your cooler is on the market. "Time to celebrate with a nice cool drink," says Jefferies. "However, the work to protect it is not over; it's important to be vigilant and ensure you enforce your rights to ensure a competitor doesn't try to muscle in on the market you've worked so hard to establish."

But if you find someone has copied your cooler, you should exercise constraint and not threaten them with infringement, says Oxley. Otherwise you risk being sued for unjustified threats.

"If you do get wind of a threat, speak to a solicitor immediately. If you're properly protected, often it only takes one firm letter to stop an infringement," says Jefferies. There are also insurance products that cover IP disputes.

Throughout the product's journey, your IP and wider business strategies need to go hand in hand. "Otherwise the product you're looking to develop may never realise its full commercial potential," says Kuncewicz.

Trapnell concludes: "IP rights not only put your company above your competitors, but also considerably increase your value multiplier when you come to sell the company or seek investment."

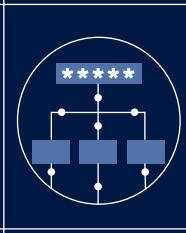
7

SIX IP DATA BEST-PRACTICE POINTERS

1
Control IP data entry and define mandatory and optional data fields properly

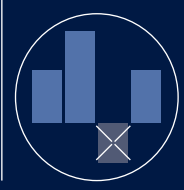
2
Assign rights, roles and personal responsibility both for IP and non-IP personnel with access to the system

3
Keep a change history



4
Define and design "smart" data fields

5
Use tools to measure and clean the data on a regular basis, and make patent and trademark data management a living process



6
Measure, measure, measure. Decide what you need to do to rectify any problems, analyse and compare actual results and planned results

1 year
of undertaking major validation projects

1M+
IP fields validated for a wide range of companies

25%
overall error rate in the companies' most critical data

Foundations of business

Clean and accurate data is the basis of valuable intellectual property

Imagine if the next big smartphone maker launched a product and let everyone copy it. Unlikely. Its value would collapse from £1 billion to £1 faster than an emoji can smile. If innovation creates the bricks and mortar to build any business, intellectual property (IP) forms its foundations. Data holds it all together. The tiniest of errors in an application number, date or description may invalidate a patent.

"A patent could be worth millions and if a mistake ends with a lawsuit, it could be very expensive," says Niket Agrawal, regional director of professional services at Anaqua. The end-to-end innovation and IP management software and services provider serves more than 50 per cent of the top 25 US patent filers and top 25 global brands, as well as many of the world's leading law firms.

> **We've helped companies who could have lost a patent through dirty data**

Making a mistake can be expensive, through lost sales, wasted staff time or legal fees. Patent litigation in US district courts ranged from $700,000 (£540,000) to $4 million (£3 million) in 2019, according to the American Intellectual Property Law Association Report of the Economic Survey.

Over the course of a year, Anaqua's data validation team reviewed more than one million IP fields for a wide range of companies. The team found an average 25 per cent error rate in the companies' most critical data over just 12 months. One company's suspected 10 per cent error rate turned out to be 40 per cent after Anaqua validated their portfolio.

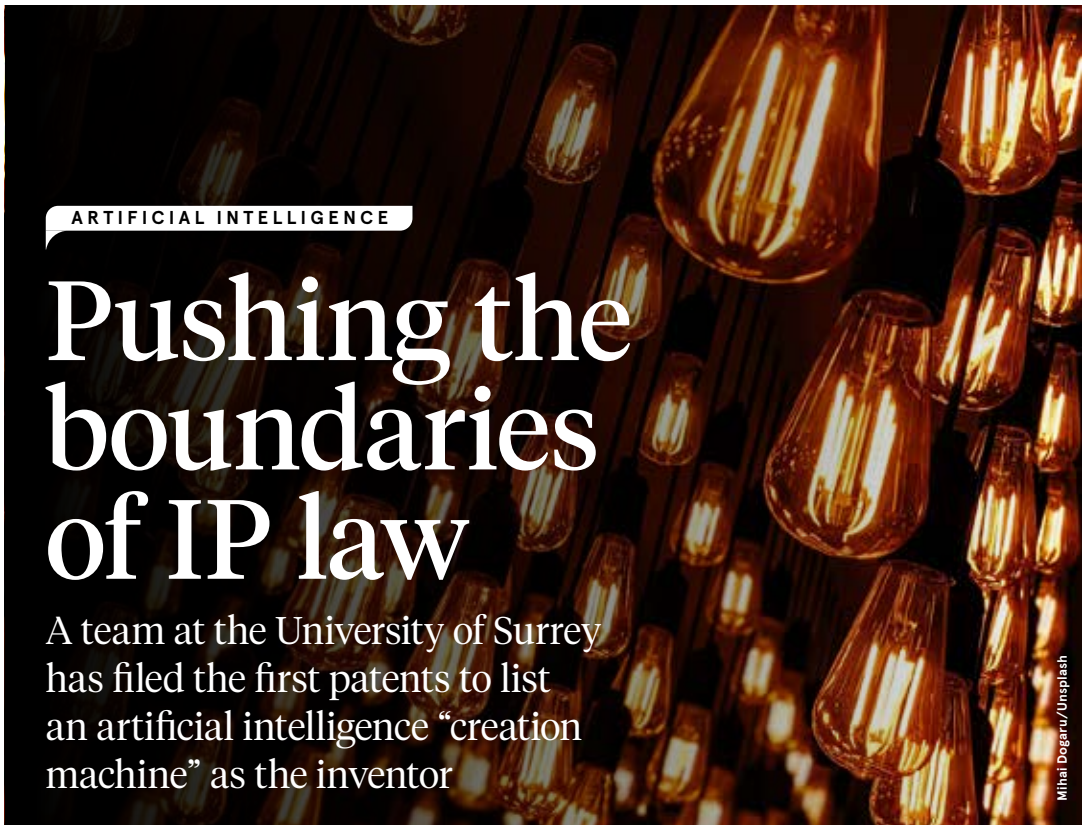
"We've helped companies who could have lost a patent through dirty data," says Agrawal. "A misplaced number in an application document or renewal date could be very costly. There's also the risk that incorrect data could cause a company unknowingly to maintain someone else's patent, wasting money on payments and fees that aren't theirs."

Bad data is a persistent termite. It can eat into any process flows, from IP creation and portfolio management to enforcement, exploitation and risk management. Everyone who wants to protect an IP asset, including the inventor, patent committee and patent board, is responsible for keeping the pest out. Dirty data can infest all forms of IP, such as patents, trademarks, copyright, designs and trade secrets.

Clearly many companies could be much more careful in handling IP data, even though its importance is recognised universally. Patent filings around the world exceeded 3.3 million in 2018, according to the World Intellectual Property Organization, a 5.2 per cent increase on figures for 2017.

Faulty data can also have a major impact on other, non-IP areas of business, such as marketing. "IP analytics link to software so that lets you see what your competitors are doing and can help you to get a competitive edge," says Agrawal.

"If your internal data is dirty, your entire plan is going to be off. A crack in your data foundations could destroy your entire strategy or put you way behind. If data is worth keeping, it's worth keeping it clean. No one wants to give away their money or their rights."



ARTIFICIAL INTELLIGENCE

Pushing the boundaries of IP law

A team at the University of Surrey has filed the first patents to list an artificial intelligence "creation machine" as the inventor

Mihai Dogaru/Unsplash

Rachel Rothwell

Last summer a group led by academics from the University of Surrey filed worldwide patent applications for two obscure new inventions: an unusual beverage container and a unique flashing light. But there was something very special about these rather esoteric objects. They both had an artificial intelligence (AI) inventor.

The specially shaped hot drinks cup uses "fractal geometry", like a snail's shell, in its design, with bumps and grooves to make it stackable and easily gripped by a robotic arm. The "neural flame" blinks at a frequency that our brains find hard to miss and could be used in search and rescue.

But the patent applications were about much more than hot drinks and flashing lights; the point was to file the first patent applications to name an AI system as the inventor in a bid to achieve intellectual property (IP) protection for things invented by computers.

The patents have been filed in the UK, European Union, United States, Israel, South Korea, China, Taiwan and Germany, and also under the Patent Co-operation Treaty, which facilitates the process of obtaining patent protection in more than 150 countries. However, the UK Intellectual Property Office (IPO) and the European Patent Office have already rejected the applications because inventorship can only be attributed to a human inventor, not a machine. Other patent authorities have yet to give their verdicts.

> **This is a complex issue that has never been raised to a patent office before. We expected we may need to appeal...**

Professor Ryan Abbott of the University of Surrey, who is leading the project, says rejections from the UK and European Union were not unexpected. "This is a complex issue that has never been raised to a patent office before," he says. "We expected we may need to appeal, which we are now doing, though this may take years."

Abbott was heartened, though by some of the comments made by the IPO's deputy director Huw Jones when he rejected the patent applications last December. Jones noted that innovation through AI would become "more prevalent" and suggested there was "a legitimate question as to how or whether the patent system should handle such inventions... [as] times have changed and technology has moved on".

For Katharine Stephens, partner at law firm Bird & Bird, the legal hurdles faced by the Surrey University team are "pretty insurmountable" under current law. But she adds that the team's patent applications are "very timely", with the US Patent and Trademark Office having recently run a consultation on the patentability of IP created by AI inventors, and the World Intellectual Property Organization having begun a similar consultation last month. "This is just the issue that the University of Surrey is trying to sort out with these patent applications," she says.

How might patent law evolve to deal with AI inventors? Stephens thinks we could see a new provision through which the owner of the AI would be deemed to be the owner of the invention. This would keep things in the human realm, she says, while ensuring innovation created through AI is protected.

At present, AI is mostly being used as a tool to help humans to invent things, rather than truly being the inventor itself. But according to the University of Surrey team, the beverage cup and neural flame were fully invented by an AI "creation machine" known as DABUS, owned by Missouri-based AI pioneer Dr Stephen Thaler.

Professor Ryan Abbott of the University of Surrey is leading the AI inventor project

Abbott explains that the machine uses neural networks to mimic the human brain. Essentially it sifts through data, connecting the dots, and is able to identify ideas autonomously that are novel and useful, without being told what to do or fed specific information. In its patent application, the team insists that if a human had done the same thing as DABUS, they would qualify as the inventor.

"Part of the reason why this is so important now is that AI invention is starting to get into mainstream research and development," says Abbott. "In life sciences, for example, it may be an outlier at the moment, but in ten years' time, it could become a primary means of developing new drugs."

But he adds that, as it stands, those investing in AI inventors have no safe options for protecting their IP. They can put a human's name down as the inventor on the patent application and this will be accepted at face value by the patent authorities. However, if the patent is then litigated and the name of the inventor shown to be inaccurate, the patent could be lost. So this is a risky move.

"Businesses have no real route at the moment for achieving patent enforceability," Abbott warns. "But without this, where is the financial incentive to make these innovative breakthroughs in the future?"

OPINION

‘The captain is ultimately in command and responsible whether or not he or she chooses to rely on autopilot’

A lot has been said about how artificial intelligence (AI) might revolutionise the world of intellectual property (IP), perhaps replacing humans as inventors or taking over existing IP systems. Let’s cut through the hype and consider what we can realistically expect.

The term AI is often used loosely. I use it to mean machine-learning, whether guided or loosely constrained, to detect patterns or produce inferences or outputs based on what the machine has “studied” rather than its original programmer. Machine-learning usually needs lots of data to learn and the line with data analytics is often blurred.

Starting with the basics, there are undoubtedly advances in the way machine-learning operates or can be computationally implemented efficiently and these advances may be patentable, just as for other inventions.

However, many commercial applications of AI involve taking generally known AI techniques and applying them to a data-crunching problem and this alone is unlikely to be considered inventive.

Nonetheless there may be protectable IP in the detail of how this is done effectively in a given case. An expert can advise on whether there is likely to be commercially worthwhile protection to seek in a particular application or if simply keeping the data is the key.

More colourful debate has involved whether a machine can itself be an inventor or an author, or speculation about one AI filing its own patent applications and another “official” AI examining them. I participated in a public debate with the UK Intellectual Property Office and AI evangelists on the practical, legal and moral implications of this.

Patent applications have been filed for an invention naming an AI as inventor, with a notion that this was deliberately done to test boundaries. The UK and European patent offices have both ruled that an AI cannot be an inventor. Academic debate may continue on such questions as how do you determine the term of copyright which depends on the life of an author, if the author is a machine. But for now, at least for businesses, the issues are thankfully clear.

The real impact of AI will take place behind the scenes; companies will use AI in design and competitor analysis, but let the human directing the AI take the credit. There is a close parallel with the issues when a semi-autonomous vehicle has a collision: the driver is responsible. To a pilot these issues are nothing new; the captain is ultimately in command and responsible whether or not he or she chooses to rely on autopilot or other systems to assist in navigation or control.

In one sense this is just normal use of technology, in the same way computer-aided design and computer-aided manufacturing simplified getting from concept to product or word processors and spreadsheets and databases assisted document production and accounting and filing.

A new issue is that AI may make it easier for what I term “artificial inventing” based on analysing apparent gaps in the prior art; it is often more productive to task smart humans to make positive inventions whereas an AI can work 24/7 just looking for gaps. There are also so-called AI tools for searching and assisting with preparing patent applications which I have seen; AI will creep into the field of analysing, selecting, examining and even writing patent applications from all directions.

Some balance to this is that machine-learning works well with a training dataset to spot patterns in “what is”; good examples being image processing or identifying anomalous behaviour. However, inventions must be unique and it is less straightforward for AI to deal helpfully with an open-ended “what isn’t”.

We should embrace AI tools where they can help, but don’t expect them to replace expert strategic human insight or fundamentally change IP in the next few years. ●

Ilya Kazi
Chartered patent attorney
Chartered Institute of Patent Attorneys

Tackling IP complexities in the age of streaming

As rapid advancements in technology underpinning the book, music and gaming industries transform the world of intellectual property, publishers require robust systems that provide clarity around their rights and how they should be paying artists and authors

Rise of the subscription economy, fuelled by new streaming services across books, music, games, TV and film, has multiplied the complexities facing publishers when it comes to intellectual property (IP) rights and how authors and artists get paid for their work.

Just like the music, gaming and film industries have already been drastically influenced by streaming, led by the popularity of Spotify and Netflix, book publishing is heading in a comparable direction through ebook subscription services such as Kindle Unlimited.

Streaming has shifted music’s key monetisation model from the physical distribution of albums to streaming royalties on individual songs and the book world is facing similar disruptions as subscriptions rip up the rules on how authors are contracted and paid.

A move towards more time-based contracts, whereby the distributors own the rights on a work for only a set period of time, creates further complexity around IP. And in the midst of this, if a book leads to a movie or musical, or in some cases a whole lot more commercialisation, who is keeping up with who should be paid for what and when?

“The deals, the contracts, how works are licensed, how parties are paid, the number of parties that get paid and contribute to work, the globalisation of the market, the backlash from artists and authors who want to be paid more, all this is adding an incredible amount of complexity to IP in the streaming age,” says Scott Winner, chief executive of Ingenta, an Oxford-based provider of content services for the publishing industry.

“It seems simple, but in execution it’s very complex. I write a book and you license it from me, so you can distribute and sell that book and I get payments based on what we agree in our contract. But what if you’re doing that for 1,000 different people with slightly different agreements every time? That’s hard. Companies end up with lots of spreadsheets with different formulas because there are 15 different types of contract.”

> Our role is to support complexity in the world of IP

Peloton, the high-tech exercise bike that enables users to join streamed spinning classes, is currently facing a $300-million lawsuit from music publishers that claim it distributed their songs without the correct licensing. The sheer scale of the damages that Peloton could face demonstrates the risks of ignoring the complexities of IP in the digital age.

Ingenta solves these unique problems with robust solutions for IP management. Its commercial platform manages the contracts, rights and royalties for some of the largest global book publishers. The technology is media agnostic, enhances the tracking of ownership from contract to payment through metadata best practices and enables easy discovery of underutilised rights to highlight new opportunities to monetise IP.

Last year Ingenta also launched its first dedicated product for the music industry and is also working with the gaming industries. The system provides music publishers with a comprehensive and consistent resource for creating and managing music rights contracts and the various ways in which they can be utilised. Royalties are reliably calculated based on IP usage across any format, including mechanical, public performance, print and synchronisation royalties.

“Our role is to support complexity in the world of IP,” says Winner. “We have focused on highly configurable, rules-driven systems, so we can change them without changing the software, and we’re constantly working on adding new modules to keep up with new developments. We use an end-to-end approach, from the contracts stage right through to the payments, ensuring it all flows from a data perspective.

“It’s easy for large publishers to get into a mode where they lack standardisation around their contracts, leaving holes and gaps in how they process payments. They might have 15 people negotiating contracts at any given time, so we allow them to enforce standards of review, contract structures and clauses. We ensure compliance and give publishers the confidence to embrace the exciting new business models and opportunities in these industries.”

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VALUING INTANGIBLES

Tangible assets are easy to value. They're typically physical assets with finite monetary values, but over the years have become a smaller part of a company's total worth. As technology disruption continues, and organisations increasingly rely on emerging developments in artificial intelligence, robotics and cloud computing, intangible assets have grown to represent the lion's share of corporate valuations. But without a physical form and the ability to easily convert them into cash, working out what these assets are truly worth can be challenging

THE EIGHT KEY INTANGIBLE CATEGORIES

The majority of these categories can be protected by intellectual property, according to Aon

01

INTELLECTUAL PROPERTY

Assets created of the mind, such as patents, copyrights, trademarks and trade secrets

02

B2B RIGHTS*

Rights of value generated between businesses, such as royalty and licensing agreement

03

BRAND*

Value associated with consumer perception, such as brand equity

04

HARD INTANGIBLES*

Assets that tend to sit on balance sheets as a specific item, such as goodwill or software licences

05

DATA*

Stored information on computer systems, such as customer lists

06

NON-REVENUE RIGHTS

Assets that don't tend to affect any revenue generation, such as non-competition agreements

07

RELATIONSHIPS

Value associated with people/corporation networks

08

PUBLIC RIGHTS

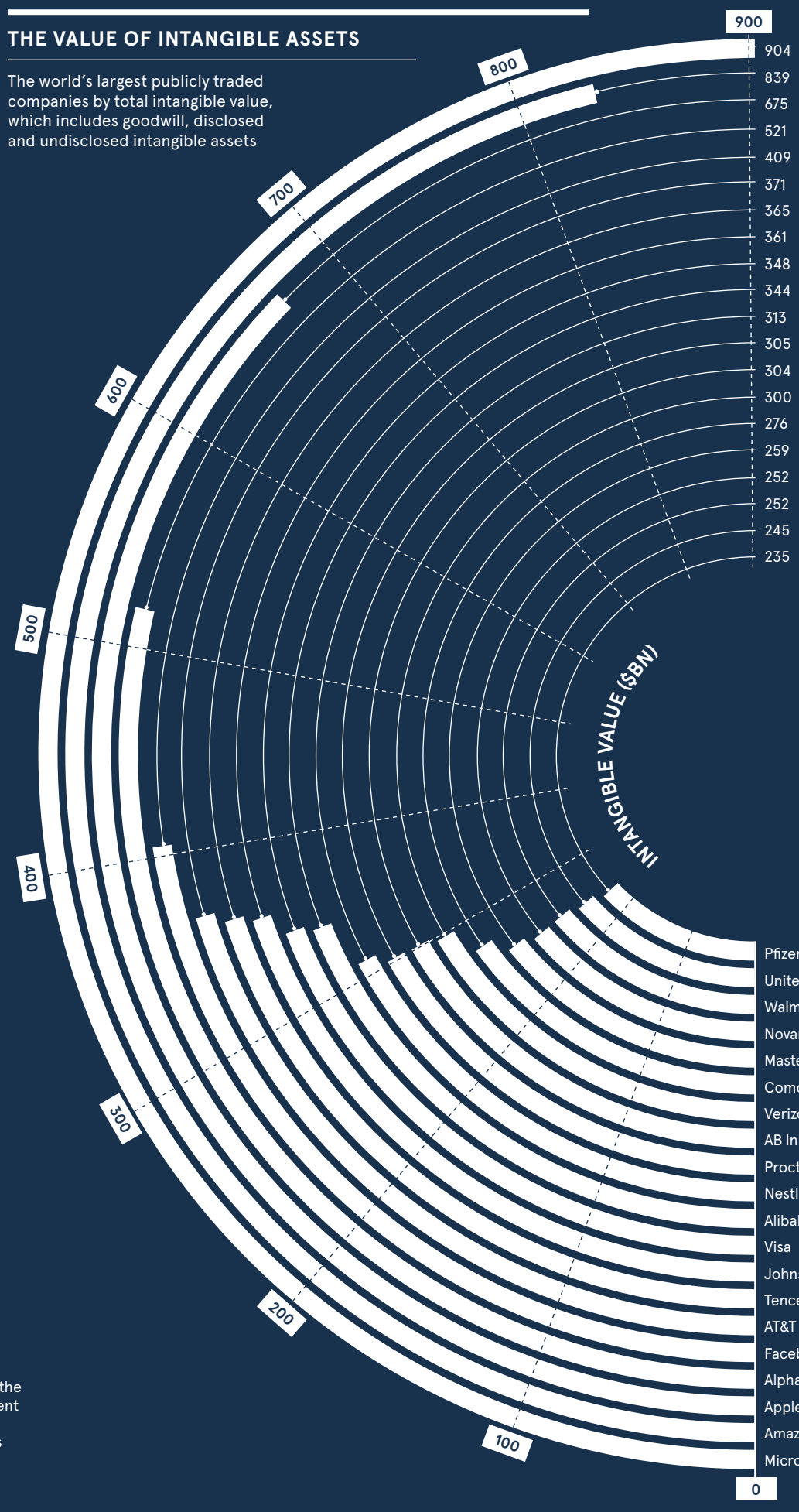
Rights of value generally in the public interest or government handled, such as planning permission or drilling rights

*Can be protected by intellectual property

Aon/Ponemon Institute 2019

THE VALUE OF INTANGIBLE ASSETS

The world's largest publicly traded companies by total intangible value, which includes goodwill, disclosed and undisclosed intangible assets



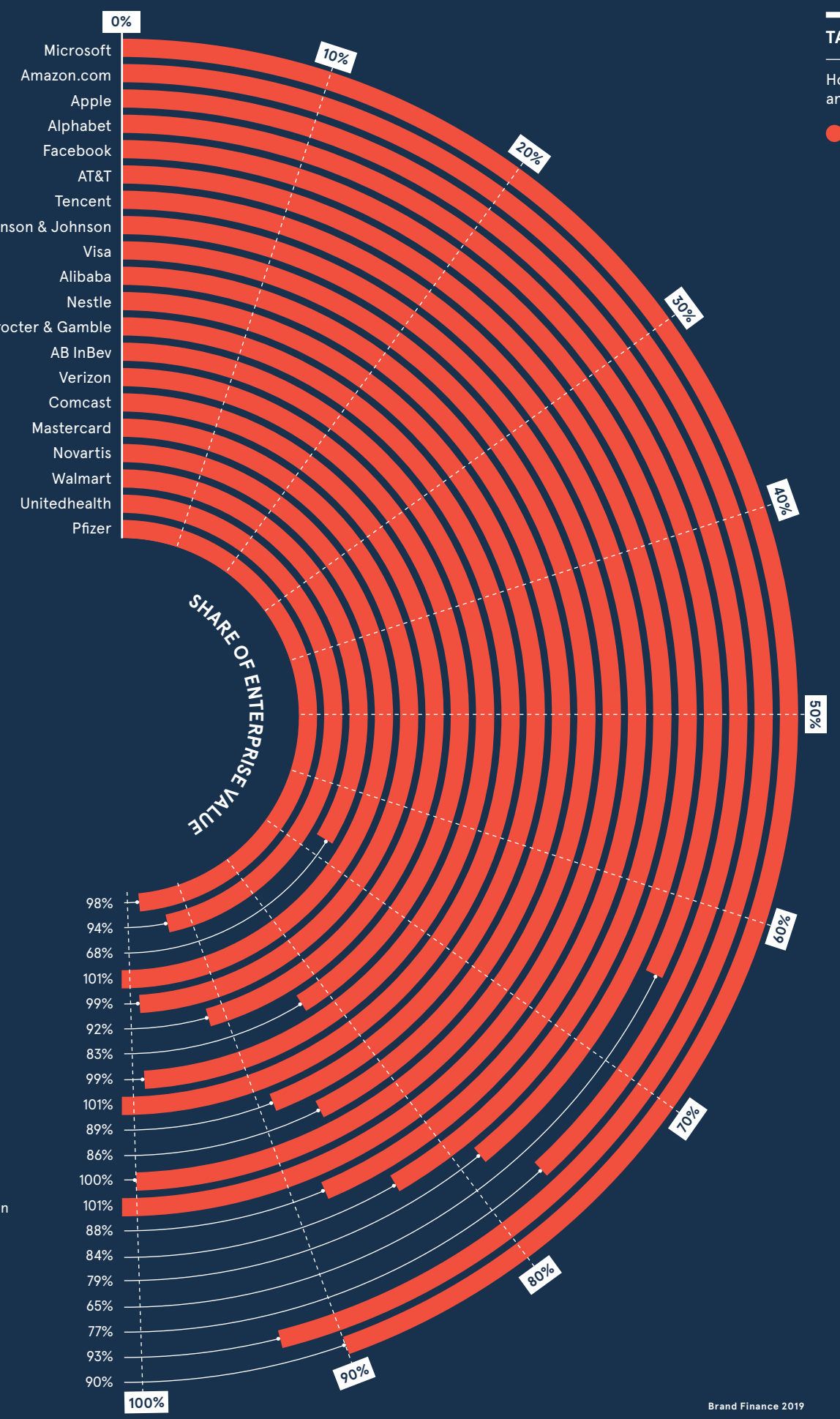
HOW SENIOR INVESTMENT DECISION-MAKERS VIEW INTANGIBLES

A company's intangible assets contain important information about the future strength of its business model

Conventional valuation methods such as discounted cash flow are inadequate without thorough consideration of intangible assets

The role of intangible assets in investment assessment

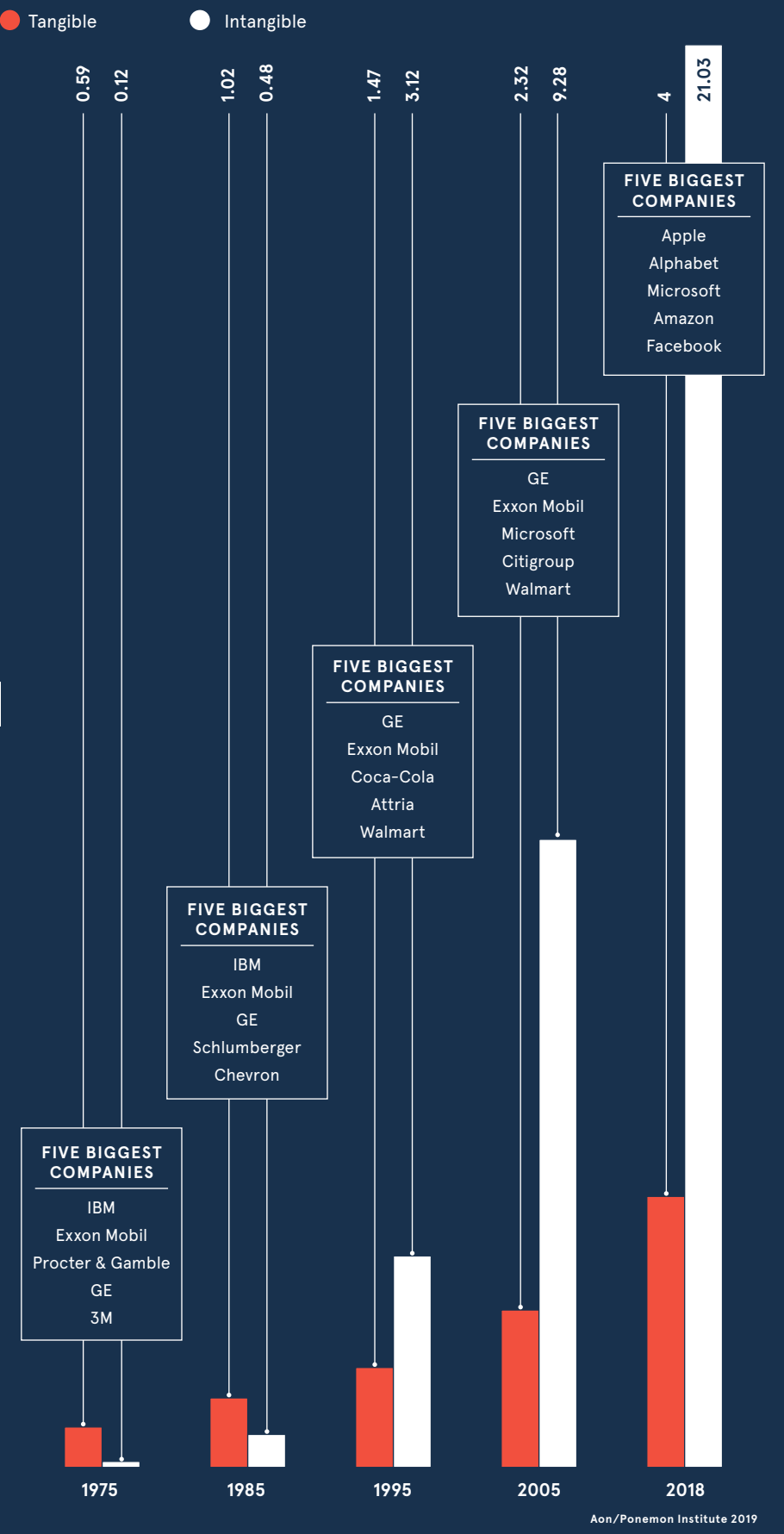
Columbia Threadneedle Investments 2019



Brand Finance 2019

TANGIBLE VERSUS INTANGIBLE ASSETS COMPARISON

How companies on the S&P 500 have historically valued their tangible and intangible assets (in trillion dollars)



Aon/Ponemon Institute 2019

Commercial feature

Q&A

EPO ruling on CRISPR shows perils of mis-understanding patent law

A European Patent Office (EPO) ruling on CRISPR gene-editing technology is the most talked about patent case of the year. **Dr Emma Longland**, patent director at intellectual property specialists, HGF, explains why specialist knowledge is crucial to patent applications when the stakes are this high

Q What is the background to the EPO's ruling?

A During 2012 and 2013, different groups published experiments and filed patent applications directed at using CRISPR (clustered regularly interspaced short palindromic repeats) systems for gene editing. As a result, there have been various battles around the world as to who got there first and deserves the patent protection. CRISPR as a scientific technology is developing rapidly. The patent that was the subject of the proceedings at the EPO was jointly owned by the Broad Institute, MIT and Harvard, but I shall refer to it as "the Broad Institute's" for ease of reference. They took a strategy of getting their applications granted very quickly, which obviously gave them some benefits in being able to refer to their granted patents. But that also, of course, meant their patents were the first to be put under the scrutiny of post-grant opposition and appeal proceedings. The EPO has now revoked one of the first patents they were granted, due to a legal technicality.

Q Why has CRISPR attracted so much attention?

A Since its introduction to the scientific community about eight years ago, CRISPR gene editing has often been hailed as the most significant new technology of the 21st century so far; a truly sensational innovation. By allowing scientists to edit the human genome in a remarkably simple and cost-effective way, it has the potential to cure diseases and revolutionise agriculture. It's like taking a pair of scissors to DNA to make specific and precise modifications. Many treatments are going to come out of this and people are working on lots of different ways to use it to combat various diseases. A few cases of sickle cell anaemia have already been successfully treated with CRISPR, and groups are looking to treat cystic fibrosis, muscular dystrophy and Huntingdon's disease with it, for example. The medical potential is huge and, as a result, the research costs and commercial potential are, of course, significant.

Q How exactly did this legal technicality come about that saw the EPO revoke the Broad Institute's patent?

A It all came down to a discrepancy between the applicants listed on the Broad Institute's original patent application in the United States and its subsequent patent application in Europe. There's a convention that goes back well over 100 years called the Paris Convention, which allows you to file a first application and, because 100 years ago it would take a while to physically get around all the different patent offices, there is a priority period of 12 months during which you can file additional applications around the world that will also benefit from the filing date of the first application. The Broad Institute adhered to that timeframe, but for it to be valid all the people who filed the initial priority application in the US needed to be included in those who filed the later application in Europe, or at least they all needed to authorise those people who did file it. The EPO ruled that this didn't happen in this case and that's why they revoked the patent.

Q Has this kind of ruling been made by the EPO before?

A The EPO has been deciding cases in this way for quite a number of years, so the Broad Institute were up against established law, but argued that the EPO hasn't been interpreting the Paris Convention correctly. The Broad Institute argued that because they filed their priority application in the US, then the people who owned the right to claim priority should have been assessed according to the US law. But clearly the EPO's Board of Appeal didn't accept that.

Q If the Broad Institute used a patent attorney to file their applications, how could they have overlooked the necessary criteria of the Paris Convention?

A As with all international treaties, different countries may interpret the Paris Convention slightly differently. In European law, it is assumed that when you file a European application, you're expected to know about European law. When the US attorney filed the international application that resulted in this patent in Europe, they had many different variables to consider and this important aspect of European law obviously got lost in the details. If the client is saying these are the people who are responsible for this part of the invention and we want it divided up in a particular way, it can very easily happen that the attorney fails to think sufficiently about whether it will cause a problem in Europe. The EPO ruling is a huge warning to people to get their priority claims right. If you work in the profession, just thinking about this happening to one of your patents is a nightmare scenario. That's why for high-profile and valuable cases, such as CRISPR, it's crucial to work with a firm such as HGF that can give you specialist advice.

Q Can you expand on HGF's expertise in this area?

A We have a very experienced CRISPR team with strong expertise in the technology and all of its developments since it was introduced. For example, we are involved in the oppositions for the University of California Berkeley patents, belonging to the Broad Institute's biggest challengers, the cases for which are just starting to be challenged and assessed post-grant. This area has really exploded in recent years. It's amazing how much it has advanced already and it's clear this is going to be a revolutionary technology for healthcare, but there are specific legal issues that companies need to have in mind when the applications are being drafted, prosecuted and defended. It's very easy for even patent attorneys to make mistakes, particularly if they don't understand CRISPR technology. We provide advice on these issues and can help to make sure priority claims are valid and meet all the legal obligations.

Q Does the EPO ruling draw a line under the CRISPR issue?

A I suspect there are more twists and turns to come in the patents saga for this transformative technology. For this particular patent, the Broad Institute might try to keep fighting for it in Europe, but it's unlikely they'll get anywhere. They do, however, have many related CRISPR patents and applications. Some will suffer from the same problem, but crucially they also have some where they did apparently list all the applicants they needed to on the European application. So we can expect them to try to get the protection they want using those. They've lost this particular battle, but they are still in the war.

For more information please visit hgf.com

HGF


Jesse Collins/Unsplash

REGULATION

Is US regulation a threat to innovation?

Experts debate whether America's patent rules are favouring larger organisations over independent inventors

James Gordon

When the Leahy-Smith America Invents Act, or AIA, came into force in September 2011, it was lauded by policymakers for harmonising US patent rules with those of the rest of the world. Nearly a decade on, many academics are doubtful about the net benefits and whether the rules are impacting organisations of all sizes to the same extent.

Professor Zorina Khan, a leading researcher on intellectual property (IP) at the National Bureau of Economic Research, says that in the knowledge economy, disruptive ideas often come from independent thinkers, but the AIA has meant the pendulum now swings more towards large established innovators.

Indeed, many smaller data-centric inventors protest that the AIA is stymying innovation. Rana Foroohar, author of *Don't be Evil: The Case Against Big Tech*, says shifts in the IP system, regarding what can and can't be patented, and a non-court adjudication system, which paves the way for rivals to invalidate IP, have left many wondering whether their IP is safe in the United States.

Some have already voted with their feet and left for Europe and China. Statistics from the US Patent and Trademark Office (USPTO), which reveal that since 2017 the number of patents issued in North America has been falling, confirms this trend.

But what are the changes that have allegedly shifted the needle in favour of large innovators? Khan points to three key AIA reforms which she says can penalise smaller players.

Firstly, in moving from a first-to-invent to first-inventor-to-file system, Khan believes the AIA takes the focus away from "the ideas of the first and true inventor" and "favours filers with the resources and personnel to quickly push through their applications".

She adds that evidence from Canada, which switched to first to file in 1989, backs up the claim that the AIA disadvantages independent inventors and smaller firms without their own specialised support for filing.

Khan also points out that under the terms of the AIA, any rival company can petition to revisit the validity of an issued patent. "This tends to undermine the strength of the property right in inventions," she says.

> **With the courts stifling innovation in diagnostics, in the long term the quality of life for many Americans could be adversely affected**

Thirdly, Khan feels new litigation rules favour large filers. Patent owners were formerly allowed to file against multiple defendants in one single lawsuit, which was especially cost effective for small inventors. The AIA, she says, has made this more difficult and thus "disadvantaged smaller businesses that wish to prosecute multiple infringers or co-operate to defend against a dominant plaintiff".

The overall reforms are complex, but Khan, author of a prize-winning book about patent systems, says the AIA has introduced substantial departures from fundamental democratic policies that have guided US patent rules over the past 200 years.

But not everyone agrees. Take David Kappos, for example. Widely recognised as one of the world's leading thinkers on global IP, he was director of the USPTO from August 2009 until January 2013, and was an architect of the AIA and its implementation.

While Kappos believes that the future of innovation in America is under threat, he says: "It is important to differentiate between the AIA, which grants patents, and the highest courts' interpretation of US case-law development, which takes them away.

"In terms of smaller innovators, the AIA has had an extremely beneficial effect. Its *pro bono* programme, for instance, has enabled thousands of under-resourced inventors to file their patents for free. Furthermore, it also facilitates fast-track patenting, which allows innovators to complete the patent process in just nine months, and was highly sought after by small innovators. So it is simply not correct to suggest that the AIA favours larger players."

Instead, Kappos, who is a partner at New York law firm Cravath, Swaine & Moore, says that a new rule, made up by the Supreme Court and unrelated to the AIA, is the issue. He says that the ruling, which is based upon the Supreme Court's interpretation of the Law of Eligibility for Patent Protection (Alice/Mayo Section 101 Law) "has undermined the US patent system". He believes that it has "created an environment where many inventions by software and medical diagnostics companies are now unpatentable".

Kappos thinks that the only solution lies in overhauling Section 101, which he says has been "interpreted excessively narrowly" by the Supreme Court.

He explains: "The overhaul must consist of overturning the erroneous Supreme Court decisions, and also clarifying that 101 be interpreted broadly to avoid denying eligibility to important categories of next-generation inventions."

Kappos, who also lectures at Columbia and Cornell law schools, fears that if the courts abide by Section 101 in its current form, "innovators in the software and life sciences space, whatever their size, won't invest new capital in new ideas".

If the log-jam remains, he is concerned that continued failure to reform Section 101 will leave innovators scrambling for the only form of protection left, which is trade secrecy.

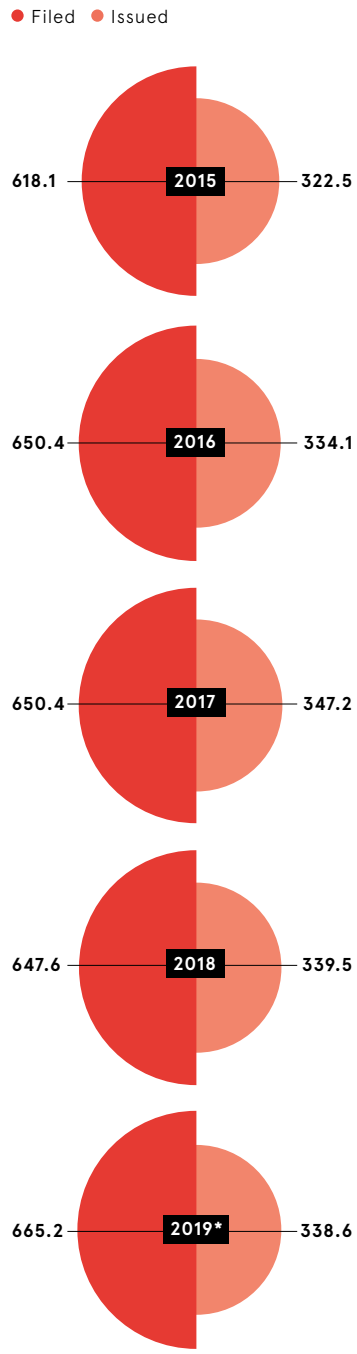
"This would be an extremely retrograde step as it would mean companies effectively returning to the middle ages regarding how they safeguard their IP," says Kappos. "History has taught us that a culture of trade secrecy massively slows down the aggregate pace of innovation. We don't wish to return to such a period."

However, he believes that since the Supreme Court has so far not been persuaded to change course, the only other remedy will be to push reform of Section 101 through Congress. With the Supreme Court refusing to hear any high-profile patent case presented to it this term, Kappos considers Congress may be America's last hope. Along with other industry heavyweights, he is working on legislative text, which he hopes will help Congress to change the direction of travel.

"It is vital that they do so," he concludes. "The irony is that very few Americans know about Section 101 or the damage it is doing. But with the courts effectively stifling innovation in diagnostics, in the long term the quality of life for many Americans could be adversely affected. That's the bigger picture and is why Congress needs to act and act quickly."

PATENT ISSUANCE IN THE US HAS FALLEN

Patent applications filed and issued (in thousands)



*Preliminary data for 2019
US Patent and Trademark Office 2020

MUSIC COPYRIGHT

Blurred lines between imitation and infringement

The rise of copyright infringement cases raises serious questions about the future of the music industry, as creative freedom and protecting intellectual property continue to be challenged

Marvin Gaye's estate received a $5-million payout after a US court found that Robin Thicke and Pharrell Williams' 2013 hit Blurred Lines had infringed the copyright of Got To Give It Up

Ben Edwards

When a US jury found Katy Perry's 2013 hit *Dark Horse* had stolen a few notes from a 2008 record by Christian rapper Flame, it resulted in a payout to the tune of $2.78 million.

The case became the latest in a series of high-profile lawsuits that have prompted some in the music industry to question if copyright laws go too far and risk stifling creative freedom.

Perry's lawyer Christine Lepera argues that by claiming copyright infringement on the notes in question, the plaintiffs are in effect trying to "own the building blocks of music".

The 2019 judgment came less than five years after a US jury found Robin Thicke and Pharrell Williams' 2013 hit *Blurred Lines* had infringed the copyright of Marvin Gaye's *Got To Give It Up*, which ended in a payment to Gaye's estate of around $5 million.

Alex Fewtrell, a solicitor at UK intellectual property (IP) specialists Briffa, says the latter case set a worrying precedent because Thicke and Williams were essentially sued for copying the feel of the song, rather than a specific part of it.

"It's pretty much impossible not to be influenced one way or another by other music," says Fewtrell. "Pop music goes through trends, so you'll have similar motifs and similar rhythmic structures when a certain type of music is trending, and a lot of the music may sound quite similar."

> **It is absurd to sue because your song has the same feeling as another**

The ruling is making some musicians and producers uncomfortable. "It is absurd to sue because your song has the same feeling as another," says León Larregui, frontman of Grammy award-winning Mexican rock band Zoé.

"Cases like this will affect the industry; you can't get inspired anymore because you're breaking the law. If someone sues you because your song has the vibe of someone else's song, that's wrong. It shouldn't happen. Great music always comes from the inspiration of other great music."

Such IP cases in music are now becoming more frequent as lawyers, emboldened by these multi-million-dollar payouts, encourage clients to pursue potential copyright infringement.

"It's already having an effect," says Peter Mason, senior associate at law firm Wiggin. "The number of claims has increased significantly and it's much bigger than the headline cases that you see. There are a lot of claims made that are settled out of court."

Critics of these recent high-profile cases say part of the issue is that in America juries can be called on to decide civil cases. And juries might not have sufficient technical expertise to understand what is actually capable of being infringed under music copyright laws.

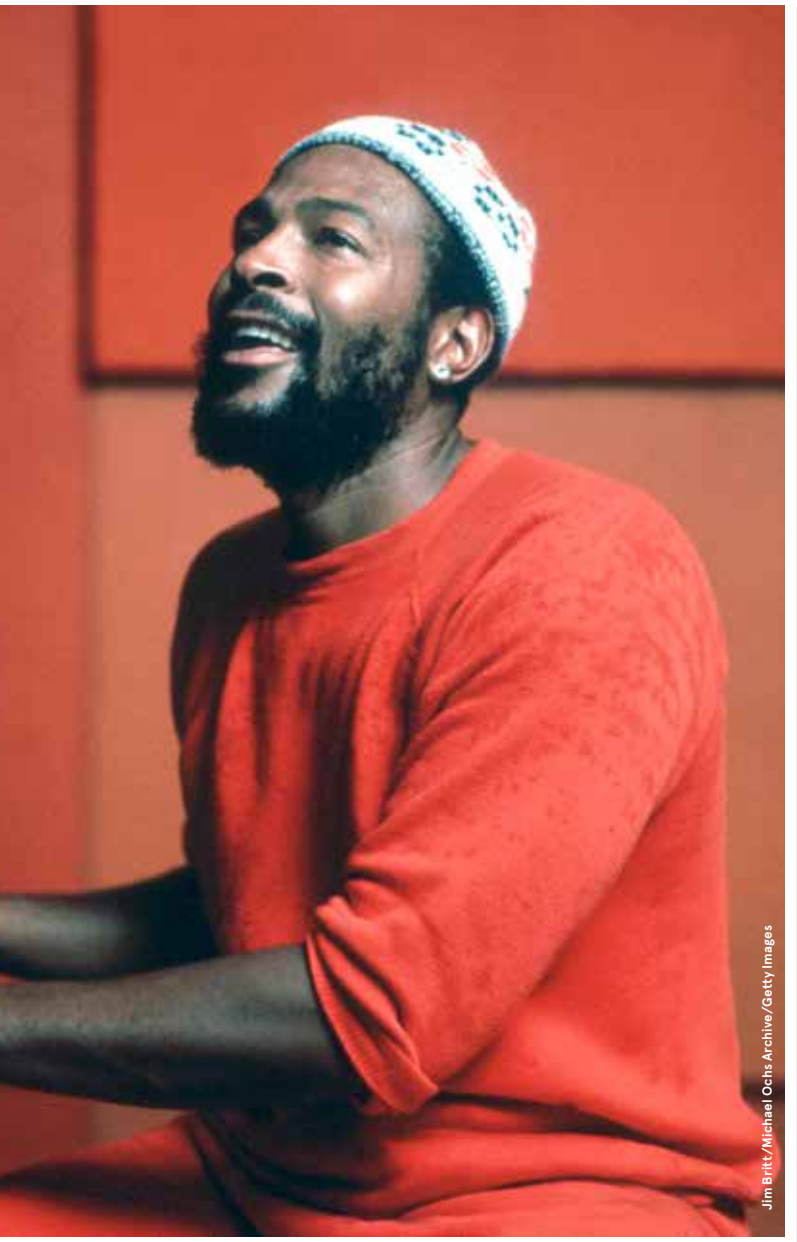
"When you're talking about the copyright in a song, that means the composition – the actual tune, the arrangement – not the feel or the genre or the production," says Mason. "If you compare songs by listening to them, it's very difficult for most people to separate the composition from the feel and the production.

"People tend to just compare what their ears are hearing. If you're just comparing what your ears are hearing, a lot of things sound similar and a lot of the time what sounds similar is the instrumentation sound, which is what creates the feel of a song, but that shouldn't be part of what is protected."

Some in the music industry are fighting back. Kenneth D. Freundlich, a US attorney and founding principal at Freundlich Law, is representing a group of musicologists who are contesting those recent judgments by calling for court-appointed experts to be introduced to help judges better analyse such IP cases in music.

"The judge is supposed to provide a gatekeeper function, which means before deciding to send a case to a jury they have to analyse the music and its elements. But that in itself causes problems because judges don't necessarily have any musical knowledge, so judges are hesitant to throw out claims except in the most egregious cases," says Freundlich.

Lawyers are now closely watching the outcome of a brace of appeals that could provide more clarity on how music copyright laws should be interpreted in future. One of these is an ongoing dispute involving Led Zeppelin's *Stairway to Heaven* and its alleged similarity to American rock band Spirit's track *Taurus*, which is currently


Jim Britt/Michael Ochs Archive/Getty Images

going through the 9th US Circuit Court of Appeals.

The outcome could impact other copyright disputes, including one involving Ed Sheeran's *Thinking Out Loud* and Marvin Gaye's *Let's Get It On*, which a judge last year delayed pending the result of the Led Zeppelin case. Meanwhile, Perry is also appealing the verdict of the *Dark Horse* case.

In focus is the concept of so-called "thin" copyright, which means that trivial elements of a song – the building blocks of music that do not include melody, rhythm, harmony or lyrics – must be virtually identical for copyright infringement to have occurred.

If judges were to apply thin copyright, it could start pulling the law back in the other direction, says Freundlich.

But the need to protect IP cuts both ways. Nobody in the music industry wants to see their own work being copied and, given the potential money at stake, there is a strong business incentive for copyright owners to enforce their IP.

$2.8M

settlement figure paid to rapper Marcus Gray (known as Flame) for copyright infringement regarding Katy Perry's song *Dark Horse*

$5M

settlement figure paid to Marvin Gaye's estate for copyright infringement regarding Robin Thicke and Pharrell Williams' song *Blurred Lines*

"From a legal point of view, I have a lot of sympathy with finding infringement in those circumstances, because I would want IP holders' rights to be protected," says Oli Isaacs, managing director of artist management company This Is Music Ltd.

Isaacs, who was an IP lawyer before switching career paths, says there is a balancing act in music copyright between the freedom to create and protecting IP that makes it difficult to go too far in either direction.

"If you go fully towards facilitating creativity, you don't sufficiently protect people's creative endeavours through their IP. But if you protect IP too much you're fettering creativity and you would never have had the Rolling Stones if Chuck Berry was able to sue them for ripping off his 12-bar rhythm-and-blues style," he says.

One step artists can take to limit the risk of being accused of copying others is to record their creative process, says Mason. "If you can show you have a completely independent creation process, that is your strongest protection," he says.

And in the future, technology may also be able to help better apply music copyright law. "Artificial intelligence could analyse two songs and say it's similar in instrumentation sound, but that's not relevant, so you might be able to cut out elements which shouldn't be protected as part of the composition," Mason concludes.

Featureflash Photo Agency/Shutterstock

Katy Perry's 2013 hit Dark Horse was judged to have infringed the copyright of a 2008 record by Christian rapper Flame

Commercial feature

Creating tangible value from an intangible business asset

Intellectual property is climbing the boardroom agenda as C-suite leaders realise it is no longer simply an asset to register and protect against infringement, it's something that adds genuine and tangible value to their business

The value attributed to intellectual property (IP) on balance sheets continues to accelerate. The large US tech giants, such as Apple and Google, have led the way in championing IP as a central component of their brand and business. In an increasingly service-driven world, there is an ever-greater reliance on IP to drive growth.

The era of digital disruption has forced IP on to the boardroom agenda. As corporates respond to new entrants and innovators in their respective markets, often pivoting from merely manufacturing goods to providing both products and services, there has been a significant rise in research and development (R&D) spend and a proliferation of innovation hubs, often based on collaborations between startups and incumbents. This has had the knock-on effect of raising a number of issues relating to IP, including ownership and protection.

With IP grabbing the attention of C-suite leaders, it has become apparent that many sophisticated multinationals lack a full picture of their IP portfolio. They often find IP siloed in various business units depending on the company's products and services, which may have been developed by different teams in different countries or be third-party IP that has been acquired through mergers and acquisitions. If a fractured, rather than focused, view is taken of IP, it begs the question whether it is properly protected and fully optimised.

"For some businesses, IP is very much front of mind. Management has a thorough understanding of their IP assets and are supported by specialist internal and external IP counsel," says Dominic Farnsworth, head of IP at Lewis Silkin, a top-100 UK commercial law firm. "However, many businesses either don't have the same understanding or fail to appreciate the importance of protecting their ideas, inventions and data."

IP is frequently under-resourced in organisations or built up in a disjointed manner with no overall understanding of whether they have the appropriate patents, trademarks and domains. Businesses will often just assume they have all their bases covered, but IP does not lend itself to retrospective fixing. If a company doesn't register a trademark, its ability to stop somebody from using a similar mark or domain name can be severely compromised and failure to patent an invention is an invitation for brazen copying.

"The territorial nature of registered IP such as trademarks, patents and designs is a particular headache," says Tom Gaunt, patent partner at Lewis Silkin. "You might register a patent only in Europe for budgetary reasons, but then find yourself unprotected if it takes off in key markets such as the United States and China. IP strategy is not a dark art, it just needs to be thought out and budgeted for. We are constantly instructed by clients looking to fix IP headaches caused by an absence of appropriate strategy."

> **By understanding the full IP journey, from capture to realisation, companies can build IP into their corporate strategy to support key business goals**

A lack of clarity on the full portfolio of IP assets also means other commercial opportunities are missed. Many businesses fail to realise that much of what they both create and deal in is IP. And that IP is not just an asset to be protected, but a monetisable asset and a core element of future growth. In the automotive industry, for example, IP is playing a huge role as data and the internet of things transform everything from the software in cars to the content they host. In addition, banks are strong IP owners, not only in their headline brands, but also in their databases and software.

"Understanding the opportunities afforded by IP means appreciating all its areas," says Cliff Fluet, IP and digital media specialist at Lewis Silkin. "IP isn't a single category, but covers a panoply of rights and assets, including registered and unregistered rights as well as soft IP like copyright and hard IP such as patents. Some think if they just have a domain name then they're fine, not understanding the power of a trademark or the importance of a global strategy for domain names across a portfolio of businesses. IP could be the core of your future monetisation strategy and you don't realise it."

By understanding the full IP journey, from capture to realisation, companies can build IP into their corporate strategy to support key business goals. This includes driving IP creation and acquisition, focused R&D, highlighting divestments where IP holds no value to the business or using IP as leverage in negotiations.

Lewis Silkin has decades of experience actively managing, defending and helping to optimise IP portfolios and brands, from inception, value analysis and protection, through to rollout, commercialisation and disputes. The law firm is unusual in that it offers a complete 360-degree IP service across trademarks, copyright, designs, patents and domains, both contentious and non-contentious. It provides portfolio audits and active asset management, and uses technology, online tools and innovative structures to deliver services in an efficient and user-friendly way.

In an era when a more holistic approach to IP portfolios is needed, Lewis Silkin provides a joined-up, cohesive offering that helps companies get a handle on one of their most important intangible assets. The firm has in-depth sector knowledge across retail, technology, manufacturing, advertising and marketing, sport, and media and entertainment.

"Most law firms with IP teams focus on commercial deals and litigation. We go much further," says Farnsworth. "Our team incorporates not just lawyers, but also trademark attorneys, advising on the acquisition and registration of trademarks and designs, as well as managing global IP portfolios.

"Being able to handle every aspect of a brand's life cycle, from creation to protection to commercialisation, has driven our growth in IP. Beyond that, we wanted to create a one-stop shop addressing all IP needs, so last year we acquired a boutique firm of patent attorneys and now we can deal with all a client's IP holistically under one roof. That's quite a unique and exciting proposition.

"We've built Lewis Silkin up to cover the full width and length of the playing field in terms of IP expertise, but we add height too. By that I mean the value of IP doesn't sit in a vacuum. The ability to dial in commercial, data regulatory, competition and tax experts from the firm to support our clients' IP ventures provides them with a greater springboard for success. And it is this that makes us one of the leading players in IP."

For more information please visit lewissilkin.com

LEWIS SILKIN

Inside a smartphone repair shop in Asia

TimeStopper/Getty Images

HARDWARE

Regulating the right to repair products

Manufacturers have long built products so consumers can't fix them themselves, but growing demand for a circular economy and less e-waste could soon change all that

Rich McEachran

If you have ever damaged your smartphone or broken a laptop, you've probably had to pay through the nose to have it fixed.

Big tech companies have effectively created a monopoly on repairs and, as a result, can charge what they want, according to critics.

But now a right-to-repair movement is gathering momentum in Europe and America, where 15 states have active legislative proposals. If passed into law, electronics manufacturers would be required to provide independent repair shops with the tools and information needed to fix devices.

In Europe, the European Commission last October ratified new right-to-repair regulations to make repairing domestic appliances easier, in a bid to fight electronic waste. From April 2021, the regulations will require manufacturers to design their products to last longer and ensure spare parts are readily available.

So what does this growing movement mean for intellectual property (IP)?

Opponents of the right-to-repair movement, specifically original equipment manufacturers (OEMs), argue that their IP could be infringed. Repairs carried out by third parties may also lead to devices and appliances being fitted with faulty parts, causing injury.

The actual impact it will have on IP is a grey area. In UK design law, at least, a spare part must fit and must match.

"These rules allow third parties to produce spare parts that have to match or fit the original product to do their job," says Robert Lands, partner and head of IP and commercial at law firm Howard Kennedy.

"Those parts don't infringe the design rights in the original article. Even where there is a patent on the product, there's a right to repair it without that repair infringing the patent."

> **The replacement cycle for products will extend; people will look to keep older appliances for longer, reducing the revenue generated from new sales**

Meanwhile, UK patent law states that a mere repair is allowed, but remaking the product isn't. For example, replacing a key on a keyboard would be deemed a repair. However, fitting an internal component that not only restores functionality, but improves the product's performance and extends its life cycle could be deemed as making a new product entirely.

Alistair Holzhauer-Barrie, patent attorney at leading IP law firm GJE, adds that some OEMs have difficulty protecting replaceable components with IP rights. This is often due to them not being innovative enough for a patent to be granted.

In theory, the right to repair poses a threat to manufacturers' revenues from replacement parts, especially if third parties choose to advertise their spare parts in ways that lead consumers to mistake them for an original, says Piers Barclay, chief strategy officer at online brand protection provider Incopro.

OEMs could, however, reduce the likelihood of being exploited by third parties by giving repairers a seal of approval and persuading consumers to use them.

Apple, which has previously lobbied against right-to-repair legislation, last September launched an independent repair programme. Professional repairers can apply to gain access to official parts and components needed to carry out repairs, yet the tech giant will decide which repairers to authorise.

The move by Apple has been seen as a way for it to sell services and accessories to third parties.

Given that it will mean cheaper fixes for consumers, it could encourage more Apple product owners to keep hold of their device or pass them on to someone else. At a time when iPhone revenue has been declining, focusing on services rather than hardware could be crucial for the company's future growth and sales.

"Commercially, the biggest concern for OEMs could be that the replacement cycle for products will extend; people will look to keep older appliances for longer, reducing the revenue generated from new sales. Monetising the aftermarket business is crucial," says Paul Foot, partner and patent attorney at Withers & Rogers, one of Europe's largest IP firms.

Holzhauer-Barrie adds: "The flip side of all this for those manufacturing spare parts is that they may need to be more careful about OEMs using more creative ways to limit their ability to make and sell the parts."

One question is whether the right to repair will lead to counterfeiters accessing information on a product's inventive components.

"Releasing repair information could pave the way for counterfeiters to access a product's manufacturing process and allow them to build a replica version, which could be sold to consumers at lower prices," says Barclay.

In reality, though, if this were to happen, OEMs would be well positioned to fight the infringement, given the law that distinguishes between repairing a product and making a new one.

"The proposed new right-to-repair rules probably won't affect this, even if OEMs are compelled to allow third parties to repair their products," says Alex Burns, associate and patent attorney at IP law firm Mewburn Ellis.

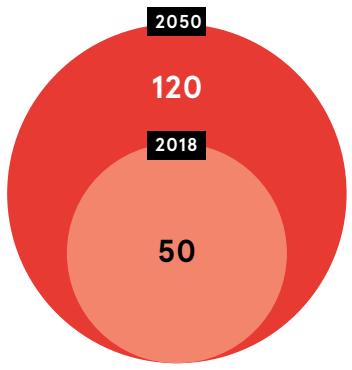
"The protection they have in place should be sufficient enough to ensure those third parties don't replicate the central components of their inventions or designs without permission."

While the right to repair could expose OEMs to criminals with little regard for IP protection, the vast majority of professional repairers will stick within the law, argues Foot.

"Ultimately, it's not going to cause serious upheaval for OEMs. Opening up the aftermarket will simply give consumers more choice about where to source spare parts for repairs."

E-WASTE PROJECTIONS

Estimated global amount of electronic waste generated, in million metric tons



World Economic Forum 2019

PRINCIPLES OF THE RIGHT-TO-REPAIR MOVEMENT

According to the Repair Association's website, consumers should have the right to the following from the companies they buy from

01
Information: Documentation, software and legal ability needed to repair products

02
Parts and tools: Fair access to service parts and tools, including diagnostics

03
Unlocking for repair and reuse: Ability to unlock and modify software and firmware that is required to operate products

04
Unencumbered Resale: Ability to resell products (including the software needed to operate them).

05
Repairable Products: Designers should integrate design-for-repair/recycling principles into product development

Repair Association

Dehns

Patent and Trade Mark Attorneys

IP for Entrepreneurs

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Here at Dehns, we've been doing a little R&D of our own and we've decided to do things a bit differently. Based on the collective knowledge that Dehns has built up over the last 100 years, our new Innovation Management Group (IMG) provides down-to-earth, jargon-free advice to entrepreneurs, start-ups and disruptors.

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