

All Right – Legal Support for scientists initiating collaboration

Appendix 2: Forms of Protection

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This document first gives a short summary of the most important forms of Intellectual Property Rights (“IPR”) protection and similar protection forms, followed by a more in-depth description of the same.

If you require advice in the possibilities to obtain a patent or other IPR protection for a specific innovation or other IPR you should contact the Innovation Office at your university.

Swelife’s All Right Legal Support is a set of documents to be used as tools when initiating collaboration. The aim is to stimulate and facilitate discussions and collaboration between potential partners and to act as a gateway to innovation support organisations.

1. IPR Summary

1.1 Patents

- An exclusive time-limited right to commercially exploit an innovation in the nations where the patents are held
- Requirements for granting a patent are novelty, inventive step and industrial applicability
- Protection for 20 years
- National application at the Swedish Patent and Registration Office (PRV)
International application through the European Patent Office (EPO) and the World Intellectual Property Organization (WIPO)
- Patents are costly

1.2 Trade Secrets

- The Swedish act on Trade Secrets (*Sw*: Lag om Företagshemligheter), provides legal protection from unlawful disclosure and use of e.g. know-how and other confidential information
- The requirements for protection are secrecy, that commercial value is derived from keeping the information secret, and that reasonable steps have been taken to preserve secrecy
- Protection is possible indefinitely, provided that the relevant information is kept confidential
- Almost global protection without registration and costs

1.3 Trade Symbols

1.3.1 Trademarks

- Exclusive right to commercially exploit a trademark (sell and market products under it) in designated countries and classes
- Must be unique and have a distinctive character
- Many different types (word mark, figurative mark, combination mark etc.)
- Protection indefinitely (renewal in 10 year periods)
- National application at the Swedish Patent and Registration Office (PRV)
International application through OHIM (Community trade mark) and WIPO (international registration)
- Fairly inexpensive to register

1.3.2 Trade names

- Exclusive right to conduct business under the name in the country/region where the company is incorporated and within the same line of business
- Must be new and have distinctive character
- Similar protection to trademarks
- Protection varies depending on form of company
- Protection indefinitely
- Inexpensive to register

1.3.3 Domain names

- Domain names are a means of identification on the Internet
- Complements trademark and trade name protection
- Helps to build brand
- Can be registered under several top-level domains
- Inexpensive, easy and fast to register

1.4 Copyright

- Exclusive and time limited right to commercially exploit the copyright protected work internationally
- Must be sufficiently original
- Many different types of works protected (applied arts, music, databases, computer code etc.)
- International protection upon creation without need for registration (free), registration possible in some countries
- Protection between 50–70 years after the creator's death

1.5 Designs

- Exclusive and time-limited right to commercially exploit the design in designated countries
- Concerns the appearance of a product or packaging including web design, logos, computer icons etc.
- Must be new and have distinctive character
- 25 years protection for registered designs and 3 years protection for unregistered designs within the EU
- International application through OHIM and WIPO
- Inexpensive to register

2. Patents

2.1 Patents – a definition

A patent is a time-limited, protected, exclusive right to commercially exploit an invention. In contrast to other intellectual property rights, the “regular” patent protects function, and not appearances. The protection comes to the price of disclosure. The invention is described in the registered patent document, which is public. The theory is that this in turn might create new innovations.

2.2 Requirements for obtaining a patent

There are three main requirements for obtaining a patent that all must be met for an invention to be patentable. These conditions are basically the same worldwide. They are:

- i. **Novelty:** This requirement can be a struggle for researchers who want to, or sometimes are required, to publish their findings. Novelty means that the invention, at the time of application, must be new. Entirely new. If the invention has been made known, e.g. in a presentation or publication, the patentability of the invention is generally destroyed due to lack of novelty. Caution should be taken when presenting and handling data before patent has been granted.
- ii. **Inventive step:** The invention must reach a certain level of inventiveness, to be patentable. A general rule to sort out patentable inventions from non-patentable inventions are that if a “person skilled in the arts” view the solution as an obvious extension of what already exists, the invention lacks inventive step. A “person skilled in the arts” means an expert in the relevant technical area.
- iii. **Industrial applicability:** This requirement is perhaps the least complicated to fulfil and means that the invention must be able to be used or produced in any kind of industry.

There are various other exceptions and limitations to what can be patented. These are often connected to ethical and moral considerations. Exceptions also vary over different national legislations. Other things that generally cannot be patented per se are mere discoveries, scientific theories, mathematical methods, artistic creations etc.

2.3 Rights granted, and for how long

Exclusive rights mean that the inventor, or the owner of the patent, is the only one who may use the patent in the geographical area (national), which the patent covers. Use in this context means every economical aspect, like sell, make, have made, develop etc. For anyone else to sell or manufacture the invention they need a license from the owner.

Most legislations grant patent protection for twenty years without possibility for renewal. Within the pharmaceutical industry an extended length of protection for pharmaceutical products may be granted (SPC) due to the lengthy process of getting a new drug tested and approved for sale.

2.4 Ownership

Sweden has a unique and for scientists favourable feature – the teachers exemption. The teachers' exemption means that a scientist employed at a Swedish university normally owns the result of his or her research. However, this may not always be in force for instance due to other agreements, such as research grants, collaboration agreements etc.

Regarding employees otherwise in Sweden, as with most nations, the law regulates the ownership of inventions made by employees. If the invention is within the scope of what the company develops and at least partly is the result of the work at the company, the company often has a direct right to the invention. If the invention is made entirely outside the company, the company still might have the right to acquire the invention if it falls within the scope of the company's business. In such case the researcher will be entitled to reasonable compensation for the invention.

2.5 International patents and costs

Sweden is a limited market and to be effective today, patents often need to be extended to more countries. There are a couple of options, e.g. the European Patent Office ("EPO") has a system by which a patent, subject to national validation, can be applied for and encompass the entire EU.

If a larger market protection is desirable – the World Intellectual Property Organization ("WIPO") has a system under the Patent Cooperation Treaty ("PCT"). A PCT application will not directly lead to a patent. Each designated country needs to approve the application. What WIPO does is to centralize the examination process. If the WIPO search is positive, there is a good chance that the patent will be approved in most designated states.

One advantage of the PCT application is that major costs for patent fees are delayed into the future: 18 months after patentability investigations have been carried out, still preserving the date for filing the application for all designated countries. The extra time a PCT application gives is important as it enables the applicant to evaluate what markets are of interest and allows time to talk to potential investors before the further costs arise. It is up to the applicant, after WIPO has performed its investigations, to choose in which countries the application should be carried through.

Patent applications are rather expensive. The applicant needs to carefully consider the need of a patent, where that need is most important, and find a plan for financing the application.

3. Trade secret

3.1 Trade secrets – a definition

Trade secrets comprise of information with an economic value derived from the information being kept secret.

3.2 Requirements for obtaining trade secret protection

The basic requirements are:

- i. **Secrecy:** The information must be a secret. It cannot be generally known, or readily accessible to people or entities that normally handle information of that kind,
- ii. **Commercial value:** the information must have an economic value, and the value must stem from the fact that the information is kept secret, and
- iii. **Maintaining secrecy:** The holder of the information must have taken, and continuously take, reasonable steps to maintain secrecy. This means e.g. having appropriate confidentiality agreements in place, storing the information safely, making sure people handling the information know that it is confidential, and generally having good and established routines on who can access the information and how it should be treated.

3.3 Different types of trade secrets

Examples of what type of information that can be trade secrets are:

- Formulas
- Patterns
- Compilations
- Software (source code)
- Devices
- Methods
- Techniques
- Processes
- Financial information
- Client/customer data etc.

3.4 Know-how

Many of the examples above are also commonly referred to as “Know-how”. When one talks about know-how in relation to an invention, it is often referred to as the information and knowledge relating to the invention that is not described in a patent application since it is not part of the basic technical solution. It can be how to best calibrate a machine, what exact settings to be used, what temperature a fluid must have to achieve a certain reaction.

Because of the importance of know-how it is normally a part of a technology transfer, or when an investor enters into a start-up. It is hard to properly transfer know-how and it is

therefore common that buyers of tech-companies, or investors, want to tie the holders of the know-how personally to the company in some way. This is usually arranged through employment contracts or consultancy agreements.

If an invention is so complicated that it is doubtful that anyone would be able to reverse-engineer it, or make the invention work properly without the know-how, it should be considered not to apply for patent but instead to keep the solution secret, at least until the company has gained financial momentum.

3.5 Rights granted and for how long

There is no time limit to trade secret protection. As long as the information fulfils the abovementioned requirements, it is protected as trade secrets.

3.6 Ownership

Whoever owns and controls the information constituting a trade secret enjoys the exclusive rights of the trade secrets.

3.7 International trade secrets and costs

Trade secret protection comes into existence without registration and without cost. Almost global basic protection of trade secrets is afforded through rules stipulated by WIPO.

4. Trademarks

4.1 Trademarks – a definition

A trademark is a symbol for a product or service to distinguish it from similar products and services by indicating a specific origin of the product.

4.2 Requirements for obtaining a trademark

Trademark protection can be obtained in two ways. The safe way is to register the trademark. This can e.g. be done nationally in Sweden or for the entire EU. A trademark is registered in different pre-defined classes of products or services (i.e. business segments). An alternative, but more risky way is to use a trademark to the extent that the targeted customer group in a geographical area establishes it. The mark then is protected in that area.

To obtain protection, the trademark must fulfil the following basic requirements:

- i. **Unique:** The trademark may not be identical, or confusingly similar to an already protected trademark or other trade symbols (e.g. trade names) in the same class.
- ii. **Distinctive character:** The trademark needs to have a “distinctive character”, meaning that it needs to be able to fulfil the function of *differentiating* the product or service that are sold under the trademark. If the trademark is descriptive, like “butter” for the product butter, it lacks distinctive character. A trademark is also descriptive if it only describes the quality of the product/service, the geographical origin of the product/service and what has become customary to call the product/service in established practices of the trade.

4.3 Different types of trademarks

As mentioned above, a trademark can be many things. Registerable trademarks within the EU are:

- Word marks: Refers to the actual words (i.e. not how the words look),
- Figurative marks: Refers to an image,
- Figurative word mark: Refers to a combination of word mark/figurative mark,
- 3D mark: A three dimensional shape (e.g. the shape of the actual product or packaging that is sold under the trademark),
- Sound mark: Generally a piece of music, e.g. a jingle.

4.4 Rights granted, and for how long

Trademark protection grants the owner an exclusive right to commercially exploit the mark in the registered class(es) and in the jurisdiction where it is registered. For non-registered trademarks it is instead the area in which the mark is established and for the products/services it is recognised in.

There is no limitation in time for how long a registered trademark can be registered, as long as renewal fees are paid when they are due (ten-year periods). However, if the trademark is not used, a trademark registration can be revoked.

4.5 Ownership

The registered owner of a trademark is assumed to be its owner. Regarding unregistered trademarks, they belong to the person or entity that have made the trademark established by use.

4.6 International registrations and costs

As mentioned above, a trademark can be registered in the entire EU by one application. The EU legislation concerning trademarks is harmonised meaning that all member states have more or less identical trademark legislations. A EU registration is, depending on the number of classes chosen, not much more expensive than a local Swedish registration. If the applicant requires help assessing the trademark, and submitting the application by a trademark expert, the total costs are approximately SEK 20,000 (provided no obstacles arise along the way). One drawback of the EU application is that if the application is refused in one country, the entire application falls. If this were to happen, individual national applications in key countries can be applied for, excluding the country that rejected the application.

As with patents, WIPO also has a worldwide system for international registration. Many (but not all) of the most important markets have joined the system, meaning that a great part of the world can be covered by one application. Every individual designated country has the right to refuse an application, but the refusal of one country does not hinder registration in another. The fees vary greatly depending on the countries designated.

5. Trade names

5.1 Trade name – a definition

The trade (or company) name is the name under which a company operates.

5.2 Requirements for obtaining trade name protection

When e.g. a limited liability company is formed a name has to be chosen and filed at the national company registration office. The national company registration office will review the name to ensure that it fulfils the requirements for registration. The office's decision is in most nations not final, but can be appealed by e.g. another company that finds the chosen name too similar to their trade name or trademark.

The function of trade name protection is similar to that of a trademark and complements trademark protection.

The process of obtaining trade name protection, and the scope of protection, can vary depending on the chosen form of company (limited liability company, partnership, sole proprietorship etc.). Trade name protection can be acquired either by registration or by the use of the name to the extent that it becomes well known in a specific geographical area by the targeted customer group.

The basic requirements for obtaining trade name protection are:

- i. New: The trade name may not be identical, or confusingly similar to an already protected trade name or other trade symbols (e.g. trademarks) in the same line of business.
- ii. Distinctive character: Trade names are required to have a distinctive character, which corresponds to the same requirement on trademarks (see section 3.2 above).

5.3 Different types of trade name protection

Trade name protection can be either registered or unregistered and can vary depending on the company form and country regulations.

5.4 Rights granted, and for how long

Trade name protection grants the company the exclusive right to conduct business under that specific name in the geographical area where it is protected and within the line of business in which the company is active.

In Sweden, a limited liability company must have a registered trade name. The registered trade name obtains nationwide protection.

A sole proprietorship can also register a trade name, but the name will only receive protection in the county in which it is registered.

Trade name protection acquired through use will be protected in the specific geographical area in which the trade name is well known by the targeted customer group (can be nationwide).

The registered trade name protection remains for the lifetime of the company.

5.5 Ownership

If the company is a legal entity with right to conduct business in its registered name, the trade name belongs to the company. In the case of e.g. a sole proprietorship, where the company and the physical person is the same legal entity, the trade name belongs to the physical person.

5.6 International registrations and costs

A company is incorporated in a specific country or region in that country and is legally a subject of that country or region. To obtain trade name protection in more countries, the company needs to establish a subsidiary or branch in those countries. Trademark protection may however prevent others' registration of similar trade names, and is easier to register internationally.

The cost of registering a trade name for a limited liability company is embedded in the incorporation costs. Changing a trade name, or adding a trade name currently costs SEK 1,000.

6. Domain names

6.1 Domain names – a definition

Domain names are a means of identification on the Internet.

When acquiring a domain name, it is the second level domains that can be registered (in the address `www.swelife.se` “.se” is the first, or top-level domain, “.swelife” is the second level).

6.2 Obtaining a domain name

It is easy to register a domain name. There are plenty of online domain registrars that provide registration services. It is inexpensive, simple and fast, and you can use the registrars search engines to see if the desired domain name is free to register, and under which top-level domains it can be registered. Domains that have been acquired can be sold and transferred to a third party.

Independent organizations manage the different top-level domains. These organizations all have rules surrounding the use of the top-level domains. The top level domain “.org” does e.g. not allow commercial actors to acquire second level domains under it. Many of these organizations have rules aiming to prevent actors from buying a domain name solely for the purpose of selling it to a third party for profit.

6.3 Complementing trademark and trade name protection

Protecting a trademark and a trade name is one thing, but the value of a trademark, trade name or “brand” comes from it being well known and reputable. Today, building a brand is a science of its own, and brands are often very valuable assets of companies.

Domain names play a key part in building a brand. With the importance of the Internet, and being visible there, the right domain name can be very valuable. Therefore, domain names should be taken into account when deciding upon a trade name or trademark. Is the domain name corresponding to the desired trademark or trade name free? If not, is it for sale?

Because domain names are inexpensive, they should be acquired immediately, even if the company is far from developing its own site.

6.4 Ownership, duration and costs

The person or legal entity that acquires a domain name owns it (subject to ownership of the corresponding trade name or trademark). It will continue to be in the owners control as long as the yearly renewal fees are paid when they are due.

7. Copyright

7.1 Copyright – a definition

A copyright is the time limited exclusive legal right to commercially exploit the matter and form of a literary or artistic work.

Literary and artistic works are to be interpreted very widely and encompass a variety of things, such as art, music and software code.

7.2 Requirements for obtaining copyright protection

Copyright originates with the artist or author at the moment of creation of the work.

To obtain copyright protection a minimum standard of originality is needed. Some kind of labour and skill need to have been put in the work. The work needs to achieve a certain level of uniqueness and personal creation. The work has to be an expression of the artist itself, and originality wise it must be very unlikely that someone else could create an identical, or very similar piece independently.

Copyrights can be very valuable and therefore it is always important to make sure that a copyright protected piece is well documented.

7.3 Different types of work protected by copyright

As mentioned above, many types of work can be encompassed by copyright. Here are some more examples:

Literary works

- Computer programs
- Databases
- Graphic or plastic models
- Technical descriptions and manuals
- Advertising texts
- Theses
- Lectures
- Maps

Artistic works

- Works of applied art (complements design protection as industrial design is protected as applied art)
- Paintings
- Drawings

7.4 Rights granted, and for how long

A copyright is the exclusive legal right to commercially reproduce, publish, sell and distribute the matter and form of a literary or artistic work.

Exceptions for private use exist.

The duration of copyright protection varies in different countries but is usually between fifty and seventy years after the death of the creator (seventy years in Sweden). Related rights will have a lesser scope of protection and duration.

7.5 Ownership

Much national legislation differentiates between the economic rights and the moral rights of copyright. The moral rights are non-transferable and belongs to the artist. They relate to the integrity of the creator, meaning that no one else than the artist may change the work, and the right to be named as the creator of the work.

The economic rights are transferable and encompass the rights to exploit the copyright commercially.

The economic rights of copyright created in connection with employment are normally automatically assigned to, and will rest with, the employer.

7.6 International registrations and costs

Even though copyright protection varies among countries, most countries have signed the Berne Convention which grants a minimum set of rights, among them protection upon creation without the need for registration.

As copyrights are granted automatically upon creation, there are no costs to obtain copyrights.

8. Design protection

8.1 Definition

Design protection is the time limited exclusive legal right to commercially exploit the design.

Design registrations concerns the appearance of a product or its packaging; e.g. what colours it has or its special patterns or shape.

Designs can constitute different things. The appearance of industrial products or applied arts may be protected through design protection.

8.2 Requirements for obtaining design protection

As with most other IPR, the requirement for protection varies between different national legislations. In the EU, design protection is harmonized among the member states meaning that the legislation is basically the same. The basic requirements for protection in the EU are:

- i. **New:** A design is considered to be new if no identical design has been made public before the application date of the registration (priority is given for up to six months if an application previously has been filed in another state that is a party to the Paris Convention, which means that the date of the first application is used to determine if the design is new). "Identical" also encompasses minor, non-essential differences. For European designs there is also a "grace period" of one year, meaning that if the owner of a design makes the design public, registered design protection can still be applied for up to one year after the disclosure.
- ii. **Distinctive character:** A design has distinctive character if, when assessed by a knowledgeable user, the overall impression differs from the overall impression of other designs that have been made public at the application date.

Design that is determined almost exclusively by the function of the product or packaging cannot be subject to design protection. Design protection does not protect function, only appearance. Patents may instead protect function.

The community design legislation also provides protection for unregistered designs with a slightly lesser scope of protection and considerably shorter time of protection.

8.3 Different types of designs

Some examples of commonly registered designs are:

- Logos
- Products
- Parts of a product (e.g. a special design feature on a computer or shoe)
- Composite products (several products have been combined in to one in a special way)
- Packaging
- Computer Icons
- Typefaces
- Web designs

- Maps
- Drawings and other artworks
- Ornaments (e.g. a special pattern)

8.4 Rights granted, and for how long

The owner of the design right has the exclusive right to commercially exploit the design in the country/countries where it is registered, and/or in the country/countries that afford unregistered design protection. Registered rights have a wider scope of protection than unregistered designs (which only protects direct copies of the design). In Europe the registered design has a maximum span of protection for 25 years and the protection needs to be renewed in five-year intervals. The unregistered design is protected for three years.

8.5 Ownership

The creator of the design is primarily eligible to apply for design protection. Designs are, however, fully assignable. If the creator works at a company to create designs, the rights to the designs will normally be transferred by the employment contract. The creator of a design must always be stated in the application for design registration.

8.6 International protection and costs

An applicant can obtain protection in the entire EU with one application. A design registration is relatively inexpensive. The registration fee for one application is just over SEK 3,000.

If one wishes to obtain protection in a larger territory, it is also possible to use the WIPO system for design registration that reaches 64 territories, including the US, in one application. WIPO currently charges about SEK 7,500 for the application process, but as the application is subject to national assessments, each designated country also charges registration fees. Hence the costs vary a lot depending on how many and which countries that are designated.

Lund 21 December 2015
Advokatfirman Glimstedt i Lund AB