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from the IP and Technology Unit

Contractual dos and don'ts for Intellectual Property



This month in the Brief Update we look at a brief checklist of pitfalls to avoid and benefits to insist on when you are entering into the most common types of contracts which deal with intellectual property rights.

- Do insist on all documentation being drafted in plain English, so you can understand it.
- Do take legal advice to ensure you are not giving away more rights than you should or to ensure you are acquiring all the rights you need.
- Do maintain confidentiality. If you have to disclose sensitive information ensure confidentiality obligations are in place first. Remember when applying for a patent one of the requirements is that your invention must never have been made public anywhere in the world.
- Do ensure that you capture all intellectual property rights when you are commissioning a third party or consultant to create any work for you.
- Do agree a detailed functionality specification and milestone payments tied to specific deliverables if you are purchasing bespoke software or a computer system.
- Don't give sweeping warranties as to the ownership, registration and enforceability of your IP. Remember most businesses licence in IP in the form of Software licences and do not own all the IP necessary for the running of a business. It will hardly ever be the case that IP will be registered in all jurisdictions where registration is possible and only a court of

law can pronounce on the validity and enforceability of IP; anything else is only someone's opinion.

- Don't create a competitor by entering into a manufacturing or development agreement which provides no or very poor protection for your IP.
- Don't agree to joint ownership of IP arising during the contract if it can at all be avoided. Joint ownership is fraught with problems and neither party can do anything with the IP without reference to the other.
- Don't pay large amounts up front for software maintenance and support and don't agree to vague terms which mean you won't be properly supported. Ensure you are receiving support and not just paying for remedial work for existing defects in the system.
- Don't trust legal documentation to people who are not properly qualified e.g. don't expect your IT department to draft your website terms and conditions and privacy policy.

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