The articles cover, respectively: Types of intellectual property protection for inventions and granting procedure; Initiating proceedings; Infringement and related actions; Revocation, non-infringement and clearing the way; Trial, appeal and settlement; Remedies and costs; Assignment and Licensing and the Unified Patent Court and Unitary Patent system.

The articles underpin Gowling WLG’s contribution to Chambers’ Global Practice Guide on Patent Litigation 2017, for which Gordon Harris and Ailsa Carter wrote the UK chapter.

Introduction

Any patent, patent application or any right in a patent or patent application may be assigned (Patents Act 1977 (also referred to as "PA") s.30(2)) and licences and sub-licences may be granted under any patent or any patent application (PA s.30(4)).

The key difference between an assignment and a licence is that an assignment is a transfer of ownership and title, whereas a licence is a contractual right to do something that would otherwise be an infringement of the relevant patent rights. Following an assignment, the assignor generally has no further rights in relation to the relevant patent rights. On the granting of a licence, the licensor retains ownership of the licensed rights and generally has some continuing obligations and rights in relation to them (as set out in the relevant licence).
Formalities

Assignment

Any assignment of a UK patent or application, or a UK designation of a European patent, must be in writing and signed by, or on behalf of, the assignor. For an assignment by a body corporate governed by the law of England and Wales, the signature or seal of the body corporate is required (PA s.30-31). With regards the assignment of a European patent application however, such assignment must be in writing and signed not just by the assignor but by both parties to the contract (Article 72 EPC).

Licence

There is no particular statutory provision regarding the form of a licence or sub-licence (exclusive or otherwise). However, in view of the advisability of registration (discussed below) and legal certainty, it is sensible that any licence be in writing. In addition, normal contractual formalities apply, such as intention to create legal relations, consideration and certainty of terms, etc.

Registration

Registration (with the UKIPO) of an assignment or licence is not mandatory. However, if the registered proprietor or licensor enters into a later, inconsistent transaction, the person claiming under the later transaction shall be entitled to the property if the earlier transaction was not registered (PA s.33). Registration is therefore advisable. Failure to register an assignment or an exclusive licence within six months will also impact the ability of a party to litigation to claim costs and expenses (PA s.68) and might, potentially, enable an infringer to defend a claim for monetary relief on the basis of innocent infringement (PA s.62).

The procedure for registration is governed by the Patents Rules 2007. The application should be made on the appropriate form, should include evidence establishing the transaction, instrument or event, and should be signed by or on behalf of the assignor or licensor. Documents containing an agreement should be complete and of such a nature that they could be enforced. A translation must be supplied for any documentary evidence not in English.

In practice (particularly in the context of a larger corporate transaction in which many different asset classes are being transferred, not just intellectual property), parties sometimes agree short form documents evidencing the transfer of the relevant patent rights and will submit these
for registration. This can enable parties to save submitting full documents for the whole transaction, which may include sensitive commercial information that is not relevant to the transfer of the patent rights themselves.

**Types of licence**

A licensee may take a non-exclusive or exclusive licence from the licensor. The distinction between such licences is both legally and commercially significant.

On a basic level an exclusive licence means that no other person or company can exploit the rights under the patent and this means the licensor is also excluded from exploiting such rights. Exclusivity may be total or divided up by reference to, for example, territory, field of technology, channel, or product type. The extent of exclusivity generally goes to the value of the rights being licensed and will feed into the agreed financials. It is worth noting that the term "exclusive licence" does not have a statutory definition under English law, so it is very important to define the contractual scope of exclusivity in the relevant licence agreement.

In the event a licensor wants to retain the ability to exploit the rights in some way (for example an academic licensor may want the ability to continue research activities) then appropriate carve outs from the exclusivity should be expressly stated in the licence agreement.

A non-exclusive licensee has the right to exploit rights within the patent as determined by the licence agreement. However, the licensor may also exploit such rights as well as granting multiple other licences to third parties (which may include competitors of the original licensee).

Much less common is a sole licence, by which the patent proprietor agrees not to grant any other licences but gives the licensee the right to use the technology and may also still operate the licenced technology itself.

**Compulsory licences**

A compulsory licence provides for an individual or company to seek a licence to use another's patent rights without seeking the proprietor's consent. Compulsory licences under patents may be granted in circumstances where there has been an abuse of monopoly rights, but are very rarely granted in the UK.

An application for a compulsory licence can be made by any person (even a current licensee of the patent) to the Comptroller of Patents at any time after three years from the date of grant of the patent. In respect of a patent whose proprietor is a national of, or is domiciled in, or which has a real and effective industrial or commercial establishment in, a country which is a member
of the World Trade Organisation, the applicant must establish one of the three specified grounds for relief. If satisfied, the Comptroller has discretion as to whether a licence is granted and if so upon what terms. The grounds are:

- demand for a patented product in the UK is not being met on reasonable terms;
- by reason of refusal of the patent proprietor to grant a licence on reasonable terms:
  - the exploitation in the UK of another patented invention that represents an important technical advance of considerable economic significance in relation to the invention claimed in the patentee's patent is prevented or hindered provided that the Comptroller is satisfied that the patent proprietor for the other invention is able and willing to grant the patent proprietor and his licensees a licence under the patent for the other invention on reasonable terms;
  - the establishment or development of commercial or industrial activities in the UK is unfairly prejudiced;
- by conditions imposed by the patentee, unpatented activities are unfairly prejudiced.

The terms of the licence shall be decided by the Comptroller but are subject to certain restrictions on what type of licence can be granted, namely the licence: cannot be exclusive; can only be assigned to someone who has been assigned the part of the applicant's business that enjoys use of the patented invention; will be for supply to the UK market; will include conditions allowing the patentee to adequate remuneration; and must be limited in scope and duration to the purpose for which the licence is granted.

**Infringement**

The type of licence is also significant when it comes to tackling infringement. Under statute, an exclusive licensee has the same right as the proprietor of a patent to bring proceedings with respect to infringement committed after the date of the licence and such proceedings may be brought in the licensee's name (PA 67(1)). An exclusive licensee of a patent application may also bring proceedings in its own name (PA ss. 67(1) & 69). In practice, however, these statutory provisions are often excluded or varied by parties negotiating complex licensing transactions. A licensee may also have a right under a licence to bring proceedings for an infringement occurring before the licence came into effect.

A non-exclusive licensee does not have any right under statute to bring proceedings in its own name. However, this could be negotiated into a licence agreement, though it may be difficult for a licensor to agree this point if it has multiple non-exclusive licensees.
Effect of non-registration on infringement proceedings

There is no requirement that a licence must be registered before proceedings can be commenced by an exclusive licensee. However, non-registration can affect a licensee's ability to recover its costs in relation to such proceedings.

Implied terms

Established rules of construction apply to assignment and licence agreements. Parties should ensure that important terms are included as express terms. There is no implied warranty that any assigned or licensed patent will be valid, or that an assignee or licensee will work the invention (for example, that they will exploit the rights and manufacture products). In certain very limited circumstances a court will order 'rectification' of an assignment or licence agreement, namely a court will order a change in the assignment or licence agreement to reflect what the agreement ought to have said in the first place. Regardless of this, all key terms should be included expressly in all assignment and licence agreements.

Termination of licences

Except where there is express contractual provision or where a licence has been wrongly terminated and damages sought, under English law there is no compensation payable to licensees on termination of a licencing agreement. The licence agreement should be clear as to what circumstances may give rise to termination, for example the non-payment of royalties, material breach or insolvency. The agreement should also make clear what happens in the event of termination in relation to, for example, existing stock of licensed products or work in progress.

Next in our 'The basics of patent law' series, we will be discussing the Unified Patent Court and Unitary Patent system.