



## Reasons for recordal 1, 2, 3...

Failure to register intellectual property rights (IPRs) can lead to significant consequences for the interested parties

We originally published this article back in 2017. Much of what we said then remains true, but over the past few years we have seen some changes in technology and practice and we thought it was time to refresh this note to keep it relevant and helpful.

So, in this updated version we have included additional information in relation to mergers, updated information in relation to security interests, post-Brexit considerations for trade marks and designs, and the rise in electronic execution following the Covid-19 pandemic.

Registered IPRs can be highly valuable assets, and significant time, effort and investment often goes into their creation, development, exploitation and acquisition. However, all too often after a deal is done to acquire, license or take security over registered IPRs the new owner or third party fails to register the transaction at the respective national IP offices. This can have significant consequences for the interested parties (including the potential loss of rights) and can complicate future dealings in those IPRs.

This note outlines the types of registerable transactions in the UK and the key reasons for registering those transactions at the United Kingdom Intellectual Property Office (UK IPO).

It also discusses the importance of registering transactions at the European Patent Office (EPO), the World Intellectual Property Office (WIPO), and the implications of Brexit on recordals at the European Union Intellectual Property Office (EUIPO).

### Types of registerable transactions

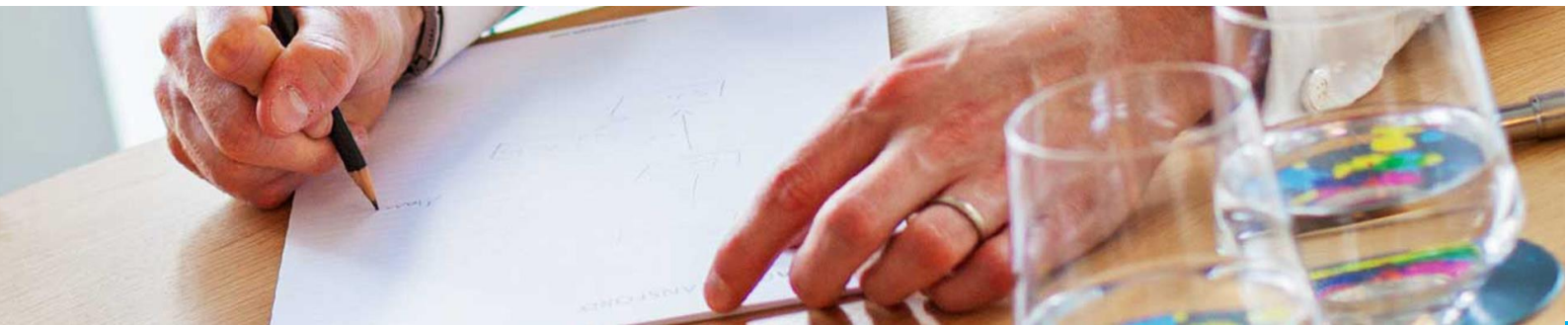
Not all transactions involving IPRs are registerable and those that are will vary from country to country. In the UK, the types of transactions that can be registered at the UK IPO include:

**Assignments** – the transfer of legal title to registered IPRs from one entity (the “assignor”) to another (the “assignee”).

**Company Mergers, Acquisitions and Amalgamations** – the acquisition of registered IPRs through company restructuring.

**Grant of a licence** – lawful permission to do something that would otherwise not be allowed, for example permission for a third party to use the owner’s registered IPRs.

**Grant of a security interest** – for example using a registered IPR as security for a loan.



## Key reasons for recording registerable transactions at the UK IPO

There is no statutory obligation to record registerable transactions at the UK IPO. However, for the following reasons, it is advisable to do so as soon as possible after the transaction has taken place:

### 1. Notice to Third Parties

Under English law, a party acquiring rights in registered IPRs will not be affected by any earlier transactions unless he or she knew about them at the time of his or her own acquisition. Registering a transaction at the UK IPO is deemed to put third parties on notice of your rights. For example, if B acquired a UK patent from A and the assignment was not recorded at the UK IPO and then C subsequently acquired the same patent from A without notice of B's interest, C would retain ownership of the patent. However, had B registered his acquisition of the patent at the UK IPO before the patent was sold to C, C would have been bound by B's earlier rights. This may sound only like a theoretical risk, but our team have seen this occur, and as it sounds, it can be a very difficult situation to unpick.

Therefore, in order to protect your rights in registered IPRs against third parties, it is critical that the relevant transaction is registered at the UK IPO ideally within six months after the date of the transaction.

### 2. Recovery of costs in the event of infringement proceedings

In patent and registered trade mark infringement proceedings at the UK courts, a successful claimant will normally be awarded costs (i.e. the losing party will be ordered to pay some or all of the successful claimant's legal costs).

However, where the patent or registered trade mark in question has been assigned or exclusively licensed to the claimant, costs and expenses are only recoverable from the date of registration of the assignment or licence.

Therefore, if a new owner or exclusive licensee of a patent or registered trade mark wishes to bring infringement proceedings in the UK, it should ensure that the relevant assignment/licence has been recorded at the UK IPO ideally within six months after the date of the transaction, or as soon as you are aware that a third party may be infringing your patent or registered trade mark, and certainly before infringement proceedings are commenced.

In February 2018, a decision of the UK High Court (*L'Oréal Société Anonyme & L'Oréal (UK) Limited v RN Ventures Limited* (HC-2016-003018)) was handed down which emphasised the importance of prompt recordal. We have reported on this case in more detail [here](#).

### 3. Potential time/cost savings

Assuming that the relevant IPR assignment, licence or other documentation is in order, recording registerable transactions at the UK IPO is, in theory, straightforward. In our experience, however, it's not uncommon to find that previous registerable transactions and/or other changes (e.g. name or address changes) affecting registered IPRs have not been recorded and, as a result, the details on the national register are out of date. In such situations, it is necessary to locate all relevant documentation (sometimes requiring confirmatory assignments, certified copies of official company documents, powers of attorney etc.) and perfect the chain of title before the latest registerable transaction can be recorded. The more out of date the register is, the more complicated, time consuming and expensive this can become, particularly where parties higher up the chain of title have subsequently been dissolved or have gone into administration.



Whilst it may seem like an unnecessary administrative burden at the time, keeping national registers up to date on an incremental basis each time a registerable transaction or other change takes place can lead to time and cost savings in the long run.

### **Importance of recording registerable transactions at the European Patent Office**

#### **Prior to grant**

Once granted a European patent provides an owner with a bundle of national rights in countries which are members of the EPC. Prior to grant of the European patent it is possible to record a transfer of the European patent application via one central recordal at the EPO, and this change in proprietor will then flow down into each of the national patents. This is a highly cost effective way of recording a change in proprietor as not only does it eliminate the need to apply for separate national recordals in each jurisdiction after grant, but it also circumvents additional formalities and execution requirements that may otherwise be required at the national level.

One of the key technological changes that we have seen in recent years has been a rise in the use of e-signatures. While electronic execution can provide an effect route to sign agreements remotely, it is not a silver bullet – specifically, the EPO does not currently accept assignments executed via e-signature. At present, we would still recommend obtaining wet-ink executed documentation. For more on this [see our previous article on e-signatures](#).

#### **After grant**

Conducting an EPO recordal of a transfer of a recently granted European patent (i.e. during the 9 month opposition period) can also assist with meeting local recordal requirements in some national patent offices across Europe. This is because the official EPO's communication confirming recordal provides supporting documentary evidence of the transfer, and at some national patent offices can be used to register the transfer, forgoing the need to arrange for an original or a notarised/legalised copy of the transfer document.

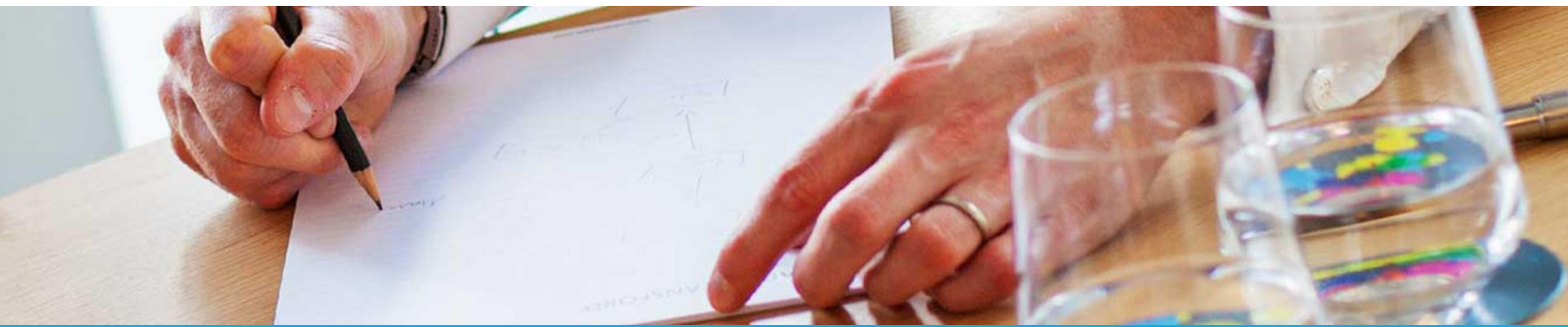
### **Importance of recording changes in applicant details at WIPO (PCT)**

Similar to the position at the EPO, it is important to centrally record any changes in the applicant details at WIPO during the international phase of the PCT application. This will ensure that the PCT application is then regionally or nationally phased with the most up to date applicant information. It should be noted that there is no facility to record any changes after the end of the 30 month international phase, and there is no provision to record third party interests such as licences and security interests.

### **Registration of applicant changes at the EUIPO post-Brexit**

Since the UK's departure from the EU on 31 December 2020, all pre-existing European registered community designs (RCD's) and trade marks (EUTM's) have been complemented by the creation of UK "clone" rights.





For owners of RCDs and EUTMs assigning their rights now it will also be necessary to record those assignments at the UKIPO in relation to these clone rights. It is also a key time for those who hold security interests in RCD's and EUTM's to review their interests and determine if they also need to record against the UK clone rights. Further information about this and the applicable time limits can be found in another of our recent briefing notes, [here](#).

Please contact our IP Transactions team at the address below, if you have any questions about recording a transaction or otherwise making any changes to your IPR registrations.

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## Need advice?

Carpmaels & Ransford is a leading European IP firm based in London. For more information about our firm and our practice, please visit our website at: [www.carpmaels.com](http://www.carpmaels.com).

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