



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

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

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 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 recording those transactions at the United Kingdom Intellectual Property Office (UK IPO) or, in the case of European patent applications, the European Patent Office (EPO).

### 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”).

**Grant or assignment of a licence** – lawful permission to do something that would otherwise not allowed, e.g. permission to use a third party’s IPRs.

**Grant of a security interest** – e.g. 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. 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.

## 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 as soon as you are aware that a third party may be infringing your patent, certainly before infringement proceedings are commenced and, ideally, within six months after the date the transaction.

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 agreement, 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.

## Advantages of recording registerable transactions at the European Patent Office

A European patent provides an owner with a bundle of national rights in countries which are members of the EPC. During the pendency of a European patent application it is possible to record an assignment or other transaction (e.g. grant of a licence, or security interest) via one central recordal at the EPO – this central recordal will flow down into each of the national patents. This is a highly cost effective way of recording a registrable transaction as not only does it eliminate the need to apply for separate national recordals in each jurisdiction, but it also circumvents additional formalities and execution requirements that may otherwise be required at the national level.

Conducting an EPO recordal of the assignment 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 communication confirming the recordal provides supporting documentary evidence of the transfer.



At some national patent offices, this EPO communication can be used to satisfy local documentary requirements as well as forgo the need to arrange for an original or a notarised/apostilled copy of the assignment.

**Authors:** [Jake Marshall](#), [Chloe Taylor](#)  
and [Maushami Kabra](#)

## Need advice?

For more information, please contact:  
[email@carpmaels.com](mailto:email@carpmaels.com).

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