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The Isle of Man and Intellectual Property

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The licensing and efficient structuring of Intellectual Property (IP) and Royalty Rights is a very important consideration for international entrepreneurs, sports stars, entertainers, models and performers.

Given the potentially short period of earning opportunity and the increasingly complex nature of the international entertainment, media and sports industries, it is essential to tailor a solution that will maximize the earnings potential from personal image rights, appearance and performance fees, sponsorships and endorsements and the licensing of trademarks, publications and recordings etc.

The value of any business is increasingly tied to its intangible rather than its tangible assets. All businesses should therefore be performing audits of their Intellectual Property and Intellectual Assets so that they can be managed effectively. Intellectual Property and Intellectual Assets have value in that they can be:

- Traded e.g. licensed, franchised, sold, mortgaged
- Assist in business strategy; business models and alternative streams of income
- Act as a marketing tools
- Deter competition

The 2006 Act Company

A company incorporated under the Isle of Man Companies Act 2006 (a “2006 Act Company”) is simple and quick to incorporate and easy to administer; there is confidentiality of the registers of directors and shareholders and the declaration and payment of dividends/capital contributions are subject only to a simple statutory solvency test.

The Isle of Man has a favourable tax regime with no corporation tax, no inheritance tax, no capital gains tax and no stamp duty payable/withholding tax. As a result, royalties received may be accumulated in a favourable tax environment.

In today's knowledge economy, it has been estimated that over 80% of any company's value lies in its intangible assets, namely its Intellectual Property and its Intellectual Assets. Intellectual Property is the name given to the output of innovation and creativity. Intellectual Property Rights is the name given to the legal rights granted to such. The principal forms of Intellectual Property Rights are:

1. Patents
2. Trademarks
3. Copyright
4. Database and image rights
5. Design rights

1. Patents

A patent is a monopoly right that protects new products and processes, provided that such meets the requirements of the relevant legislation in that it must be novel, involve an inventive step and have industrial application. Patents are essential to sectors such as the pharmaceutical and manufacturing industries however, patents are not relevant just for big business as patents can be obtained for small, incremental improvements in technology and can generate significant value for any business. The Isle of Man does not have its own patents register but the UK Patents Act 1977 extends to the Isle of Man and enables patents to be filed covering over 100 countries (40 within the EU). If granted, the patent gives a monopoly right to the owner of the relevant product or process for 20 years.

2. Trademarks

The value and number of trademarks have grown dramatically in the post-war consumer boom. Trademarks can be both registered and unregistered. Unregistered rights arise through use and the action that is taken against a third party using an unregistered trademark unlawfully is known as a “passing-off” action. Passing-off actions are however, notoriously difficult to prove and therefore the better protection comes in the form of registered trademarks. As with patents, the Isle of Man does not have its own registry for trademarks but registration is effected via the Trademarks Registry, which is part of the UK Patent Office and the UK legislation in this area, namely the Trademarks Act 1994, applies to the Isle of Man. The Madrid Protocol also applies to the Isle of Man through the UK's ratification, providing protection of a trademark through the World Intellectual Property Organisation.

3. Copyright

The law of copyright underpins many industries, including the music industry, the software industry, the publishing industry and the broadcasting industry. Software is regarded as a literary work and therefore the traditional protection for software is copyright, although it is now possible to obtain patents for software in certain circumstances. In the Isle of Man, copyright is protected by the Copyright Act 1991 (Act of Tynwald) and in the Isle of Man, the general length of protection for copyright is the life of the author plus 50 years (in the UK, the general rule is that copyright lasts for the life of the author plus 70 years).

4. Database Rights & Image Rights

Database rights were introduced by Part 2 of the Copyright (Amendment) Act 1999 (Act of Tynwald). This legislation reflects generally the database right that exists in the UK. The database right is separate to any copyright that may exist in or be included in any contents within the database. The database right only exists however if there has been substantial investment in obtaining, verifying or presenting the contents of the database. The owner of the database has a right for fifteen years to prevent the extraction and re-utilisation of all or a substantial part of the contents of the database.

Image Rights provide an individual with the right to control commercial use of their image and likeness and may for example benefit celebrities and sports personalities.

5. Design Rights

Design rights can be both registered and unregistered. An unregistered design right is similar to copyright in that it is a right that arises automatically and no registration process is required. Unregistered design right is regulated by the Design Right Act 1991 (Act of Tynwald). Unregistered design right protects the design of any aspect of the shape or configuration (whether internal or external) of the whole or any part of an article, provided that the design is not commonplace in the design field in question at the time of its creation. The right lasts for a period of fifteen years or ten years from the first sale or hire of the design. A system also exists whereby designs can be registered under the Registered Designs Act 1949 (Act of Parliament) as this UK legislation extends to the Isle of Man. Before a registration will be granted however, the design must be “new” and have “individual character”, as these terms are defined under the legislation.

The Isle of Man - “A Leading Jurisdiction”

The Isle of Man is also, through the UK, party to the key international intellectual property treaties such as the Berne, Paris and Rome Conventions, the Patent Cooperation Treaty and the Madrid Protocol.

The registration of patents, trademarks and designs in the Isle of Man is covered by UK legislation, which applies to the UK and the Island as a single unit. The Island does not have its own registry for patents, trademarks or designs; instead, any patent, trademark or design registered with the UK Intellectual Property Office automatically receives protection in the Isle of Man. In particular, intellectual property provision available in the Isle of Man includes the “Roche-Bolar” exemption, which allows trials of generic medicinal product without infringing a patent in the product. Community trademarks are protected in the Isle of Man, and registered Community designs are protected from June 2014.

Jurisdictions such as Jersey and Guernsey are not party to some international treaties such as the Patent Cooperation Treaty, the Madrid Protocol and the Paris Convention. It is the Isle of Man Government’s policy to largely follow the EU and UK legislation to ensure that intellectual property protection in the Island is to the same standard as that in the EU and the UK. Businesses can therefore be assured that intellectual property rights in the Isle of Man are modern, up to date and adhere to international standards.

Jersey

UK registered rights do not extend automatically to Jersey in the way that they do in the Isle of Man. The Jersey Patents, Trademarks and Designs Registries are what are known as dependent registries. This means that registration of any intellectual property right in Jersey is dependent upon registration first being obtained in the UK.

Guernsey

As in Jersey, UK registered rights do not automatically extend to Guernsey. In the area of patents, registration of a patent in Guernsey is permitted providing the owner of the invention has already registered their right in a country that is recognised and accepted by the Guernsey Intellectual Property Office. Trademarks can be directly registered in the Guernsey Intellectual Property Office, without the need to be supported by a registration in the UK.

Cayman Islands

Rather than a registry of original registration, the Cayman Islands registry serves to extend patent and trademark rights that have been registered in other jurisdictions. In other words, only those rights registered first in jurisdictions prescribed by law may be extended to the Cayman Islands.

The Legislation

Unregistered Rights

- **Copyright Act 1991**

The Copyright Act 1991 replaced the Copyright Act 1956 (of Parliament) which had been extended to the Isle of Man. The 1991 Act was to a large extent based on Part I of the UK Copyright, Designs and Patents Act 1988, and brought the copyright law of the Island into line with that of the United Kingdom.

The Copyright Act 1991 has been amended, most recently by the Copyright (Amendment) Regulations 2013.

- **Design Right Act 1991**

The Design Right Act 1991 introduced protection for industrial designs in the Isle of Man, based on Part III of the UK Copyright, Designs and Patents Act 1988.

- **Performers’ Protection Act 1996**

The rights of performers were first protected in the Isle of Man by the Performers’ Protection Act 1966, which was based on Part II of the UK Copyright, Designs and Patents Act 1988 and was passed to enable TRIPS, an international agreement imposing new standards for worldwide international property rights, to be extended to the Island. The Act has recently been amended by the Performers’ Protection (Amendment) Regulations 2013.

- **Copyright (Amendment) Act 1999**

Part 2 of the Copyright (Amendment) Act 1999 introduced special rights of protection for the compilers of databases, based on Part III of the UK Copyright and Rights in Databases Regulations 1997. The Act has recently been amended by the Database Right (Amendment) Regulations 2013.

The Legislation - Continued

Registered Rights

The following Acts of Parliament establish registration systems for certain types of intellectual property, applying to the United Kingdom and the Isle of Man as a single territorial unit. The Acts have effect in the Isle of Man subject to certain modifications made by Order in Council. Registration is effected by the UK Intellectual Property Office (formerly known as the Patent Office).

- **Patents Act 1977**

UK patent legislation has applied to the Isle of Man since 1852. The current Act of Parliament relating to patents is the Patents Act 1977, which is modified in its application to the Isle of Man by the Patents (Isle of Man) Order 2013 (SI 2013/2602).

- **Registered Designs Act 1949**

The system of registration of decorative designs has applied to the Isle of Man since its introduction in 1883. It is presently governed by the Registered Designs Act 1949, which is currently modified in its application to the Registered Designs (Isle of Man) Order 2013 (SI 2013/2533).

- **Trademarks Act 1994**

Trademark registration was first introduced in 1975, and applied to the Isle of Man in 1883. The present legislation is the Trademarks Act 1994, which is currently modified in its application to the Isle of Man by the Trademarks (Isle of Man) Order 2013 (SI 2013/2601).

- **Community Trademark Order 1998 (SD 671/98) and Community Trademark Regulations 1998 (SD 672/98)**

These instruments apply to the Isle of Man the EU regulations relating to the Community trademark and provide for their enforcement in the Island.

- **Patents**

The Isle of Man does not have its own register of patents for inventions. However, the United Kingdom patent system applies to the UK and the Isle of Man as a single area, and thus patents registered in the UK Intellectual Property Office are protected under Manx law.

The UK Patents Act 1977 extends to the Isle of Man subject to modifications made by Order in Council. The current Order is the Patents (Isle of Man) Order 2013 (SI 2013/2062).

The duration of patent rights in respect of medicinal and plant protection products may be extended in the European Union by means of 'supplementary protection certificates'. SPCs are protected under Manx law.

Applying for a Patent

- If you are based in the Isle of Man and wish to apply for a patent you can contact the UK Intellectual Property Office
- If you wish to apply for a patent to cover jurisdictions other than the Isle of Man and the UK, it is necessary either to file patent applications with individual national patent offices, or to make an international application, either under the European Patent Convention for European countries, or under the Patent Co-operation Treaty for countries worldwide.

For further information on any of the above services, please contact:

John Bateson

Senior Client Services Manager

E-mail: jbateson@dcts-iom.com

Tel direct: +44 1624 649 735



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C O R P O R A T E A N D T R U S T

Döhle Corporate and Trust Services Limited

Fort Anne, South Quay, Douglas, Isle of Man, IM1 5PD

Tel: +44 1624 649510 Fax: +44 1624 649502

info@doehlecorporatetrust.com

www.doehlecorporatetrust.com

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