



LICENSING EXECUTIVES SOCIETY  
BRITAIN AND IRELAND

newsxchange™

The Newsletter of the Licensing Executives Society Britain and Ireland

Issue 127 July 2009

### **Smell-a-likes not so fragrant after all**

**The European Court of Justice (ECJ) has recently ruled in favour of cosmetics giant L'Oreal after three perfume manufacturers produced smell-alike fragrances similar to L'Oreal's own.**

#### **Background**

Bellure, Malaika and Starion (“Bellure”) manufactured and marketed imitations of fine fragrances, including the L'Oreal fragrances Tresor, Noa and Anais Anais.

Not only were the Bellure perfumes designed to smell like the branded perfumes, they were also packaged and bottled in similar styles to the trade marked perfumes. Bellure also used comparison lists which indicated the price of their perfumes next to the trade mark name and price of the corresponding L'Oreal perfume.

Despite both parties agreeing that the similarities between the fragrances and their packaging were unlikely to mislead the public, L'Oreal brought proceedings against Bellure under:

- s 10(1) of the Trade Marks Act 1994 alleging that the price lists constituted an infringement of their trade marks; and
- s 10(3) of the Act alleging that the imitation of the bottles and packaging of their perfumes constituted an infringement of their word marks, figurative marks and packaging marks.

The High Court found for L'Oreal and Bellure appealed the decision. The Court of Appeal referred the following questions to the ECJ:

- whether such a price comparison list constituted comparative advertising within the meaning of Article 5(1)(a) of Directive 89/104 (the “Directive”),
- whether such a comparison list would enable an advertiser to take unfair advantage of the mark and
- clarification as to the concept of ‘unfair advantage’ within the meaning of Article 5(2) of the Directive.

#### **ECJ Ruling**

*Unfair Advantage*

The ECJ stated that Article 5(2) of the Directive does apply to infringements where there is a degree of similarity between the mark and the sign, so that in the eyes of the public, a link can be established between the sign and the mark. The ECJ stated that:-

*‘ It is thus not necessary that the degree of similarity between the mark with a reputation and the sign used by a third party is such that there exists a likelihood of confusion between them on the part of the relevant section of public. It is sufficient... that the relevant section of the public established a link.’*

Section 5(2) of the Directive in such cases can therefore be viewed as a two stage test; firstly, the brand owner must show that in the eyes of the public a link has been established between their mark and the sign. This should not be difficult, especially if the mark is well recognised by the public or if the mark and sign have been advertised comparatively.

Second, the brand owner must show that the mark has suffered a ‘detriment’; the use of the word ‘detriment’ is somewhat of an anomaly as it is enough to show that the sign takes unfair advantage of the mark in that it ‘free-rides’ off the reputation of the mark. This is the case even though the sign does not cause any harm whatsoever to the mark or to the brand owner.

The ‘link’ can only be established between a sign and ‘a mark with a reputation’. The requirement that the mark has a reputation will therefore only protect those brands that have built up a large amount of goodwill and brand recognition. Marks with a strong reputation will find it easier to show that it has been caused ‘detriment’ by the sign.

#### *Comparative Advertising*

The ECJ reaffirmed the distinction between using another’s mark for purely descriptive purposes and using it for the purposes of advertising. The ECJ did not consider Bellure’s use of the mark on the comparison lists to be purely descriptive but held that the comparison list was unlawfully advertising that Bellure’s perfumes were imitations or replicas of the trade marked perfumes, contrary to Article 3a(1)(h) of Directive 84/450.

The ECJ went on to state that *‘the advantage gained by the advertiser as a result of the unlawful comparative advertising must be considered to be an advantage taken unfairly of the reputation of that mark within the meaning of Article 3a(1)(g).’*

It therefore follows from this judgment that whenever a party is found to be in breach of Article 3a(1)(h), i.e. they are advertising their products as replicas or imitation, they will consequently automatically also be in breach of Article 3a(1)(g) in that they are taking unfair advantage of the mark.

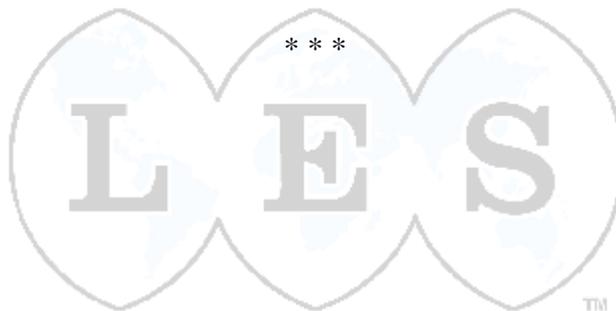
#### *Summary*

Clearly this judgment is a triumph for owners of established, reputable trade marks. The combination of the ECJ conceding that a ‘detriment’ can be caused to a mark without requiring any element of confusion and its approach to comparative advertising affords brand owner with a significant form of attack against infringers. However, many will argue that this judgment harms competition in the EU and consequently will affect

consumers, as competitors are less able to compete effectively, even when their products cause no harm to the mark.

The ECJ acknowledges that the ‘*aim of Article 3 [of Directive 84/450] is to stimulate competition between suppliers of goods and services to the consumer’s advantage, by allowing competitors to highlight objectively the merits of the various comparable products*’. Despite this acknowledgment, the ECJ has now made it very difficult for traders/smaller brands to articulate to consumers that they have a product that is similar to a trade marked product. In this case in particular it could be argued that as there is no way of easily describing the smell of the perfume, the use of the marks in the comparison list could be deemed to be purely descriptive of the perfumes smell. Clearly the ECJ disagrees.

***Rachael Parman & Sian Walker***  
***Shoosmiths***



### **President’s Diary**

It was a pleasure to see some of you at the Annual Meeting in Leeds. As turnout for the formal AGM was low, I thought I would reproduce here the Report I gave of what I have been up to over the last year and what is planned for the year ahead.

I covered two main issues: First, I reminded those present of my three key priorities as President (Youth, Relevance and Responsibility) and an updated them on progress and future plans. Secondly, I encouraged everyone to make a more active contribution to the Society, including through participation at international level, and explained the benefits that can result.

### **Key Objectives:**

In my first President’s column in News Exchange last summer, I explained my key objectives in this way:

*“Youth:* to renew and grow our membership, particularly through recruitment of more younger members.

*Relevance:* to raise our profile with key tech transfer stakeholders and decision-makers; to increase awareness of IP rights as business assets rather than as legal rights; and to make our meetings not only educational and enjoyable but also relevant to our members whatever their role in the tech transfer world and wherever they are based.

*Responsibility:* to contribute more effectively to the broader challenges the world faces, by helping make tech transfer a key tool in tackling global issues such as the environment and healthcare, both in the developed and the developing world.”

How are we getting on, and what is in store for the coming year?

Youth: Our meetings in the last year have included a number which have been targeted at those with less experience - including the Fundamentals course in February; the LESI website has been revamped (our

thanks to *Barry Quest* for this); and our move to electronic circulation of the Newsletter brings us more up to date with the way younger people tend to receive information (as well as saving cost).

Looking ahead to the coming year, we would like to bring the B&I website up to the standard of that of LESI (volunteers welcome!) and plan to establish a link with the Business and IP centre at the British Library and to Facebook and Linked In, and try to run a younger person's social calendar and events targeted to this sector of our target membership.

My thanks go to *Anita Roberts* for continuing to take the lead on this front.

Relevance: Again, the meetings have been the one way of seeking to further this objective, including, again, the Fundamentals course and the Annual Meeting itself, with its topical and practical theme. *Barry Quest's* leadership of the Policy Interest Group is another (those of you who attended the annual meeting will have heard Barry's excellent presentation on the challenges we face from the anti-IP lobby, and how in practice we can address them). We are also trying to raise awareness of our activities, so that they are considered relevant to the day to day work of a broader group of people. All of these actions will be continued in the year ahead.

Responsibility: The Renewables committee has continued to be busy, and has plans for further projects in the year ahead, including organising a meeting on the theme of socially responsible licensing in the autumn (led by *Meredith Lloyd Evans*, chair of that committee, and *Harry Thangaraj* of St George's Hospital). The Healthcare committee also plans to organise a meeting during the year along similar lines, but with a focus on this industry sector.

So, good progress, but much still to be done. If you want to contribute, please let us know.

#### **More active contribution**

Many members of LES B&I are either unaware of the international aspects of LES or have not yet had an opportunity to experience them first hand. That is unfortunate, as the opportunities for learning and networking are tremendous. I report elsewhere in this edition on the recent meeting of international delegates of LESI in Manila. That was followed by the main LESI Annual Conference which, despite the recession and swine flu, was attended by 300 people. These meetings are great ways to learn and network; and if you are willing to make the additional commitment involved in contributing to one of the LESI committees, the return will be even great. Details of the committees and their responsibilities can be found on the LESI website, and joining up is simple - just tick the relevant boxes on the website. This does not commit you to attending every meeting, but does give you an added incentive to do so when you can. And in between meetings, you can contribute (and learn) through the virtual communications networks to which you will be linked when you join. I can say from personal experience that this is an excellent way to get involved in the international aspects of LES, and gain even greater reward for the contribution you make.

We also need greater contribution locally: for example by encouraging others in your network to join our great Society and volunteering to speak at our meetings. And with the LESI Annual Conference scheduled to take place "at home" (ie in London) in 2011, now's the ideal time to book your slot on the programme - just let *Anne Lane* know of your interest. The more you put in, the more you'll get out!

Last, but not least, a big "thank you" to my fellow officers (*John Roe*, *Raja Sengupta* and *Mark Wilson*, in particular for all of Mark's hard work in organising most of the meetings in the last year); to *Anne Lane* and her committee for their ongoing work on the 2011 conference; to committee and regional chairs; to others on Council; to *Mary Elson* for her work on the Newsletter; and to Northern Networking for their continued support on the admin side. Teamwork is key if we are to meet our objectives. I am grateful to all those to have contributed to the activities of the Society in the last year, and look forward to their continued contributions, and those of all of you, in the year ahead.

***Nigel Jones, President***

[president@lesb&i.org](mailto:president@lesb&i.org)

\* \* \*

## **L'Oréal S.A. and others v eBay International A.G. and others [2009] EWHC 1094 (Ch)**

L'Oréal brought a trade mark infringement action against eBay and 7 individual eBay sellers on the basis that: the seller's goods were identical to those for which L'Oréal's trade marks were registered with signs identical to L'Oréal's registered trade marks; and the site did not do enough to prevent the sales. L'Oréal claimed that eBay: (1) should be jointly liable for the trade mark infringements by the sellers; (2) that even if eBay wasn't so liable L'Oréal was still entitled

to an injunction against eBay in relation to any infringing goods; and (3) that eBay had also infringed L'Oréal's trade marks where such marks related to infringing goods and appeared in eBay's sponsored links on the result pages of third party search engines and on eBay's website.

The Court found (amongst other findings) that:

- With regards to the sellers, the individuals had infringed L'Oréal's trade marks (5 of the sellers had sold goods which had never been put on the market in the EEA with L'Oréal's consent; the other 2 were selling counterfeit goods).
- eBay was not jointly liable for these infringements. The question of accessory liability was a matter for national law and in the instant case the evidence did not establish eBay as a joint tortfeasor. eBay were under no duty or obligation to prevent third parties from infringing L'Oréal's registered trade marks. The court came to this conclusion even though eBay facilitated the infringing activity, knew that the infringements were likely to continue to happen, and profited from the infringements.

However, the judge believed that guidance from the ECJ was needed (some of the areas in which guidance was sought are highlighted below) as the answers to a number of further questions depended on provisions in the Trade Marks Directive which are unclear. The judge sought ECJ guidance to answer the following questions:

- a) Whether eBay had infringed L'Oréal's trade marks by, in relation to infringing goods, using them in keyword advertising in sponsored links on its site and third party search engines.
- b) Whether eBay have a defence under Article 14 of the E-Commerce Directive (2000/31/EC) which in certain conditions limits information society service providers' liability where they act as mere hosts of information. There is no obligation on such providers to monitor the information they transmit or store, nor a general obligation actively to seek facts or circumstances which could constitute illegal activity.
- c) Clarification of the scope of the relief which Article 11 of the Enforcement Directive (2004/48/EC) required the national courts to give in the circumstances (Art 11 in theory entitles the court to grant an injunction against an intermediary (eBay) by virtue of the fact its services have been used by third parties (the individual sellers) to infringe an intellectual property right (L'Oréal's trade mark rights) if sufficient reason is given).

Interestingly, L'Oréal has brought similar proceedings across Europe, and this latest judgement increases the number in favour of eBay even further. It will also be interesting to see how the judgement will affect undecided cases with some similar subject matter. In *Interflora, Inc & Interflora British Unit v Marks and Spencer Plc & Flowers Direct Online Limited*, [2009] EWHC 1095 (Ch) on referring questions to the ECJ, the judge said the next oral hearing in the case should be scheduled for a time when the parties would have had the opportunity of considering the pending ECJ judgment on the questions referred by this L'Oréal case.

The decision is likely to deter other brand owners from bringing proceedings against online service providers in similar instances. The judge did express some empathy with brand owners, he commented that eBay could (and should) do more to prevent the sale of goods which infringed other people's intellectual property on its site. However it remains to be seen whether this will be enough to encourage brand owners to litigate in the face of the negative decision.

*Alice Proby  
Charles Russell*

## AN ALLURING RESULT FOR LUXURY BRAND OWNERS

### SUMMARY

The maintenance of the allure and prestige of a luxury brand is crucial to its continued success.

In edition 125 of News Exchange, Alice Proby reported on the ECJ Advocate General's non-binding opinion in a dispute between Christian Dior ("Dior"), its licensee Société Industrielle Lingerie ("SIL") and a discount retailer ("Copad").

The ECJ has now issued its judgment in the case<sup>1</sup>.

Luxury brand owners are likely to welcome the decision, which recognises the need to protect the "aura of luxury" of such brands and clarifies the protections available in the event of licence breaches.

The decision also has important ramifications for all brand owners as it clarifies when trade mark owners can bring infringement actions against licensees.

### THE LAW

Article 8(2) of the Directive<sup>2</sup> provides that trade mark owners may bring infringement proceedings against a licensee who contravenes licence provisions relating to:

- Duration;
- The form of the trade mark;
- The scope of the licensed goods/services;
- Territory; or
- The quality of the goods manufactured/ the services provided by the licensee.

Article 7(1) provides that trade mark owners cannot prohibit further use of the trade mark on goods put on the market in the EEA by them or with their consent.

Article 7(2) provides that Article 7(1) will not apply where there are legitimate reasons for trade mark owners to oppose further commercialisation of the goods, especially where the condition of the goods has been changed or impaired.

### THE FACTS

Dior entered into a trade mark licence with SIL in terms of which SIL manufactured and affixed Dior's trade mark to luxury corsets. One of the licence terms stated:

***"In order to maintain the repute and prestige of the trade mark [emphasis added] the licensee agrees not to sell to ...discount stores ...without prior written agreement from the licensor, and must make all necessary provision to ensure that that rule is complied with by its distributors or retailers."***

SIL experienced financial difficulties and asked if it could sell to a discount retailer, Copad,. Dior refused. Regardless, SIL sold the goods to Copad. Dior brought trade mark infringement proceedings against both SIL and Copad.

The French courts could not agree on whether Dior was entitled to bring trade mark infringement proceedings and referred various questions to the ECJ.

### DECISION

#### **When can a licensor take action against a licensee for trade mark infringement?**

The ECJ held that trade mark owners can only take action for trade mark infringement against licensees if the licensee breaches a provision listed in Article 8(2). So if there is a breach of a different type of licence provision, the trade mark owner cannot bring infringement proceedings.

#### **Could Dior bring trade mark infringement action against SIL for selling outside the selective distribution network?**

SIL had argued that selling outside the selective distribution network was not in the Article 8(2) list. The ECJ disagreed and found that in principle this was a licence term potentially relating to the **quality of the goods manufactured under the licence**.

It reasoned that, so far as luxury goods were concerned, the goods' quality was dependent not just on their material characteristics but also on their allure and prestige which bestowed on them an aura of luxury. This aura of luxury enabled the consumer to distinguish the goods from other, non-luxury, items. As such, damage to the aura of luxury was likely to affect the actual quality of the goods.

The national courts must decide in each case whether the licensee's actions in fact damage the aura of luxury and thus affect the goods' quality, amounting to a breach.

In doing so, the national courts should consider:

- The nature of the goods;

<sup>1</sup> Copad SA -v- Christian Dior Couture SA and Société Industrielle Lingerie, 23 April 2009 (Case C-59/08)

<sup>2</sup> Directive 2008/95/EC to approximate the laws of the Member States relating to trade marks

- The volumes sold;
- How often the licensee sells them outside the selective distribution network;
- The nature of the goods normally marketed by the discount store; and
- The marketing methods normally used by the discount store.

#### **Did SIL's breach affect Dior's consent to the goods being placed on the market?**

Dior's consent to the goods being placed on the market in the EEA was conditional on SIL complying with the licence provisions specified in Article 8(2). If one or more of those provisions was breached by SIL, then Dior's consent was withdrawn. Any further sale of the goods in that situation would amount to trade mark infringement.

#### **Did Dior have any other remedies in trade mark law?**

Even where a trade mark owner has given consent to use of the mark, it can oppose further sale of goods in the EEA if it has legitimate reasons for doing so. So even where a licensee is not in breach of one of the Article 8(2) conditions, the luxury brand owner may be able to take action under Article 7(2) to prevent further sales of the goods **if it would damage the reputation of the goods**. This is for the national courts to assess.

#### **IMPLICATIONS**

This decision is relevant to all trade mark licensors/licensees in clarifying when a breach of the licence agreement will entitle the trade mark owner to take action for trade mark infringement. It gives the licensor the option to take trade mark infringement action against not just the licensee but other parties to whom it sold the infringing goods, which can help to limit the damage caused by such breaches. For licensors, it is worth bearing in mind the Article 8(2) list in negotiating licence terms so as to keep this option open.

The decision is particularly useful to luxury brand owners as it extends protection beyond the physical quality of the goods to their aura of luxury, allure and prestige. It may assist if licence terms designed to protect the aura of luxury specifically state this purpose.

Brand owners and the courts will now have to grapple with the somewhat ephemeral questions of which goods have luxurious aura and when it is damaged. No doubt there will be interesting court decisions on this in the years to come!

Susan Snedden, MMS June 2009



#### **LES B&I Annual Conference - 24 & 25 June 2009**

This year's annual conference was held at the tranquil Weetwood Hall in Leeds. The central location of the venue attracted attendees from around Britain and Ireland and the peaceful surroundings provided a contrast to the focus of the conference - "Exploiting IP and negotiating IP agreements in troubled times". Despite the surroundings and the fine weather, the interesting and diverse presentations did well to lure participants indoors.

The first day started with a refreshing reminder from Barry Quest (Patent Attorney and Consultant, iPC2) of the importance of IP and the challenges faced by the IP profession in the current economic climate. This was followed by lunch which provided the first of many networking opportunities, where people could acquaint themselves with familiar faces and meet new LES members. After lunch, we armed ourselves with coffee and headed for a very interesting afternoon session. The afternoon program began with a series of presentations by Paula Walsh (Open Innovation Manager, GSK), Andrew Carlin (Head of Commercial Contracts, University of Reading), Gary Evans (Head of IP Management and Legal Services, University of Nottingham) and Ruth Keir (Executive Director, Pfizer) which revealed some interesting differences between the way universities and industry approach licensing negotiations. Each of the presentations prompted a number of questions from the audience, which further highlighted some of the friction points in negotiations.

This was followed, in a timely manner, by Steven Reese (Partner, Olswang LLP) discussing the contractual options that can be used to capture the changing objectives of universities and industry in licensing arrangements. Ronald Openshaw (CEO, Lucia Capital LLP) then provided a valuable insight into the way an investment banking adviser approaches the IP issues in the context of M&A transactions. The educational program for the day concluded with a panel discussion lead by Dai Davis (Partner, Brooke North LLP), Keith Hallinan (Attorney, Unilever) and Andrew Carlin which considered the practical steps that can be taken to improve the prospects of a successful negotiation (in particular, the problems that had been elucidated during the day's presentations).

After a brief break, we headed to the Royal Armouries Museum where we were greeted with a glass of wine and the unique opportunity to mingle amongst 12th century Mongolian warriors (including a life-size armour-clad elephant). The wine flowed freely, the conversation grew louder and, as always, with some difficulty people were encouraged to take their seats for dinner. A fantastic meal followed which complemented the grand surroundings of the museum perfectly. After dinner, and possibly encouraged by the wine, a provocative debate ensued which re-opened the issue of the day, namely, the perceived difficulties with negotiations between universities and industry. Thankfully the debate was resolved amicably (without the need for recourse to any of the weapons on display around us), and after dinner we retired to the museum bar to continue exchanging war stories.

We returned to the hotel at a rather modest hour, but (I am told) a reasonable contingent continued the LES tradition of networking in the hotel bar until the early morning. The amount of coffee consumed at the breakfast tables the next day was perhaps evidence of the success of the late-night networking.

The morning session commenced with a presentation from Andrew Burton (Managing Director, Viking Fund) discussing the effects of the economic downturn on the availability of start-up funding and the valuation of IP. Mark Wilson (Director, GSK) provided an insightful analysis of the motives behind business unit divestment, with helpful references to case studies. The diverse topics continued with Richard Clack (solicitor, Pace Plc) revealing how collaboration agreements operate in the digital TV market and Chris Putt (Partner, Speechly Bircham LLP) providing a helpful introduction to acquisitions' law. The conference concluded with myself and Fred Satow (Partner, RSM Bentley Jennison & Co LLP) discussing the IP issues in the context of corporate insolvency.

I believe that once again the success of the Annual Conference owes much to the diversity of the LES B&I members (and the superb organisational efforts of Mark Wilson and the team at Northern Networking). The speakers and the attendees brought valuable practical experiences to the table from a range of very different backgrounds, and the willingness of everyone to contribute to discussions (both during presentations and socially) made this a memorable and educational occasion. I look forward keenly to the 2010 event, in particular to see how the next 12 months shape the way intellectual property is commercialised in these challenging times.

**Dennis Schubauer**  
**Linklaters LLP**

## Personnel News

**Fiona Nicolson**, a leading IP/IT lawyer and former President of LES B&I joined the commercial group of Bristows partnership on 1 June 2009.

An acknowledged leading individual for both IP and IT matters, Fiona works with a large range of international and UK clients across a number of sectors. In particular, she advises blue-chip corporates, emerging technology companies, fashion designers, public bodies, universities and research institutions. Fiona chairs the Law Society of Scotland's accreditation panel for IP, she is a Member of Medical Research Scotland (Scotland's largest independent medical charity) and honorary Vice President of St. Andrews Clinics for Children.

Fiona joins Bristows from her role as Head of the IP and Technology Department at Maclay Murray & Spens.

[www.bristows.com](http://www.bristows.com)

Joint Managing Partner of Bristows, Pat Treacy said: "We are really pleased to welcome Fiona to Bristows. A number of us have known and admired her for some time. Her complementary practice areas, experience in acting for innovative and technology rich companies, and international profile allows Bristows to further develop its capability to provide first class commercial IP services to its technology clients".



## **“A Deal Evaluation Cream Tea” Due Diligence in Practice”**

The LES Scottish Branch welcomed over 80 people to its May 2009 joint event with the Intellectual Asset Centre - a ‘Cream Tea’ seminar on the role of due diligence in intellectual property-driven deals. The event was hosted by Committee member Stephen Robertson of Metis Partners and Secretary Seona Burnett of McGrigors LLP. We had group of experienced speakers providing insight into their own due diligence practices and approaches,

First to speak was **Jim McRoberts, head of legal at ITI Scotland, assisted by director of commercialisation for ITI Techmedia, Gillian Brown, and ITI Scotland IP commercialisation manager for ITI Scotland, John Reid.**

Set up in 2003 by Scottish Enterprise with the support of the Scottish Executive, the Intermediary Technology Institutes (ITI) are to identify and commercialise technology-based intellectual assets across three global market sectors. Jim said that with the ITI’s looking at a three-to-10 year time horizon when assessing opportunities, the diligence approach was a staged process, involving elements of technology analysis (including technology benchmarking), global market fore- sighting and IP opportunities, as well as an assessment of potential commercialisation partners and their ability to commit to and deliver on a market opportunity.

John explained that their commercialisation diligence involves a panel assessing the IPR (including patent landscaping), commercialisation routes, market size estimates. Gillian explained that the process is still-evolving with the goal but the aim is for the ITIs to serve as a technology platform provider.

Next up was **Craig Thomson, a European Patent Attorney with Murgitroyd & Company, specialising in life sciences, medical devices and IP issues in China.**

From an investor point of view or indeed lender or assignee, said Craig, diligence needs to involve an assessment of many things but it must, of course, include IP. It’s critical to identify the key IP, confirm ownership, status, territorial coverage, validity etc, as well the commercial impact of the IP and the company’s freedom to operate.

Beyond the important issue of obtaining independent reports on the strength of the IPR, and whether the patents offer sufficient protection to the company, one of the principle elements of diligence, argued Craig, was understanding how the IP underpinned the business plan. “While there is a balance to be struck between the level of diligence and the potentially-high cost of the process,” said Craig, “any balanced report should aim to look at the advantages and disadvantages of the IP. There will always be problems identified, but it’s better to locate them during the diligence process than worry about them after the event.”

After tea, scones, jam and cream was **Graeme Sands, director of Specialist and Acquisition Finance at the Clydesdale Bank.**

Currently focused on the launch of a Clydesdale Bank pilot scheme to provide investment to high-growth, venture-capital backed, IP-rich technology businesses, Graeme told of the role that the bank had to play in providing debt funding. This bank funding, which would potentially avoid the need for equity dilution, would partly be focused on “intellectual property as a tangible intangible with a probable worth”.

The bank does not undertake formal IP valuation, but diligence delivered by independent specialists could help it understand how the IP was utilised within the business, underpinning strategy and hopefully driving cash flow. Other issues to look at include customer investment in product development, how embedded the company is with customers, as well as the link between the IP and individual know-how.

The bank's diligence, explained Sands, needed to incorporate a view of what would happen to the IP in a distressed situation, namely insolvency. "That's one difference between our approach and that of a VC. They look at when it goes right, we also look at when it goes wrong."

Last but by no means least, was **Soraya Fenton, founder of Argyll Fenton, a specialist advisor in enhancing strategic performance through people.**

Soraya spoke about her company's involvement in people diligence exercises, for example for an investor. This diligence process would potentially involve bespoke competency/developmental questionnaires, behavioural profiling, in-depth structured interviews, 360-degree referencing and the identification of development needs – all combining to provide an investor with a review of the executive team and a realistic appraisal of individual and team ability. This comprehensive process should also be of value to participants, with investors gaining insight into the management team and individuals they are investing in, and participants seeing personal and team benefits.

"The crucial thing," said Soraya, "is not to let the process be led by emotion rather than logic, or to be drawn by personalities rather than abilities. The diligence process should provide an independent and robust validation, beyond gut feel."

**Thanks to our speakers and all who came along - and to Darran Gardner of Metis Partners for expert note-taking.**

**Caroline Sincock (Chair)**

## **Top 10 Tips "Safeguarding your Confidential Information"**

- 1) Identify which information in your business is confidential.
- 2) Mark confidential information contained in documents as 'confidential'.
- 3) Consider carefully where this information is stored. Have security measures been put in place to protect this information? This information should not be easily accessible by unauthorised persons.
- 4) Ensure your employees know which information relating to your company is confidential. Employees will be under an implied duty to maintain confidentiality but also consider express duties in their employment contracts.
- 5) Only disclose confidential information to employees, contractors, customers etc where it is absolutely necessary.
- 6) If you are sharing highly confidential information with other individuals or businesses ask them to sign a confidentiality agreement. Recording the terms under which you exchange the confidential information gives added legal certainty.
- 7) Keep a fully documented audit trail when developing new technical products – this could comprise records of key milestones, engineer's notes, calculations etc.
- 8) Apply the © copyright symbol to your written work, together with the name of your business and year of creation. This will signal to third parties that you protect your intellectual property.
- 9) Consider adding a more detailed copyright notice on technical drawings, e.g. –'Copyright in this drawing belongs to XYZ and its contents are confidential to XYZ.
- 10) Ensure you enforce any confidentiality agreement you have in place if a party breaches their obligations.

***[www.virtuosolegal.com](http://www.virtuosolegal.com)***

## Autumn Meetings 2009

Plans for the next meetings' season are well in hand. London Region is starting its autumn programme on the 9<sup>th</sup> September with a talk entitled, "Variations in Licensing Practices across Industries". October 8<sup>th</sup> is the date of the LES Scotland autumn meeting; details will follow in the next edition of [News Exchange](#), followed by the second London Region meeting on 11<sup>th</sup> November with a talk about "Socially Responsible Licensing." We organize the meetings as a service for our members but friends and colleagues are always welcome.

Mark Wilson ([mark.w.wilson@gsk.com](mailto:mark.w.wilson@gsk.com)), LES B&I Vice President and Chair of the Meetings Committee, is always looking for interesting speakers for LES events; please contact him if you would like to recommend someone.

## Meeting of LES International Delegates - Manila 5-7 June 2009

About 80 international delegates of local LES chapters around the world met for two days in Manila over the first weekend of June. The meetings began at 8am and ended at 6pm both days, and most delegates, including the four of us from the UK, were present throughout. As always, many useful discussions also took place outside the main meetings, including during the official dinner at the residence of the President of Manila on the Saturday evening and late into both Friday and Saturday nights – despite the jetlag.

These meetings are held twice a year to deal with the internal governance and management of LES International. The Saturday schedule followed the usual format: meetings of small working groups, such as the National Presidents of each Chapter with the International President, Presidents of the European Chapters, and various working committees. With LES Britain & Ireland scheduled to host the 2011 International Conference, the meeting of the Meetings Committee was one of the most important here, and I am pleased to say that the presentation I delivered (prepared by *Anne Lane and her team*) went down very well. We also used the Delegates Meeting to raise the profile of this meeting, to help ensure a good turnout. (For those of you who don't yet have it in your diaries, the Conference will take place from Sunday 5 June to Wednesday 8 June 2011. Please put it in your diaries now!) On the subject of meetings, other reminders for forthcoming meeting dates and venues are:

- **LES USA/Canada, San Francisco - 18-21 October 2009;**
- **LES International 2010 - 11-14 April in South Africa;**
- **LES Pan-European Meeting 2010 - June 7-8 in Budapest;**
- **LES International 2011 – 5-8 June in London**
- **LES International 2012 - 1-4 April, Auckland.**

These meetings are great educational and networking events, and I would encourage all of you to try to get to one of them. There was also a productive meeting of *Barry Quest's* Policy Interest Group (on which he will report separately).

The Sunday schedule involved one large plenary meeting, to discuss a range of substantive and administrative issues. *Adam Lieberman*, current LESI President, reiterated his call for all members of LES National Chapters to make a greater contribution towards realising the unfulfilled potential of the society. In another of the sessions, we were all encouraged to become more involved in the working committees and to encourage all members of national groups to do so – particularly younger members. Details of what these committees are and what they do are available on the LESI website (which *Barry Quest* was thanked for having revamped).

Substantive issues which were the subject of particular debate were the name and organisational membership. No specific votes were taken on either issue, but consensus seemed to be achieved on both. As regards the name, many felt that the term "Licensing Executives Society" was cumbersome and no longer accurate in describing what we did, but that the brand "LES" continued to have considerable value. There was also consensus that key words we needed to use in describing what LES stood for included "business", "intellectual property" and "international". It was agreed that the focus going forward, with a view to putting a resolution to the International Delegates in San Francisco in October, would be on finding a "strap line" which incorporated the these terms, and which could be used in conjunction with the LES logo; and that we should drop the words "Licensing Executives Society" entirely. There was also broad consensus that some form of organisational membership would be useful (to enable a single organisation, whether it be a company, a University or any other institution) could pay for a set number of memberships rather than it being purely individual; but that further work needs to be done on the detail.

All in all, a productive and enjoyable meeting, at which much society business was conducted, new friends made, and new knowledge gained. I am grateful to *Barry Quest, Hayley French and Stephen Powell* for joining me as your Delegates at this Meeting.

**Nigel Jones**  
**President, LES B&I**

## Members on the Move >>>>>>>>

**Tony Hindley**  
36 West Way  
Harpenden  
Hertfordshire AL5 4RD

**Barry Quest**  
iPC2  
16 The Mount, Altricham,  
Cheshire WA14 4DX

## Change of Phone number:

**Barlin Associates**

Regent House  
1-3 Queensway  
Redhill

Surrey RH1 1QT

United Kingdom

**Tel: +44 (0) 1737 231 340**

**Fax: +44 (0) 1737 231 341**

## Welcome!

Council is pleased to welcome the following new members to the Society:

**Ms Frances Buggy**, Dublin Institute of Technology; **Miss Melanie Chevin**, Imperial College London; **Mr Kevin Cosgrave**, Elan Drug Technology; **Mrs Sarah Dixon**, Johnson Matthey Technology Centre; **Miss Natalie Elsborg**, Charles Russell LLP; **Mr Christopher Fawcett**, Davy Process Technology; **Miss Anna-Marie Harty**, Elan Drug Technologies; **Dr Dominic Hickman**, Rouse Legal; **Dr Simon Hill**, Health & Safety Laboratory; **Mr William Johnson**, KMPG LLP; **Ms Madeleine Kelly**, FR Kelly; **Dr Alan Kennedy**, NHS Innovations South East; **Ms Emma Leland**, Greaves Brewster; **Mr Chris Loryman**, UCL Business; **Mr Richard Lucas**, WhiteKnight Consulting Ltd; **Mr Michael Lucey**, PurdyLucey Intellectual Property; **Dr John McManus**, Nova, University College Dublin; **Dr Amy Neale**, National Digital Research Centre; **Mr Andrew Nunn**, Johnson Matthey; **Mr Martin Page**, Ashurst LLP; **Miss Alice Proby**, Charles Russell LLP; **Ms Vicki Salmon**, IP Assets LLP; **Ms Kate Syrtsova**, MacLachlan and Donaldson; **Dr Paul Thomas**, University of Essex; **Mr Sean Thomas**, Marks and Clerk Solicitors; **Ms Claire Ward**, Davy Process Technology; **Dr Jonathan Watkins**, Alta Innovations; **Dr Jeremy Webster**, Mewburn Ellis; **Dr Aleksandra Wright**, St George's University of London.



LICENSING EXECUTIVES SOCIETY  
BRITAIN AND IRELAND



**LICENSING EXECUTIVES SOCIETY  
BRITAIN AND IRELAND**

"Advancing the Business of Intellectual Property Globally"

**Moving Company/ Changing Address?**

Please remember to tell our administrator, Jennifer Kirkcaldy, if you change your office address so that we can continue to send you LES information.

LES Administrative Office,  
Northern Networking Events Ltd  
Glenfinnan Suite  
Braeview House  
9-11 Braeview Place  
East Kilbride  
Glasgow  
G74 3XH

Please also remember to change your contact details in the membership directory on the LESI website ([www.lesi.org](http://www.lesi.org)). As a service to our members the editor will print any change of company and location in newsXchange™. Please contact Mary Elson, [elson.mary@btinternet.com](mailto:elson.mary@btinternet.com)

**Membership**

Enquiries should be addressed to Jennifer Kirkcaldy at the LES Administrative Office:

Tel: +44 (0) 1355 244966 Fax: +44 (0) 1355 249959

Email: [les@northernnetworking.co.uk](mailto:les@northernnetworking.co.uk)

The membership application form may also be found on the LES B&I website: [www.les-bi.org](http://www.les-bi.org)



**LICENSING EXECUTIVES SOCIETY**  
BRITAIN AND IRELAND