

# Intellectual Property Rights Insurance



# LBT Services Ltd

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# Patent Insurance - General Overview



## Available in the UK & USA > 20 years

- Small Inventors
- SME's
- Large Corporations
- Now available in Europe and the Far East

## Earlier Lack of Acceptance

- Territorial Limitations
- Low Indemnity Levels
- Poor identification of IP rights
- Defective & ambiguous policy wording
- Power of underwriters in claims handling

# Current Position

## Patent Insurance now available

- To pay legal expenses
- Infringement
- Agreements
- to pay damages

## Extent of Cover

- Up to pre-determined Indemnity level
- Territorial extent-restricted or worldwide
- all IP rights & tools for trading
  - patents
  - trademarks
  - copyright
  - trade secrets
  - agreements

# Comprehensive Policies

## Policies now accepted by industry

- Pursuit -enforcement of own patent rights
- Defence - against allegations of infringement of 3rd party rights
- Agreements - IP clauses in licence and non-disclosure
- Damages & Financial loss

Some are restricted in 1 or more areas - caution!

# Commercial Interest

## Private Inventors and SME's

### High-Tech Areas

- Biotechnology
- Medical equipment
- Pharmaceutical & drug screening
- Chip technology
- Computer software
- Engineering

## Venture Capitalists & Financial Institutions

- Pre-requisite to investment

# UK Position

> 8 different policies now available  
Most written at Lloyd's of London

Policies differ in:

- Extent of Cover
- Exclusions and Conditions
- Basis for Premium
- Global Extent
- Availability to non-UK nationals

# Case Histories

## Private Inventors

- Engineering
- Computer Software

## SME's

- Genetic Engineering
  - Cloning
- Medical Equipment
  - DNA Probes
- Mechanical
  - Robot
- Computer Software

# Premium Basis

- Not turnover
- Size & strength of patent portfolio
- Product manufacture & sale
- Global extent of cover
- Level of Indemnity
- Risk Assessment Report
  - portfolio - validity
  - products - infringement
  - territories - extent
  - management team
  - advisers
  - quality of agreements

# USA Position

- Much the same as the UK
- Moving to single comprehensive policies
- Underwriters - Lloyd's, AIG, Chubb, Reliance
- Increased interest in past 2 years
  - California - hi-tech
  - Mid-west - engineering
  - East Coast - hi-tech & engineering
- Wide variations in cover offered
  - litigious country
  - Higher legal costs

# New US and European Interest

- Block Patent Policy - patent attorneys
  - all clients' filings
  - payment of enforcement to low level of cost
  - selected payment of enforcement to high level
  - progression to defence and agreement cover
  - progression to damages inclusion
- Block Policy - patent offices
  - covers all national applications
  - covers all European applications
- Strengthens Patent System

# Japan

## Protected Insurance Market

- Ministry of Finance Control

## Now being de-regulated

- Improved facility to introduce new products
- Agency System
- Broking System

Global Policies from the UK & USA cover  
IP infringement in Japan

# IP Dispute Legal Expenses Insurance



- Limited availability in Japan
- Legal fees & legal costs only
- No damages
- Pays loss adjustors fees
- Limited IP Coverage
- Territories outside Japan
  - USA & Canada
  - Australia & New Zealand
  - EU Countries
- Restricted Indemnity & deductible depending upon
  - IP
  - Country

# Future in Japan

## De-regulation will Permit Broader Cover

- Already greater interest by Japanese industry & Japanese insurance
- UK & US underwriters looking to Japanese market
- Need for specialist risk identification firms with legal, IP, technical, commercial & international experience to:
  1. Assess Risk
  2. Evaluate Risk Exposure
  3. Advise on management to reduce risk
  4. Protect residual risk by insurance

# Intellectual Property Rights Insurance



# LBT SERVICES LTD



It is necessary for industry to realise the value of the intellectual property rights they own. LBT Services Ltd will help in this realisation by working in conjunction with a company's legal and technical advisers to evaluate the strength, validity and enforceability of patents, trademarks and designs and review the copyright. This work is frequently carried out onsite.

This evaluation also includes a consideration of potential infringement of third party IP rights when products are manufactured or sold. Also, any obligations concerning intellectual property rights contained in licence and distribution agreements are fully reviewed. The results of the assessment reveal potential routes of exploitation of an IP portfolio and how a company is exposed to the risk of infringement or copying.

Insurance is now available to pay the legal expenses whether as the result of the infringement of one's own rights or the alleged infringement of the rights of others. Insurance cover is also available in the event of breach of a licence or confidentiality agreement involving own IP or specific processes and products.

The insurance is available in separate sections which can be combined if required.

- Pursuit following infringement of your IP rights - patents, trademarks, copyright, designs
- Enforcement of terms of licence and confidentiality agreements
- Defence following allegations of your infringement of third party rights by the manufacture or sale of your products
- Financial loss and those damages payable after a defence action

LBT Services Ltd works with clients in all areas of business and technology: IT and electronics, biotechnology, pharmaceuticals, medical equipment, computer software, petroleum engineering and construction.

The work of the company is co-ordinated by Ernest Kay, a barrister and technologist who has had practical experience in industry.

# ERNEST KAY



B.Sc and M. Sc in Microbiology / Biochemistry  
University of Durham

Scientist in chemical and pharmaceutical industries, carrying out drug research and manufacture of viral vaccines.

Legal Department (Patent Division) of Pfizer Ltd. Handled drug protection by patenting. Cleared products of infringement prior to commercial exploitation.

Called to the Bar (Gray's Inn). Patent chambers where work involved patents, trade marks, copyright, passing off, trade secrets, licensing and franchising in all technical fields.

15 years with Shell International Petroleum Company in the UK and Netherlands. Co-ordinated the preparation of court material and witnesses for various engineering and petrochemical cases concerning intellectual property. Actively engaged in licensing and license negotiation world-wide, including USA and Canada, Russia and Eastern European countries and the Middle East. Technical areas included chemical and biochemical plant construction, engineering and petroleum technology. Studied Arabic in the School of Oriental and African studies, London University and compiled Arabic Dictionaries. Prepared a thesis published as "Legal Aspect of Business in Saudi Arabia".

Fellow of the Institute of Directors, Associate member of the Chartered Institute of Patent Agents. Member of the Licensing Executives Society, London Court of International Arbitration and American Bar Association.

Consultant Barrister specialising in intellectual property protection and exploitation. Gives independent advice in legal and technical areas associated with the international exploitation of technology, licences, commercial contracts, joint ventures, acquisitions and mergers. Work extends to infringement clearance prior to venture capital investment and commercial manufacture or sale. Private investigational work on a company's technical and legal status prior to negotiation.

Ernest Kay is also Legal and Technical Director of LBT Services Ltd, a Company which specialises in the evaluation of intellectual property in all industries, ranging from the older conventional to the modern Hi-Tech. This work is carried out primarily for insurance purposes with advice on the reduction of risk by in-house risk management and the need for Intellectual Property Rights Insurance. Because Ernest is a microbiologist and biotechnologist experienced in the field of genetic engineering, one of the specialised technical areas of the company is biotechnology, e.g., cloning techniques including nuclear transfer and genomic DNA.