

Intellectual property right assignments Q&A: US

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This Q&A provides country-specific commentary on the following standard documents:

Assignment of intellectual property rights: Cross-border.

Assignment of trade marks: Cross-border.

Assignment of copyright: Cross-border.

Assignment of patents: Cross-border.

Assignment of industrial designs: Cross-border.

Waiver of moral rights: Cross-border.

Letter confirming assignment of intellectual property rights: Cross-border.

and forms part of *Cross-border Intellectual property*.

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Key aspects of intellectual property right assignments

Definition of IP rights

1. Does the definition of "Intellectual Property Rights" in *Standard document, Assignment of intellectual property rights: Cross-border: clause 1.1* include any rights that are not recognised in your jurisdiction? If yes, what are those rights?

The definition includes "rights in get-up," which in US practice is typically referred to as trade dress or product design.

The definition also includes "moral rights," which with limited exception are not recognised in US law (see [Question 35](#)).

In addition, business names, rights to use domain names and confidential information are not technically within the scope of intellectual property (IP), but it is fairly common for these rights to be included in a definition of IP.

2. Should this definition be amended to include any additional rights that are recognised in your jurisdiction? If yes, what are those rights?

It is increasingly common for definitions of IP to include reference to domain names, websites and accounts on social media and online platforms, despite the fact that these are not standalone categories of IP.

It is also common to include the right to assert any claims or causes of action arising out of any infringement or misappropriation of any of the IP identified in the definition.

Assigning the benefit of licences to use IP rights

3. Subject to any restrictions in the terms of the relevant licence, is it possible to assign the benefit of a licence to use IP rights? If yes:

- Are there any restrictions on this (such as on the identity of the assignee or the price of the assignment)?

- Does the assignment have to comply with any particular formalities to be valid and enforceable?
- Does the burden of the licence automatically pass to the assignee along with the benefit?

US IP licences typically contain express provisions governing assignability. Careful drafters should address this issue in the licence. Where an IP licence is silent as to assignment, the following rules apply.

A trade mark licensee can assign the benefit of an exclusive or non-exclusive trade mark licence only with the express consent of the licensor. If a trade mark licence is silent, use of the licensed mark is personal to the licensee and cannot be assigned (*In re XMH Corp.*, 647 F.3d 690, 695 (7th Cir. 2011) ("[T]he universal rule is that trademark licenses are not assignable in the absence of a clause expressly authorizing assignment.")). This rule is intended to protect the goodwill associated with the licensed mark and ensure that the trade mark owner/licensor can control the quality of goods or services offered under the mark.

Subject to any restrictions in the relevant licence, it is possible to assign the benefit of an exclusive copyright licence, whereas a non-exclusive copyright licence is considered personal to the licensee and cannot be assigned without the express consent of the IP owner/licensor. (See 3 *Nimmer on Copyright* § 10.02[B][4]).

An exclusive patent licence may be assignable to the extent that it grants the transfer of substantially all rights in the subject patents, including with respect to the licensor. By contrast, if the licence agreement is silent, a patent licensee cannot assign the benefits of a non-exclusive patent licence (*Unarco Indus., Inc. v. Kelley Co.*, 465 F.2d 1303, 1306 (7th Cir. 1972)). This rule is intended to give IP owners control and discretion over the third parties that can commercialise their IP. For example, it prevents a non-exclusive patent licensee from assigning its rights in a patent to a competitor of the patent owner.

Assigning future intellectual property rights

4. Is it possible to assign future IP rights? If yes, does an assignment have to comply with any formalities additional to the existing assignment, or do any additional documents need to be entered into, for that future assignment to be valid and enforceable?

Under US law, it is possible to assign future rights in IP. Assignments of future IP rights are particularly common in the context of employment agreements, whereby an employee assigns to an employer all intellectual property that may be developed in the context of the employment. The employment agreement or assignment of inventions agreement should expressly indicate that the employee "does hereby grant" or "hereby conveys, transfers and assigns" his or her rights in IP conceived or developed during the course of employment. Courts have found this language sufficient to create an effective assignment of ownership, and no additional formalities are required. (See for example, *Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245, 1253 (Fed. Cir. 2000).)

By contrast, an employment agreement which provides that an employee merely "agrees to assign" or "will assign" IP conceived or developed during the course of employment is insufficient to create an effective transfer of ownership. (See for example, *IP Venture, Inc. v. Prostar Computer Inc.*, 503 F.3d 1324 (Fed. Cir. 2007); *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574 (Fed. Cir. 1991)). This language constitutes an agreement to agree and would require the employee and employer to enter into a standalone assignment to transfer title of IP created in the scope of employment.

Regardless of the language of an employment agreement, parties often execute confirmatory assignments after the IP is created to avoid any potential issues, including if the initial assignment is held invalid. This helps to confirm and clarify chain of title for these types of works, which is important for registration purposes and in litigation. For example, an assignee who receives rights in future copyrighted works, such as a series of audio-visual or written works, may want to record its specific interest in such works with the US Copyright Office once the works are published. A short-form, confirmatory assignment agreement identifying the works can be recorded with the Office and made searchable by third parties (see [Question 52](#)).

Implied covenants

5. Do any of the laws applicable to IP assignments in your jurisdiction imply covenants relating to title?

US federal law does not imply covenants relating to title in the context of IP assignments. However, state law may imply warranties relating to title in this context. (See [Question 25](#).)

Right to sue for past infringement

6. Is it possible to assign the right to sue for past infringement or misuse of IP rights? If yes, is this right automatically transferred to an assignee on an assignment of the relevant IP rights, or must it be expressly included in the terms of the assignment?

Trade marks

An assignee of a trade mark and its associated goodwill steps into the shoes of the assignor with respect to its rights in the assigned mark. As a result, an assignee automatically has the right to sue for past infringement or misuse of the assigned trade mark. However, it is common to include in a trade mark assignment an explicit provision granting the assignee the right to sue for past, present and future infringements.

Copyright

A general assignment of a copyright interest does not automatically assign existing causes of action, unless pre-assignment causes of action are explicitly included in the assignment. Failure to assign claims for past infringement in conjunction with a general assignment can be cured through a second assignment. But the bare assignment of a right to sue is generally insufficient to confer standing on an assignee who lacks a copyright interest. (See *Righthaven LLC v. Hoehn*, 716 F.3d 1166, 1170 (9th Cir. 2013).)

Patent

A party can assign the right to sue for past infringement of a patent. This right is not automatically transferred to an assignee of a patent on assignment. Instead, the assignment agreement must expressly provide for the assignment of claims arising before the date of the assignment. (See *Minco, Inc. v. Combustion Eng'g, Inc.*, 95 F.3d 1109, 1117 (Fed. Cir. 1996).)

7. If it must be expressly included, comment on whether the following clauses are effective to assign the right and, if not, set out below any necessary amendments to make them so:

- *Standard document, Assignment of intellectual property rights: Cross-border: clause 2(c).*

No amendments.

- *Standard document, Assignment of trade marks: Cross-border: clause 2(c).*

The alternate clause 2(c) should be omitted, because under US law a trade mark cannot be assigned without its accompanying goodwill.

- *Standard document, Assignment of patents: Cross-border: clause 2(e).*

No amendments.

- *Standard document, Assignment of industrial designs: Cross-border: clause 2.*

No amendments.

- *Standard document, Assignment of copyright: Cross-border: clause 2.*

No amendments.

Right of priority

8. Do applicants for registered IP rights have the right to seek a priority date for their applications? If yes, is it possible to assign that right of priority along with the IP right to which it relates? Are there any formal requirements for a valid and enforceable assignment of the right of priority?

Patent and trade mark applicants can seek a priority date for their applications. In general, the right of priority can be assigned together with the patent or trade mark right to which it relates, and it is typical to include an express assignment of priority in an IP assignment agreement.

An exception arises for trade mark applications filed under section 1(b) of the Trademark Act based on an applicant's "intent-to-use" the mark. Before filing an amendment to allege use or a statement of use, the owner of an "intent-to-use" application cannot assign its application (and its priority date) except to a successor to the applicant's business or portion of the business to which the mark relates, if that business is ongoing and existing (*15 U.S.C. § 1060*). This restriction is intended to ensure that marks are not assigned in gross apart from their accompanying goodwill, and to prevent trafficking in marks.

Tax considerations

9. What tax charges and tax considerations typically arise on an assignment of IP rights? Do these vary depending upon:

- The type of intellectual property right being assigned; and/or
- Whether the assignor or assignee is an individual or corporation; and/or
- Whether the assignor or assignee is tax-resident?

If yes, explain those variations.

Taxation of intellectual property rights is a highly technical and fact specific matter, with significant differences based on the jurisdiction, the nature of the IP right, and the organizational structure of the assignor and assignee. Tax considerations are particularly complex in the context of cross-border assignments of IP rights. Foreign companies that seek to assign US-based rights, and US companies that seek to assign US IP rights to foreign parties, would be advised to seek the advice of an international tax expert.

10. Set out below any amendments necessary to the following standard documents to reflect tax charges and considerations arising in your jurisdiction:

See [Question 9](#). It is recommended that parties to an IP assignment obtain the advice of a taxation lawyer to determine or confirm contract language appropriate for the relevant transaction and jurisdictions.

- *Standard document, Assignment of intellectual property rights: Cross-border.*

See above.

- *Standard document, Assignment of trade marks: Cross-border.*

See above.

- *Standard document, Assignment of copyright: Cross-border.*

See above.

- *Standard document, Assignment of patents: Cross-border.*

See above.

- *Standard document, Assignment of industrial designs: Cross-border.*

See above.

- *Standard document, Assignment of copyright: Cross-border.*

See above.

Power of Attorney

11. Is it common practice for an assignee to seek to include a power of attorney in an assignment of IP rights? If yes, comment on whether *Standard document, Assignment of intellectual property rights:*

Cross-border: clause 7.2 is sufficient to grant a valid and enforceable power of attorney. If not, set out below any necessary amendments to make it so.

This provision most typically arises in the context of employment agreements, where an employer assignee may seek to obtain an employee assignor's power of attorney for such purposes as obtaining and maintaining IP registrations related to the assigned interest.

The power of attorney provision in the standard document is sufficient under New York state law to grant a valid and enforceable power of attorney.

Assistance with future proceedings

12. Is it usual for an assignor to be obliged to assist the assignee in obtaining, defending and enforcing the assigned rights, and to assist with any proceedings that relate to them after completion of an assignment (see for example *Standard document, Assignment of intellectual property rights: Cross-border: clause 7.1(b)*)?

It is standard practice to include a further assurances provision, under which the assignor agrees to sign and deliver any instruments and perform any acts that may be reasonably necessary to effectuate and record the assignment.

It is also common for an assignor to be obligated to assist in future proceedings relating to the assigned IP rights. For instance, in patent litigation relating to an assigned patent, the inventor is likely to be asked to give evidence, so it is important for an assignee to obtain the inventor's agreement to assist in the proceeding. This point may be negotiated, and the assignor may insist on providing "reasonable" co-operation at the expense of the assignee.

Perfecting the assignment

13. Does either party have to take any additional steps after execution of an assignment for an assignee to receive and enjoy the full benefit of an assignment? If yes, briefly describe those additional steps, and whether they vary depending on the IP right being assigned.

See [Question 22](#).

Liability

14. Is it possible for an assignor to seek to limit or exclude all liability that might arise after execution of an assignment in relation to the assigned rights (see, for example, *Standard document, Assignment of intellectual property rights: Cross-border: clause 9*)?

Federal IP law does not prevent an assignor from seeking to limit its post-assignment liability. Assignors should evaluate state laws that may apply. Under New York law, it generally is possible to limit or exclude all liability relating to assigned IP rights.

15. Is it possible to limit or exclude liability for death and personal injury under particular circumstances?

Federal IP law does not prevent an assignor from seeking to limit its post-assignment liability by contract. Assignors should evaluate state laws that may apply. Under New York law, it generally is possible to limit or exclude all liability relating to assigned IP rights.

Guarantor

16. Is it possible for a third party to guarantee the obligations of an assignor in an assignment of IP rights? If yes, is it usual for the guarantor to be made a party to the assignment and/or does a separate guarantee agreement need to be entered into by the parties?

A third party can guarantee the obligations of an assignor, either as part of the assignment agreement or in a separate guarantee agreement.

A separate guarantee agreement is more common in the context of a larger transaction such as an asset purchase or merger.

Formalities for assignment

17. Does an assignment of intellectual property (IP) rights have to comply with any particular formalities to be valid and enforceable (including in relation to format, language and execution)? If yes, describe briefly what these are for each type of IP right.

As a general rule, IP assignments must:

- Be in writing.
- Identify all parties to the assignment, including the names and addresses of the assignor and assignee.
- Identify the IP that is the subject of the assignment, including, if available, the registration or application numbers, priority date, author, inventors and owners.
- State the consideration exchanged for the assignment.
- Be duly executed by the assignor.

Additional rules and statutory requirements for specific types of IP are discussed below.

Trade marks

Under the Lanham Act, trade mark assignments must be by instruments in writing duly executed (*15 U.S.C. § 1060(a)(3)*). Trade mark assignments must contain an express assignment of the goodwill represented by and associated with the mark. Failure to assign a mark's accompanying goodwill is an "assignment in gross" and will not transfer any legal rights in the mark to an assignee.

Copyright

A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorised agent (*17 U.S.C. § 204(a)*).

Patents and know-how

Patents are assignable in law by an instrument in writing (*35 U.S.C. § 261*). Notarisation of the assignment serves as prima facie evidence that the signatures (and the assignment itself) are valid.

Industrial design right

In the US, industrial design rights may be recognised and protected under copyright, trade mark (trade dress) or patent law (see [Question 49](#)). Assignments of such rights should conform to the relevant requirements, as set out above.

18. If some form of consideration has to be transferred between the parties for an assignment to be valid and enforceable, is a nominal sum acceptable, or must it be an amount that reflects the current market value of the IP rights being assigned, whether for tax reasons or otherwise?

For an IP assignment to be valid and enforceable, there must be a valid contract. For a contract to be effective, there must be an offer, acceptance, and proper consideration. The definition of valid consideration may vary under US state law, but in general consideration must be "bargained for" and not "illusory" (*Restatement (Second) of Contracts*, § 77). Nominal monetary consideration and non-monetary consideration are sufficient to create a valid and binding contract, provided that there is some exchange of value between the parties.

Compliance with local law and practice

19. Are any of the terms in the following standard documents invalid, unenforceable or contrary to standard practice in your jurisdiction? If yes, set out below any necessary amendments to make those terms valid, enforceable and reflective of standard practice.

The agreements are enforceable under New York state law, and their terms generally reflect what is market across US jurisdictions. However, that validity, enforceability and standard practice may vary under applicable state law.

- *Standard document, Assignment of intellectual property rights: Cross-border.*

See above.

- *Standard document, Assignment of trade marks: Cross-border.*

See above.

Standard document, Assignment of copyright: Cross-border.

See above.

- *Standard document, Assignment of patents: Cross-border.*

See above.

- *Standard document, Assignment of industrial designs: Cross-border.*

See above.

Brexit

20. Are any amendments required to the following standard documents to reflect the fact that the UK is preparing to leave the EU; and/or will have left the EU after March 2019? If yes, set those amendments out below and, if necessary, briefly explain them (and where no amendments are necessary, insert "no amendments").

Practitioners should ensure that the business terms of the assignment reflect the intent of the parties. This includes the extent to which the parties intend to transfer UK IP rights along with their EU counterparts. Any assignment of EU rights should state expressly whether UK common law rights, and any UK registered rights that may arise post-Brexit that directly correspond to any EU registered rights, are intended to be included in the assignment.

For example, with respect to trade marks, as of 1 January 2021 all holders of EU trade mark registrations and International Registrations (under the Madrid Protocol) that designate the EU will automatically become holders of equivalent UK trade mark registrations. The UK Intellectual Property Office will issue new UK trade mark registrations corresponding to the European trade marks (EUTMs) or International rights (IRs) without the need to pay any government fees. In addition, if any pending EUTM applications or IR designations of the EU remain pending as of 1 January 2021, the UK will not automatically grant a corresponding UK registration. Instead, trade mark owners will have nine months to file an identical UK trade mark application while maintaining the priority date of the EU filing.

Thus, in any assignment of EU trade mark rights, the parties should consider whether the automatically issued UK trade mark registrations, and the priority right for filing new UK applications based on existing EU applications, are intended to be included in the scope of the transfer. The answer to this question may impact the purchase price or other business considerations between the parties.

- *Standard document, Assignment of intellectual property rights: Cross-border.*

See above.

- *Standard document, Assignment of trade marks: Cross-border.*

See above.

- *Standard document, Assignment of copyright: Cross-border.*

See above.

- *Standard document, Assignment of patents: Cross-border.*

See above.

- *Standard document, Assignment of industrial designs: Cross-border.*

See above.

Registration and recordal aspects of intellectual property right assignments

Registrable intellectual property rights

21. Which intellectual property (IP) rights are registrable in your jurisdiction? Provide a link to the website of the relevant registry in each case.

Trade marks, patents and copyrights are all registrable in the US. Trade dress can be registerable under one or more of these doctrines.

Trade marks are registered at the US Patent and Trademark Office (USPTO) (www.uspto.gov/trademark).

Patents are registered at the USPTO (www.uspto.gov/patent).

Copyright is registered at the US Copyright Office (www.copyright.gov).

Assignment recordal / registration

22. Can an IP assignment be recorded at the IP registry in your jurisdiction? If yes, is this optional or a statutory requirement? If the position varies depending on the IP right being assigned, explain those variations.

Trade marks

Although recordation of an assignment is not required, recordation of a notarised assignment in the USPTO serves as prima facie evidence that the assignment took place. Further, an assignment is void against any subsequent purchaser for valuable consideration without notice unless the assignment is recorded within three months after the date of assignment or before the subsequent purchase (*15 U.S.C. § 1060(a)*).

It is typical for the assignee to have the duty to record the assignment and to bear the associated costs.

Copyright

A transfer of copyright ownership or other document relating to copyright can be recorded in the Copyright Office if the document bears the actual signature of the person who executed it, or if it is accompanied by a sworn or official certification that it is a true copy of the original, signed document (*17 U.S.C. § 205(a)*).

Although it is not required, recordation in accordance with the statutory requirements gives all persons constructive notice of the assignment, as long as the document sufficiently identifies the work to which it relates and registration has been made for the work (*17 U.S.C. § 205(c)*).

As between two conflicting transfers, the one executed first prevails if it is recorded, in the manner required to give constructive notice under U.S.C. § 205(c) (see above), within one month after its execution in the US, within two months after its execution outside the US, or at any time before recordation in this manner of the later transfer. Otherwise, the later transfer prevails if recorded first in this manner, and if taken in good faith, for valuable consideration or on the basis of a binding promise to pay royalties and without notice of the earlier transfer (*17 U.S.C. § 205(d)*).

In addition, a non-exclusive licence, whether recorded or not, prevails over a conflicting transfer of copyright ownership if the licence is evidenced by a written instrument signed by the owner of the rights licensed or such owner's duly authorised agent, and the licence was taken before execution of the transfer or taken in good faith before recordation of the transfer and without notice of it (*17 U.S.C. § 205(e)*).

It is typical for the assignee to have the duty to record the assignment and to bear the associated costs.

Patents and know-how

An assignment, grant or conveyance is void against any subsequent purchaser or mortgagee for valuable consideration, without notice, unless it is recorded in the USPTO within three months from its date or before the date of the subsequent purchase or mortgage (*35 U.S.C. § 261*). As a result, assignments of patent rights should be recorded with the USPTO as soon as possible following execution.

It is typical for the assignee to have the duty to record the assignment and to bear the associated costs.

Industrial design right

Industrial design rights may be recognised and protected under copyright, trade mark (trade dress) or patent law (see [Question 49](#)). Recordation is therefore governed by the rules for trade marks, copyrights or patents (see above).

23. Is it usual to include a mechanism in the terms of an assignment to ensure that the assignor satisfies its obligation to record the assignment, or that the assignee is able to take action if the assignor fails to do so?

In the US, assignees have the right to record an IP assignment with the relevant authority without the assignor's participation. It is typical to include a further assurances provision, and relatively common to include a power of attorney (see [Question 11](#) and [Question 12](#)).

Warranties and indemnities in intellectual property right assignments

Express warranties from assignor

24. Is it usual for an assignee to seek certain express warranties from an assignor in an IP assignment? If yes, comment on whether the following clauses reflect the scope of express warranties typically given by an assignor and, if not, set out below any necessary amendments so that they do (where no amendments are necessary, insert "no amendments").

The specific warranties given by an assignor depend on a number of factors including the IP rights being assigned and the bargaining position of each of the parties. At the very least, it is common for an assignor to warrant that it owns the entire right, title and interest in and to the IP right it is assigning, and that the IP is valid, enforceable and not subject to claims that it infringes the rights of a third party.

An assignor may attempt to qualify its representations and warranties based on knowledge and materiality, while an assignee will seek to omit such qualifiers from the assignment.

In a larger transaction, such as the purchase and sale of all of a seller's assets, it is typical for the warranties and indemnities relating to IP to be included in the purchase agreement and incorporated by reference into the IP assignment.

Amendments to the standard documents

It is common for an assignee to request that the assignor warrant that there are no conflicts or encumbrances with respect to the assigned IP. The following clause can be inserted in the Standard documents below:

"(j) the execution, delivery and compliance with the provisions of this agreement does not and shall not conflict with, result in any violation or default under, or give rise to any right, licence, loss, lien, encumbrance or other agreement relating to any of the Assigned Rights."

- *Standard document, Assignment of intellectual property rights: Cross-border: clause 4.*

- *Standard document, Assignment of trade marks: Cross-border: clause 4.*
- *Standard document, Assignment of patents: Cross-border: clause 5.*
- *Standard document, Assignment of industrial designs: Cross-border: clause 4.*
- *Standard document, Assignment of copyright: Cross-border: clause 4.*

Implied warranties from assignor

25. Is it usual for certain warranties to be implied into the terms of an IP right assignment in your jurisdiction? If yes, briefly describe what those implied warranties are; which types of IP assignments they apply to (if not all); and whether their application can be excluded from the terms of an assignment. State any relevant legislation.

Warranties may be implied into the terms of a contract for the sale of goods under Article 2 of the Uniform Commercial Code (UCC), which contains extensive guidance and model laws governing transactions for the sale of goods. With the exception of Louisiana, all US states have adopted a version of the UCC.

In general, the UCC imposes on sellers of goods four implied or automatic warranties:

- Implied warranty of merchantability.
- Implied warranty of fitness for a particular purpose.
- Warranty of title.
- Warranty of non-infringement.

The UCC's implied warranties typically do not apply to a straightforward assignment of IP rights, apart from the sale or licence of goods. However, for the avoidance of doubt, it is common practice to include in an IP assignment or transfer agreement a disclaimer of any implied warranties that could apply. Certain states may limit or bar disclaimers of particular warranties, so care must be taken to evaluate relevant state law. Any disclaimer provision must be conspicuous in the IP assignment. Generally, this clause is displayed in bold type face and/or all capital letters. A sample disclaimer of warranties provision is below:

EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, ASSIGNOR MAKES NO REPRESENTATIONS, WARRANTIES OR COVENANTS, EXPRESS, IMPLIED OR STATUTORY, WITH RESPECT TO THE ASSIGNED IP. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, ASSIGNOR EXPRESSLY DISCLAIMS ALL REPRESENTATIONS, WARRANTIES AND COVENANTS, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT, AND WARRANTIES ARISING

OUT OF USAGE OF TRADE OR COURSE OF DEALING OR COURSE OF PERFORMANCE, WITH RESPECT THERETO.

Assignor indemnity

26. Is it usual for an assignee to seek an indemnity from an assignor? If yes, comment on whether the following clauses reflect standard practice in your jurisdiction and, if not, set out below any necessary amendments so that they do.

It is typical for an assignee to seek an indemnity from the assignor, particularly when the assignor has made representations and warranties to the assignee regarding the assigned IP.

The indemnity is heavily negotiated in any IP transaction and the provisions in the following standard documents may not be suitable in each instance, depending on the terms and context of the deal:

- *Standard document, Assignment of intellectual property rights: Cross-border: clause 5.*
- *Standard document, Assignment of trade marks: Cross-border: clause 5.*
- *Standard document, Assignment of trade marks: Cross-border: clause 5.*
- *Standard document, Assignment of patents: Cross-border: clause 6.*
- *Standard document, Assignment of industrial designs: Cross-border: clause 5.*

The scope of an indemnity provision will depend on the parties' relative bargaining power. An assignor may seek to limit the indemnity by including a dollar amount ceiling and a time restriction (for example, for claims arising within three years of the effective date), as well as limiting the circumstances for which the indemnity can be obtained for third party claims.

It is typical for an assignor's indemnity to extend to:

- Breaches of the assignor's representations and warranties in the assignment.
- The assignor's gross negligence or willful misconduct.
- The assignor's violation of any applicable law, rule or regulation.
- Any allegation that the assigned IP infringes or violates the IP rights of any third party.

This list expands on the indemnity provision in the standard documents above.

Clause 5.4 (tax) of the standard documents (*Standard document, Assignment of patents: Cross-border: clause 6.4*) is somewhat unusual and favourable to the assignee.

An indemnity typically requires the indemnified party to provide prompt written notice to the indemnifying party of any claims, and this is noticeably absent from the standard documents assignments.

The parties will also negotiate and expressly state the extent to which the assignor should have control over the defence of any claims.

27. Does an assignee have a general obligation at law to mitigate any loss that it may suffer or incur as a result of an event that would give rise to a claim under an indemnity? State any relevant legislation.

An assignee may have a duty to mitigate loss under state law and the common law of contracts. Drafters should consult applicable state law. Under New York state law, a non-breaching party has a duty to take reasonable measures to mitigate its damages (*N.Y. U.C.C. LAW § 2-715*).

Assigning specific types of intellectual property rights

TRADE MARKS

Partial assignments

28. Is it possible to make a partial assignment of a registered trade mark?

It is possible to make a partial assignment of a registered trade mark. For example, a trade mark owner can validly assign a portion of its business, along with the goodwill and trade marks associated with that portion of the business, while retaining trade mark rights in uses relating to another part of the business. A trade mark owner can also make a partial assignment in favour of a joint owner.

Goodwill

29. What is understood by the term "goodwill" in your jurisdiction?

In the US, trade mark "goodwill" is understood to mean the recognition and reputation that consumers associate with the goods or services offered under the mark. It is the association that consumers have between a mark and the source of goods and services branded with that mark.

30. Is goodwill automatically transferred to the assignee of a trade mark, or must it be expressly included in the terms of an assignment (see for example *Standard document, Assignment of intellectual property rights: Cross-border: clause 2(b)* and *Standard document, Assignment of trade marks: Cross-border: clause 2(b)*)? Does this depend upon whether the trade mark is registered or unregistered?

A trade mark assignment must include an express assignment of the goodwill symbolised by the mark. Under US law, a trade mark is not a right in gross and cannot be validly assigned apart from its accompanying goodwill. This is true of both registered and common law trade marks.

Co-ownership

31. Is it possible to co-own trade marks? If yes, are co-ownership agreements used to formalize the terms upon which the parties agree to co-own trade marks?

US trade mark law permits parties to jointly own a trade mark, although joint ownership is generally disfavoured. Joint ownership agreements are highly recommended as a matter of best practice. In a joint ownership agreement, the owners should explicitly set out their respective rights and responsibilities, including with respect to:

- Enforcement against third parties.
- Granting of sublicense rights.
- Quality control of the goods or services sold under the mark.
- Terms governing division of revenue generated from exploitation of the mark.
- The right to develop new brands derived from or containing the jointly owned mark.
- Ownership of the mark on termination of the agreement or any business relationship between the parties.

Copyright in trade marks

32. Under what circumstances might a trade mark also be protected by copyright? Is there anything additional that an assignee must do to ensure that copyright in a trade mark is transferred to it by the terms of an assignment?

Under US law, copyright protection is available for original works of authorship fixed in a tangible medium of expression. An original logo or graphic may be protectable simultaneously as a trade mark that serves a source identifying function and as a copyright if the work contains a certain amount of original creative expression. For example, the depiction of the Disney character Mickey Mouse is protected as a trade mark for a wide variety of goods and services because consumers associate the character with its source, Disney. It is also copyrightable because the depiction contains a certain amount of original authorship that is fixed in a graphic depiction.

Similarly, product packaging trade dress may be eligible for protection as a trade mark if it is exclusively associated with one source and as a copyright if it contains sufficient original authorship.

An assignee that wants to acquire rights in the copyright in a trade mark should ensure that its IP assignment agreement explicitly includes those rights and otherwise meets the formalities required for the effective transfer of both rights. The assignee may seek representation from the assignor that the assignor holds valid title in and to the copyright.

Acquiescence

33. If a registered trade mark owner has acquiesced in the use of a later trade mark whilst being aware of such use, is the owner prevented from applying for a declaration that the later trade mark is invalid, or from opposing the use of the later trade mark? If yes, how long must the period of acquiescence be before this rule applies, if at all? Are there any exceptions to this rule?

Trade mark owners have a duty to assert their rights promptly on receiving notice of infringement. A trade mark owner may lose its right to recover for infringement under the doctrines of laches and acquiescence.

Laches is an affirmative defence that typically requires a junior trade mark user to prove that:

- The senior user knew of the junior user's infringement.
- The senior user inexcusably delayed taking action against the infringement.
- The junior user would be prejudiced by the delay.

To justify application of laches, the length of delay must be unreasonable as determined by the relevant court and on the specific facts. In trade mark infringement cases, three years of delay is a general guideline for a laches defence, but depending on the facts a shorter or longer time period may be relevant.

Acquiescence is an equitable defence that typically requires a junior trade mark user to show that the senior user actively misled the junior user into believing that the senior user consented to the junior user's use of the disputed mark. Elements of an acquiescence defence vary on a jurisdictional basis, and the period of acquiescence required to raise this defence depend on the factual circumstances and the jurisdiction in which the case is brought.

Inevitable confusion is typically recognised as an exception to acquiescence. The parameters of this exception vary by jurisdiction, but it typically holds that a strong showing of public confusion can overcome the defence. This doctrine is based on the notion that any inequity resulting from a defendant's reliance on a claimant's acquiescence is outweighed by strong indicators of consumer confusion.

COPYRIGHT

First owner of copyright work

34. Is the general rule that the author of a copyright work (the person who creates it) is the first owner of that work? Are there any exceptions to this rule? If yes, briefly describe them.

In the US, the general rule is that ownership of copyright in a work initially vests in the author(s) who created the work.

An exception to this rule is the "work made for hire" doctrine. Ownership of a work made for hire belongs to the party that hired the individual who created the work in question (the employer). Determining whether a work has been "made for hire" requires an inquiry into the factual circumstances surrounding the work's creation. There are two situations in which a work may be considered as having been "made for hire":

- When the work was created by an employee within the scope of their employment.
- When an individual and a hiring party enter into a written agreement that the work is to be considered a "work made for hire" and the work is specially ordered or commissioned for use as (*17 U.S.C. § 101*):
 - a compilation;

- a contribution to a collective work;
- a part of a motion picture or other audio-visual work;
- a translation;
- a supplementary work;
- an instructional text;
- a test;
- answer material for a test; or
- an atlas.

Recognition of moral rights

35. Does your jurisdiction recognise moral rights, or any equivalent or similar rights that accrue to the author of a copyright work? If yes, provide a brief overview of those rights.

As a general matter, US federal law does not extend moral rights to authors of copyrighted works. However, authors of certain works of visual art may be afforded moral rights under the Visual Artists Rights Act of 1990 (VARA) (17 U.S.C. § 106A).

For purposes of VARA, a work of visual art is defined to include paintings, drawings, prints, sculptures and, in certain cases, still photographic images.

Under VARA, an author of a work of visual art enjoys the inalienable rights of attribution and integrity. More specifically, these rights of attribution and integrity include the right to:

- Claim authorship of the work created.
- Prevent the use of an author's name as the author of any work of visual art which he or she did not create.
- Prevent the use of his or her name as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to the author's honour or reputation.
- Prevent the intentional distortion, mutilation, or other modification of art which is prejudicial to an artist's honour or reputation.
- Prevent the destruction of works of "recognized stature".

In addition, certain states including California and New York have enacted laws protecting certain moral rights for artists (see *California Art Preservation Act*, *Cal. Civ. Code* § 987; *New York Artists' Authorship Rights Act*, *New York Arts & Cult. Aff. Law* §§ 11-14). These state statutes broadly mirror VARA in terms of the range of works to which the laws apply and in regards to the rights created. As a result, courts typically find these statutes to be preempted by VARA, which is federal law. (3 *Nimmer on Copyright* §§ 8D.07[C], 08[C].)

36. Set out below any necessary amendments to *clause 6* in each of the following standard documents to reflect the typical approach to moral rights (or the equivalent rights) in your jurisdiction:

- *Standard document, Assignment of intellectual property rights: Cross-border.*
- *Standard document, Assignment of copyright: Cross-border.*

Under VARA, a waiver of moral rights must identify the use of the work that is covered by the waiver, for example, "this waiver applies to any and all applications in which either the right of attribution or the right of integrity may be implicated". Clause 6 should also refer directly to the statute, and the placeholder "[LEGISLATION]" should be replaced with a citation to 17 U.S.C. § 106A.

Assertion of moral rights

37. Do some or all moral rights have to be asserted by the author before they apply, or do they take effect immediately upon creation of a copyright work?

Artist rights under VARA take effect immediately on creation of the protected work.

Assignment and waiver of moral rights

38. Can moral (or similar) rights be assigned and/or waived? Is the author the only one entitled to assign and/or waive them, or can an assignee of the works to which they relate also assign and/or waive them?

Moral rights under VARA are not transferable and are exclusive to the artist. As a result, an artist who assigns his or her ownership in a copyrighted work still retains his or her moral rights under VARA in the transferred work.

An artist can waive his or her moral rights under VARA by executing a written instrument expressly agreeing to the waiver and specifically identifying the work in question. This language frequently is found in assignments of copyright rights without respect to the applicability of VARA. (See [Question 36](#).)

39. Comment on whether *Standard document, Waiver of moral rights: Cross-border* is valid and enforceable in your jurisdiction and, if not, set out below any necessary amendments to make it so, and briefly explain your reasons.

See [Question 36](#). To be effective, a waiver of moral rights under VARA must identify the specific uses of the work. The standard document should be modified accordingly.

Exceptions to moral rights

40. Are there any particular types of works that moral rights do not apply to?

VARA applies only to works of "visual art", as defined by statute. These include unique paintings, photographs produced for exhibition purposes, drawings, prints, and sculptures (*17 U.S.C. § 101*). Works in multiple copies also qualify if they are issued in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author.

All other original works of authorship are excluded from the scope of the moral rights afforded by VARA.

Database right

41. Under what circumstances might the subject matter comprised in a copyright work also be protected by database right? Is there anything additional that an assignee must do to ensure that rights to use the database are transferred to it by the terms of the assignment?

A database can be protected under US copyright law as a compilation, which is defined by statute as a work formed by the collection and assembling of pre-existing materials or of data that are selected, co-ordinated, or arranged in such a way that the resulting work constitutes an original work of authorship (*17 U.S.C. § 101*).

The mere selection, co-ordination, and arrangement of data in a database may not be sufficient to confer copyright protection on that compilation. Instead, a compilation will only enjoy copyright protection if it constitutes an original work of authorship. Further, an author of a database that constitutes an original work of authorship will only have a copyright interest in the original work of authorship itself and will not necessarily have a copyright interest in the data contained in the compilation.

There are no additional requirements to assign a copyright interest in a compilation, provided that the owner of the database has title to the compilation as a whole. Practitioners should consider the contents of the database. If for example the content of the compilation is owned by third parties, or if the database consists of personally identifiable information, then third-party approvals may be required in order to convey full rights in the database as a whole.

First owner of database

42. Is the general rule that the maker of a database (the person who creates it) is the first owner of the database right in it? Are there any exceptions to this rule? If yes, briefly describe them.

See [Question 34](#). There is no special rule applicable for databases.

PATENTS

First owner of invention

43. Is the general rule that the inventor is the first owner of an invention, and entitled to the rights in any patent granted in respect of that invention? Are there any exceptions to this general rule? If yes, briefly describe them.

In general, patent rights are owned initially by the individual or, if a joint invention, the individuals, who invented or discovered the subject matter of the invention (35 U.S.C. § 100(f); see *Univ. of Utah v. Max-Planck-Gesellschaft zur Förderung der Wissenschaften E.V.*, 734 F.3d 1315, 1323 (Fed. Cir. 2013) ("It is axiomatic that inventors are the individuals that conceive of the invention.")). The USPTO presumes the original applicant of any patent application to be the initial owner of such application (37 CFR 3.73(a)).

There are two notable exceptions to this rule, both of which arise in the context of the employer-employee relationship:

- The hired-to-invent doctrine, which holds that an employer will own an employee's invention if the employee was hired to invent.
- An employer owns employee inventions if the parties entered into a contract which expressly provides for employer ownership of the employee's inventions.

Divisional applications

44. Do patent applicants have the right to file "divisional patent applications"? If yes, is it possible to assign that right, along with the patent to which it relates? Are there any formal requirements for a valid and enforceable assignment of the right to file divisional applications, other than listing it in the manner shown at [Standard document, Assignment of patents: Cross-border: clause 2\(a\)\(ii\)](#)?

Patent applicants in the US have the right to file continuation or divisional patent applications. A prior assignment recorded against the original patent application is effective against a continuation or divisional application. An assignment recorded against the original application gives the assignee rights to the subject matter common to the original and continuation or divisional application.

The USPTO's records will only reflect an assignment of a continuation or divisional application if the assignment is submitted to the USPTO with a cover sheet referring to the patent application or patent assigned. Apart from identifying it in an assignment, there are no additional formal requirements for the assignment of a right to file a continuation or divisional application.

Improvements

45. Briefly describe any potential issues that the obligation in *Standard document, Assignment of patents: Cross-border: clause 3* might give rise to, including in relation to competition law, and set out below any necessary amendments to address them.

Unless there will be an ongoing relationship between the parties following the assignment whereby the assignor will have a licence from the assignee to continue using, exploiting and creating improvements to the patent, it is unlikely that an assignor or an assignee would include this provision in an assignment agreement. In that event, this type of improvements provision is more likely to be found in the patent licence agreement than in the assignment agreement.

Non-exclusive grant-backs in a licensing context generally are permissible and do not inherently raise antitrust concerns. Competition concerns may arise if the grant-back requires the licensee to make an exclusive licence to the licensor of its improvements, or if it extends beyond the scope of the original licensed patent to encompass unrelated inventions of the licensee. These types of requirements may decrease the licensee's incentive to innovate and reduce competition. In any competition analysis, the relevant court and agency would also consider the parties' relative market power and the likelihood that such a provision would result in competitive harm. See generally *Antitrust Guidelines for the Licensing of Intellectual Property*, U.S. Department of Justice and Federal Trade Commission (Jan. 12, 2017), https://www.ftc.gov/system/files/documents/public_statements/1049793/ip_guidelines_2017.pdf.

Standard document, Assignment of patents: Cross-border: clause 3 requires the parties to enter into good faith negotiations regarding improvements, but it does not require the assignment of such improvements. If assignment were required, it may be viewed as having an anti-competitive effect.

INDUSTRIAL DESIGNS

First owner of industrial design

46. Is the general rule that the designer is the first owner of any design right in a design? Are there any exceptions to this rule? If yes, briefly describe them.

In the US, an industrial design may be protected by patent law, trade mark law (as trade dress), or copyright law (see [Question 49](#)). The first owner of a design right therefore depends on whether the right arises under patent (see [Question 43](#)), trade mark or copyright law (see [Question 34](#)).

Registered and unregistered

47. Do both registered and unregistered design rights subsist in your jurisdiction? State any relevant legislation.

In the US, an industrial design may be protected by patent law, trade mark law (as trade dress), or copyright law (see [Question 49](#)). Under US patent law, designs only become protected on registration. In contrast, a design can be protected under copyright and trade mark law without registration (see [Question 22](#)).

48. How is the territorial scope of each type of design right determined?

Design rights obtained under patent law extend throughout the US if they are registered, and do not exist if they are unregistered.

Trade mark protection for design rights extends throughout the US if registered. If not registered, at common law, trade mark rights may be limited in territorial scope to the locations in which the mark has been used. In general, common law rights will subsist where the mark has acquired meaning as a source identifier for the relevant goods or services, whether that is a multi-state region, a single state, or an individual county or city.

Design rights obtained under copyright law extend throughout the US, regardless of registration status.

49. Do both types of design right protect the same aspects of a design? What are those aspects for the respective rights?

Design right protection under US law is very different than the protection afforded under UK law. Specifically, whereas UK law affords a distinct class of legal protections for design rights, US law protects design rights through a patchwork scheme of statutory law. In the US, an industrial design may be protected by patent law, trade mark law (as trade dress), or copyright law.

Patents

US law provides for two different types of patents: utility and design patents. Utility patents protect "useful" products and processes, whereas design patents protect ornamental designs embodied in manufactured articles. To qualify for design patent protection, a design must be novel, original, ornamental, not obvious to a person of ordinary skill in the art, and not primarily designed to serve a functional or utilitarian purpose.

Trade marks

The Lanham Act protects trade dress such as product packaging and product designs. Trade dress has been defined to involve the total image of a product and may include features such as size, shape, colour or colour combinations. In general, trade dress can only be protected if it is distinctive and non-functional.

Copyright

The Copyright Act protects creative works of original authorship that are embodied in a medium of expression. Copyright protection explicitly extends to the design of useful articles if the design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article (*17 U.S.C. § 102*). Critically, such protection only applies to the artistic expression itself, not to the mechanical or utilitarian aspects associated with the expression.

50. Do both types of design right give the proprietor the same duration of protection, and scope of rights, for their design? What are the respective periods of protection and scope of the rights?

Patents

The duration of protection afforded under patent law depends on whether the industrial design is a utility or design patent. Utility patents are valid for 20 years. Under certain circumstances, utility patent terms may be eligible for extension through a patent term adjustment (PTA) (*35 U.S.C. § 154*), or a patent term extension (PTE) (*35 U.S.C. § 156*). Utility patents cannot be renewed. Design patents resulting from applications filed on or after 13 May 2015 have a 15-year term from the date of grant. Design patents issued from design applications filed before this date have a 14-year term from the date of grant. Design patents are not eligible for renewal or extension.

Trade marks

Under the Lanham Act, trade mark and trade dress protection typically lasts for as long as the mark or trade dress is used in commerce, unless otherwise abandoned or invalidated.

Copyright

Industrial designs protectable under copyright law enjoy copyright protection for the life of the author plus 70 years or, if the work was created as a work made for hire, for the shorter of 120 years after creation or 95 years after publication.

51. Are any particular features or types of design excluded from protection under the registered and/or unregistered design right regimes?

The specific design features protected under US law vary depending on the applicable IP right (see [Question 49](#)).

Confirmatory assignments of intellectual property rights

52. Under what circumstances are confirmatory assignments of intellectual property (IP) rights used in your jurisdiction, if at all (see [Standard document, Letter confirming assignment of intellectual property rights: Cross-border](#))?

Confirmatory assignments are frequently made in cases where an IP assignment occurs in a larger transaction. Depending on the rights involved, a general IP assignment or a specific subject matter assignment (for example, a patent assignment) may be made an exhibit to the main transaction document.

Confirmatory assignments typically are in short form and omit the details of the larger commercial transaction, thereby allowing the parties to record the assignment with the relevant IP office without disclosing confidential information.

53. Does a confirmatory assignment of IP rights have to comply with any particular formalities to be valid and enforceable?

A confirmatory assignment of IP rights must comply with the same formalities as a contemporaneous assignment. So long as consideration passed between the parties with respect to the underlying assignment, additional consideration for the confirmatory assignment is not required. It is recommended that the confirmatory assignment make reference to such good and valuable consideration previously exchanged between the parties.

54. Set out below any necessary amendments to make *Standard document, Letter confirming assignment of intellectual property rights: Cross-border* valid and enforceable in your jurisdiction, and briefly explain your amendments.

A confirmatory assignment of IP rights must comply with the same formalities as a contemporaneous assignment. The standard document is valid and enforceable in the U.S.

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