

RECORDAL OF ASSIGNMENTS

Recordal of patent design and trademark assignments is generally becoming easier in Europe, except regrettably in the United Kingdom (UK).

The UK Patent Office is obliged not to record an assignment, unless it is satisfied that UK tax has been paid. An assignment simply quoting a monetary consideration is not, therefore, recordable without accompanying evidence that UK tax has been paid, or does not need to be paid.

The tax payable is based on the value of UK property only, but the *rate* payable depends on the value of the *total* transaction, or series of related transactions, including property outside the UK. If that *total* value does not exceed £60,000 sterling and a declaration to this effect (in the approved format) is given in the assignment document, then the tax is nil, providing that a realistic value for the intellectual property is given. If a nominal consideration is quoted, £5 is payable.

There is an increasing rate of tax as the *total* value increases. The bands for different rates of tax currently begin at £60,000, £250,000 and £500,000. If no declaration is given, then tax at 3½% is payable on the value of the UK intellectual property.

Interest charges have also now been introduced if payment of the tax is more than 30 days from execution of the original agreement.

Very often, in a transaction, no specific value has been determined for the UK property. In such a case, a realistic value should be assessed, even if it is only the cost of obtaining the patent(s), or design or trademark registration(s).

Our recommendation is that a separate agreement is drawn up for the UK property, quoting a realistic value for the property and giving a declaration for the *total* value, if relevant.

These difficulties in recording an assignment at the UK Patent Office are avoided by recording an assignment before WIPO for a pending PCT patent application, or at the European Patent Office for a pending European patent application, but the UK tax should still be paid.

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Another point to bear in mind is that an assignee must countersign the original assignment document, as accepting the assignment. Failure to do so means that for England, Wales and Northern Ireland the assignment is made in equity, but is not legally effective, eg if the assignee wishes to sue in these parts of the United Kingdom. This applies to all assignments relating to UK property, irrespective of the office in which they are recorded, eg it includes those recorded at WIPO and the European Patent Office.

The information in this Newsletter was correct at the date of release. More up to date information is available by contacting Eric Potter Clarkson. All comments contained here are of a general nature and full professional advice should be sought on any specific problem.

Please note that all our Newsletters can be found on our website at www.eric-potter.com.

N:062/cld/gmg/lw

12 April 1999

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