

NEC Secondary Option X9

Transfer of Rights

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About Us




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What is a 'right'?

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A 'right'

Definition: 'The authority or entitlement to perform certain actions.'

There are many 'types' of 'right', including;

- Natural,
- Moral,
- Legal,
- Political.

Rights can also be given to particular groups or classes, such as;

- Children,
- Parents,
- Workers,
- Disabled people,
- Prisoners.

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Intellectual Property

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Definition and Rights

Intellectual property is something that has been created by the human mind.

There are many different 'types' of Intellectual Property, with associated 'protective rights', including the following;

- Trade marks (registered and unregistered),
- Patents,
- Copyright (registered and unregistered),
- Designs (registered and unregistered),

As a general principle, Intellectual Property 'ownership' is legally assigned to the people and businesses that created them.

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Trade Marks



A trade mark is a sign which is capable of being distinguished between different products.

It is used to identify a particular brand or product to denote authenticity.

Legislation was passed in 1266 which required all bakers to use a distinctive mark on their bread.

The 1875 Trade Marks Registration Act allowed formal registration at the UK Patent Office for the first time.

To register a trade mark it must be distinctive.

A registration lasts for 10 years and can be renewed upon expiry.

To denote a trade mark the letters ™ are added, or to denote registration the symbol ® is used.

A trade mark may be owned by an individual or an organisation.

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Patents



A patent gives the owner the legal right to exclude others from making, using or selling an invention.

For an invention to be eligible for a patent it must satisfy the following;

- It must be novel,
- it must involve an inventive step,
- it must have industrial application,

A patent application can cost several thousand pounds and take several years to process, depending on the searches involved.

A patent is granted for 20 years in exchange for publication.

The patent allows the product to be commercially exploited with limited competition.

Patents are territorial so an application must be made in each area for it to apply without exploitation by others.

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Copyright



A copyright gives its owner the exclusive right to make copies of a creative work, to communicate it or to make adaptations.

Copyright protection starts as soon as a work is created.

The length of a copyright depends upon the type of work created.

A copyright may be sold or assigned during the term of the copyright.

Limited use of copyright works without the permission of the copyright owner are detailed in the Copyright, Designs and Patents Act 1988.

A copyright is commonly referenced by adding the following symbol ©.

When referring to a phonographic copyright the ® symbol is used.

Designs - Registered



A design may be registered if it is new and has an individual character.

The ownership of the registered design is the party listed as proprietor on the registration certificate.

The owner of the registered design has the exclusive right to;

- Use the design,
- To make copies of the design,
- To publicly communicate the design,
- To make changes to the design,

A design may be registered for a maximum of 25 years, initially for 5 years then renewed every 5 years.

Designs - Unregistered



Unregistered design rights protects original designs.

Generally the designer will be the owner of the design, unless a contract states otherwise.

The owner has the exclusive right to reproduce the design for commercial purposes.

The term of unregistered design rights is determined by the 'type' and may last up to a maximum of 15 years from the date of creation.

Following 'Brexit' on 31 December 2020 unregistered design protection will only apply in the territory (UK or EU) where the design was first disclosed.



Protection and Enforcement

Principles



Be aware that multiple protections can relate to a single product;

- Trademark – register a name or logo,
- Registered design – the product's unique shape,
- Patent – a unique part of the product,
- Copyright – artwork relating to the product.

An infringement occurs where a 3rd party uses Intellectual Property, for a purpose which is the exclusive right of the owner, without the owner's consent.

An owner of intellectual property may assign rights or grant a licence for a 3rd party to use.

Any action taken for an infringement is pursued through the courts.

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Right of use?



Smoothie maker 'Innocent Drinks' use a logo known as the 'Dude'.



The logo was produced by a design agency, Deep End Design Ltd, but an agreement drawn up was never signed by either party.

Deepend Fresh Recovery Ltd, ('Deepend'), was formed to pursue claims in IP rights created by Deep End Design Ltd, including rights to the 'Dude'.

The matter was referred to the EU Office for Harmonisation in the Internal Market (OHIM) who found in favour of 'Deepend' in 2012.

Fresh Trading Ltd, ('Fresh'), the ultimate owner of Innocent Smoothies, appealed and also commenced proceedings in the UK High Court.

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Dispute and Outcome



Fresh claimed that either;

- it was the legal owner of the copyright in the 'Dude' logo,
- it was the owner of the copyright in equity,
- it had an implied exclusive license to use the logo.

The court ruled there was no legal assignment of copyright, although there was an equitable assignment of rights.

The logo had become synonymous with Innocent Smoothies, who were allowed to continue using it.



X9 – Transfer of Rights

NEC Suite



Secondary option X9 can be found in the following NEC forms of contract;

- Engineering and Construction Contract (ECC),
- Engineering and Construction Subcontract (ECS),
- Professional Services Contract (PSC),
- Professional Services Subcontract (PSS),
- Facilities Management Contract (FMC),
- Facilities Management Subcontract (FMS),
- Design Build and Operate Contract (DBO),
- Alliance Contract (ALC).

Secondary option X9 applied only to the PSC form under NEC3.

Clause X9



All the NEC forms provide for rights over material to be transferred to the ownership of the Client.

Additionally other rights are to be obtained, as stated in the Scope, including equivalent rights from a (Sub)Subcontractor.

Documentation is to be provided that transfers these rights.

The clause specifically operates between the parties to the contract without any reference to a specified person, including;

- Project Manager (ECC),
- Service Manager (PSC),
- Alliance Manager (ALC).

Other contract rights



Option X9 primarily deals with 'ownership' although there are other contractual 'rights' for 'use' including;

'Higher party' may 'use and copy' design;

- Client (ECC 22.1),
- Client and Contractor (ESC 22.1),
- Purchaser (SC 22.1),
- Client (DBO 22.1),
- Client (ALC 23.6).

'Higher party' may 'use' material;

- Client (PSC 70.1),
- Client (PSSC 70.1),
- Client and Contractor (PSS 70.1).

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Other contract rights



'Lower party' may 'use' material;

- Contractor (ECC 74.1),
- Subcontractor (ESC 74.1),
- Consultant (PSC70.2),
- Consultant (PSSC 70.2),
- Subcontractor (PSS 70.2),
- Contractor (TSC 72.1),
- Subcontractor (TSS 72.1),
- Supplier (SC 72.1),
- Partners (ALC 73.1, 23.4).

'Lower party' may 'use' equipment Plant and Material;

- Contractor (TSC 71.1),
- Subcontractor (TSS 71.1),
- Contractor (DBO 71.1).

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Other contract rights



'Lower party' may 'use' equipment and other things;

- Contractor (TSSC 70.1).

In addition the Facilities Management Contract provides for the Client to own the Service Provider's rights over records of work done (FMC 20.3).

There is also the 'right' to use material provided under the contract by the 'lower party' for other work, unless stated otherwise in the Scope;

- Consultant (PSC 70.3),
- Consultant (PSSC 70.3),
- Contractor (PSS 70.3),
- Partners (ALC 23.4 – unless ownership has been given to the Client).

If the Client 'owns' the rights then does this present a conflict with permitting the use of material in 'other works'?

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Things to Consider...



What types of Intellectual Property rights will apply to the works or services?

What 'use' of material is actually required and how is this best managed?

There is no formal procedure associated with this process.

What if the required 'ownership' or 'rights' are not transferred?

Consider whether to add these requirements to the definition of Completion.

Can you add further 'rights' to the Scope?

Do Intellectual Property rights apply to something created by Artificial Intelligence?

Intellectual Property issues with Building Information Modelling.

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