

# INTELLECTUAL PROPERTY LEGAL EXPENSES INSURANCE CLAIMS EXAMPLES

## Infringement Defence

The insured recently secured a patent for an advanced tractor suspension system. Whilst the insured is a relatively new and fast-growing company, they were careful to do their research before bringing the product to the market. Their patent agent conducted extensive searches and freedom to operate advice was received.

However, following adoption and agreement of exclusive use licences with a major tractor manufacturer, a cease and desist letter was received. The insured felt that the action against them was groundless and thus was prepared to fight any allegation of infringement most strongly. The insured was covered by the Legal Expenses Insurance for the SGD57,000 of legal costs incurred in defending the allegations and subsequently had their patent validated by the Court.

## Infringement Pursuit

The insured holds well established trademark for manufacturers of contact lenses. The insured uses the trademark as a branding tool as well as a certification mark to show potential customers that the product meets strict quality and standards and regional authenticity. Following receipt of information that an unauthorised company was using the trademark on their packaging, the insured felt they must undertake cease and desist measures.

The insured engaged lawyers to prevent the unauthorised user from continuing to use the trademark and seeking damages. Following initial resistance, Court proceedings followed. The insured was ultimately successful and managed to recover some 30% of the legal costs incurred. However the remaining amount of the SGD25,000 incurred were covered by the Legal Expenses Insurance and further abuse of the trademark was prevented.

## Licensee Pursuit

The insured agreed with a distributor to grant an exclusive licence to manufacture trademarked toys in China for later distribution in the Singapore market. The licensee was granted a twelve month exclusive intellectual property usage and manufacturing agreement. Part-way through the contract the insured discovered the manufacturer was also distributing the toys in the Chinese market, in breach of the licence agreement.

The insured was forced to seek a replacement manufacturer to maintain exclusivity and manufacturing standards. The insured was covered by the Legal Expenses Insurance to pursue for the additional costs of working incurred and breach of intellectual property rights, obtaining an out of court settlement.

## Licensee Defence

The insured granted their patented solution to a major semi-conductor manufacturer in Taiwan. Following a number of years of a successful partnership, a new entrant came in to the market. Using an aggressive strategy, this new entrant began proceedings against a number of Taiwan based semi-conductor manufactures for alleged breaches of a patent portfolio they had acquired recently, in addition to their own innovations. Not only were they seeking damages but also revocation of the alleged infringers' patents.

Whilst the licence agreement did not specifically require the insured to indemnify the licensee for any infringement defence costs, given the close and profitable relationship that the insured and licensee held, the insured was happy to assist the licensee in their infringement defence.

The insured was indemnified for the costs incurred by the licensee, as well as their own defence of revocation costs, by the Legal Expenses Insurance. This amounted to some SGD143,000, although some limited recovery of costs was later achieved.