

# IP and Technology Law Update

A Site to Behold, Assign, Lease, etc.

By Nicholas Mott

## IP & Technology Law Group

Nicholas Mott



A recent decision of the British Columbia Court of Appeal<sup>1</sup> serves as a reminder to those dealing in unconventional assets, especially intellectual property, that full consideration and detailed description of the assets involved in the transaction adds great value in the long term. The litigation described in this commentary resulted in business uncertainty and legal costs which can only be guessed at, and which (hindsight tells us) could have been avoided with additional attention to the IP assets, and their clear identification.

Tangerine FP Investments Ltd (“Tangerine”) agreed to assign its interest in a business plan and financial product to a limited partnership, Tangerine Financial Products Limited Partnership (the “Limited Partnership”). On January 16, 2009 both parties executed an assignment agreement assigning all of Tangerine’s interest in the financial product to the Limited Partnership. This included its business know-how and intellectual property. A second, shorter agreement was then signed in July 2009, backdated to January 16, 2009, and purported to supersede the earlier agreement. This second assignment did not describe the intellectual property specifically as being assigned, but spoke instead to the business know-how, which itself was defined as a marketable financial product and strategy.

In 2011, the Limited Partnership sought the appointment of a liquidator and receiver, and the court’s approval of the sale of its assets to a third party. Tangerine took issue with the website being included among the assets to be sold, claiming that ownership of tangerinefp.com and related materials had never passed to the Limited Partnership.

At trial it was found that the marketable financial product must necessarily include the entirety of the website, both electronically and physically. The Court of Appeal agreed, dismissed the appeal, and the assignment (and subsequent sale) was saved – the court found, as at trial, that the business know-how associated with the financial product had to include the website and its content. While the contract did not specify this, the court found no other interpretation was possible.

This transaction and subsequent litigation should serve as a cautionary tale for anyone dealing in intellectual property interests, especially those seeking a purchase or license arrangement. The lessons are twofold; firstly, both parties should ensure that the most specific language possible is used to describe the asset or interest being conveyed. This holds true for

<sup>1</sup> *Tangerine Financial Products Limited Partnership v. Tangerine FP Investments Ltd.*, 2012 BCCA 521 (Can LII)

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any such dealing of course, but has a special relevance for intangibles such as intellectual property where the asset may be less immediately apparent than some more conventional ones. The second is that even a well-defined piece of intellectual property such as a website may contain assets not necessarily contemplated by a typical agreement. Does sale of the website include assignment of copyright to the contents? Are there any moral rights to be addressed? Is the assignee entitled to the domain name under which the site has been used? Has metadata been included? Have any associated trade-marks (registered or unregistered) been included in the conveyance?

Tangerine did make additional claims which form a useful checklist for the would-be assignee of online content. The claim was that the receiver's sale did not include the following items, and future assignees may find this helpful starting point when identifying online assets:

- The URL
- All related source code
- Associated URLs
- Content
- Files
- User names and passwords
- Images
- Data
- Databases
- Domain names
- Configurations
- Emails
- Marketing materials
- Training materials

For the Limited Partnership and its receiver, the reading-in of extra detail into the contract appears to have been an appropriate outcome, but it is easy to imagine an alternative finding. For those dealing in intellectual property, the lesson is clear; the adage that 'a stitch in time saves nine' still holds true in the information age. Time and effort spent on a thoroughly-drafted contract could save significant cost and uncertainty in the long run.

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