



IPR Insurance

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Intellectual property rights are the most valuable assets for many companies, and protecting them is essential for their operations.

What is liability insurance?

Liability insurance is a contract by which the company (= policyholder) transfers part of its liability for damages to an insurance company.

The content of the insurance contract is defined by the policy document, terms and conditions, and safety regulations.

The appropriate liability insurance solution is based on the nature and scope of the policyholder's activities. The following table describes the liability insurance offered by If.

Scope of insurance

IPR insurance covers the legal costs and risk of the payment of damages associated with intellectual property.

The financial success of many companies arises from investments beyond machines and buildings. A company's intellectual capital, expertise and ideas are key assets, and intellectual property rights provide a way to protect that expertise and those ideas for use in the company's own business.

IPR stands for Intellectual Property Rights. Intellectual property always presents a risk of infringement, which, at worst, could lead to the termination of business operations. If's IPR insurance provides a way to prepare for this risk.

If an IPR violation is discovered, it is usually addressed. Infringement can be unintentional, and the offender is not always even aware of infringing someone else's right. The matter may be settled by the infringer purchasing a license to use the invention. On the other hand, it may be that an agreement cannot be reached, leading to litigation, as a result of which the infringer may be required to pay the IPR owner compensation and/or damages. In the worst-case scenario, the company's entire investment, such as a product development project, could go to waste. Even going to court could be fatal for a small company.

EXAMPLES OF HOW IPR ISSUES HAVE BEEN DECIDED IN COURT

A patent was required to be invalidated. Company A wanted to invalidate the patent. According to A, the inventions were not novel or substantially different from the inventions known prior to the patent application.

A's demands were rejected, and A had to compensate company B for legal expenses amounting to over one million euros.

Due to the technical issues involved, the matter was very complicated and the written preparation was extensive. The proceedings continued in the Court of Appeal.

This product description applies to IPR insurance.

PRODUCT	FOR WHICH DAMAGES	FOR WHOM
General Liability Insurance	Personal injury and property damage caused by the company's operations	All lines of business
Product Liability Insurance	Personal injuries and property damage caused by products	Importers, producers, manufacturers and B2B vendors
Professional Indemnity Insurance for Technical Consultants	Personal injury, property damage and financial losses resulting from incorrect consultancy	Technical consultants
Professional Indemnity Insurance for Non-technical Consultants	Financial losses resulting from an incorrect assignment	Professional services
Legal Expenses Insurance	Lawyer's fees and legal expenses related to the company's operations	All lines of business
Crime Insurance	Losses incurred by the policyholder or the policyholder's client as a result of the policyholder's property crime	All lines of business, especially trade, and sectors where money or a client's property is handled
Directors' and Officers' Liability Insurance	Financial losses caused to the corporation or a third party for which the insured is liable under the current law while acting as a member of a governing body	All lines of business
Cyber Insurance	Costs incurred by the policyholder as a result of a data breach; financial losses caused by the interruption of operations; liability for the disclosure of trade secrets	All lines of business
IPR Insurance	Legal expenses and liability related to intellectual rights	All lines of business involving intellectual rights

Exclusions

The IPR insurance has some important exclusions and therefore does not cover all damages. The insurance does not cover, for example:

- losses resulting from intentional acts or gross negligence of the policyholder
- losses based on a contract or a guarantee if there would be no liability without them fines
- losses where the opposing parties are the policyholder and the policyholder's director or employee
- expenses incurred from the execution of a judgment relating to intellectual property rights
- expenses incurred from registering, managing and monitoring intellectual property rights
- any royalties or other compensation due
- liability related to counterfeit products or pirated copies of which the insured was or should have been aware
- legal expenses incurred by the insured from litigation that If has not approved
- losses incurred as a result of intellectual property rights that have expired or that have been transferred or declared invalid by the time the loss is reported to the insurance company or that have not been publicly recognised or actively defended
- this insurance does not cover losses that the insured has caused in a country in which the insured has no active intellectual property rights unless the intellectual property law of the country in question was thoroughly examined before the use of the intellectual property rights.
- costs in a matter where the first instance of processing is an administrative authority, such as the Finnish Patent and Registration Office
- contractual disputes between the parties, unless the matter can be heard in a market court or comparable foreign court. If an intellectual property dispute can be heard in a district court, Legal Expenses Insurance can cover legal and litigation fees for customers with IPR insurance.

Validity

The insurance is valid within the territorial limits stated in the policy document. The insurance covers damages discovered during the validity of the insurance and relate to an act, legal action or event that occurred or commenced at least six months before the insurance entered into force and that has not been reported to the previous insurance company.

Compensation

This insurance covers legal expenses incurred by the insured from litigation relating to patents, utility models, registered trade marks, registered designs or copyrights.

This insurance covers financial losses incurred by a licensor or a third party as a result of unintentional infringements of the third party's intellectual property rights for which the policyholder is liable under the current law. An infringement means the use, production or sale of a device, technique or licence that infringes intellectual property rights, as well as incitement or participation in the production, use or sale of the same by another person.

Take care for ipr matters

The key to preventing IPR disputes is to establish IPR-related practices within the company. Such practices ensure, among other things, adequate competitor monitoring both during and after the product development phase.

It is also important to ensure that company employees understand the importance of IPR, and that there is no infringement of another company's brand or copyright through, for example, links on the company website or in other ways. A strong contract policy is naturally part of dispute prevention.

Not everything can be eliminated even with good practices, as it is always possible that, for example, when applying for a patent, the authority is unable to investigate the matter thoroughly, resulting in the patented technology potentially being in use somewhere in the world. Risk management includes taking out an insurance policy. Before an IPR insurance is granted, the customer must complete a questionnaire.

For more information about IPR issues and the services we offer, please refer to the links below:

<https://www.if.fi/yritysiasiakkaat/vakuutukset/vastuuvakuutukset/ipr-vakuutus>

<https://www.if.fi/yritysiasiakkaat/vakuutukset/vastuuvakuutukset/ipr-palvelu>

Insurance is a contract

Insurance is based on an insurance contract. When entering into the contract, it is important that you provide accurate and complete information about, for example, the nature and scale of the insured operation. The contract determines the scope of coverage and the amount of the deductible which form the basis of the compensations payable when the damage occurs. The key contents of the contract are laid out in the policy document.

You must inform the insurance company promptly of any mistakes or omissions that you notice and that may have a bearing on the policy.

The policy is effective indefinitely from the date agreed between the policyholder and the insurance company. The insurance premium invoice must be paid on the due date to the bank account indicated on the invoice.

The insurance remains valid if the insurance premium is paid no later than the date due. If the insurance premium has not been paid on the due date, the insurance company can terminate the insurance, effective at the earliest 14 days from the date of dispatch of the notice of termination.

The policyholder can cancel the policy by giving notice of termination in writing. You can cancel your policy at any time. The insurance company also reserves the right to terminate the policy at the end of the insurance period.

CLAIM EXAMPLE

The packaging was too similar. Company X's packaging was the same colour and otherwise similar to Company Y's packaging.

It was determined that the packaging could be confused with company Y's products, giving a false impression of the origin of company X's products.

Y was entitled to receive compensation from X for the damage it suffered and legal expenses.

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