



Legal Insights

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Intellectual Property in the Cayman Islands and the BVI

The protection of intellectual property (**IP**) rights in the Cayman Islands and in the British Virgin Islands (**BVI**) depends on the type of IP right (e.g. trademarks, patents and designs). The Cayman Islands and the BVI are British Overseas Territories and so the nature of IP protection in each jurisdiction is historically influenced by UK IP protection laws.

Which Agency administers Intellectual Property?

Cayman: Laws relating to IP in the Cayman Islands are administered by the Cayman Islands Intellectual Property Office (**CIIPO**).

BVI: Laws relating to IP in the BVI are administered by the BVI Office of the Registrar of Trade Marks, Patents & Copyright within the Registry of Corporate Affairs.

Types of Intellectual Property

Trademarks

Cayman Islands: Until 31 July 2017, the Cayman Islands offered trademark protection by way of extension of an existing UK trademark registration and also by the extension of an EU trademark registration; however, direct national filings in the Cayman Islands were not an option. For businesses (both local and foreign) whose interests were principally located in the Americas and the Caribbean, this resulted in increased trademark prosecution costs since they had to first secure protection in a foreign jurisdiction before they could apply in the Cayman Islands. In many cases such businesses would have had no bona fide intention to use the relevant mark in the first filing jurisdictions, thereby falling short of one of the requirements for UK trademark filings and calling into question the validity of the resulting registration of any extensions filed.

BVI: Until 31 August 2015, the BVI offered a dual trademark filing system under which trademark protection could be secured for goods and services on application to extend a UK trade mark registration to the BVI and/or, for goods only, on the filing of a trade mark application directly in the BVI.

Both jurisdictions modernized their trademark laws in 2015 (BVI) and 2017 (Cayman Islands) and as of 1 September 2015 (BVI) and 1 August 2017 (Cayman Islands) it is no longer possible to extend existing foreign trademark registrations to either jurisdiction. All existing trademark registrations were transferred over to the new registers. Since the implementation of the respective changes in law only the direct registration of trademarks in each jurisdiction is permitted.

Each jurisdiction now offers direct registration systems with some key common characteristics, including:

- i. the Nice Classification system as a mode of classifying goods and services under a trademark;
- ii. multi-class filings;
- iii. similar prosecution processes and formalities: filing, examination, acceptance, publication, registration;
- iv. similar criteria for assessing the registrability of a trademark on both absolute and relative grounds;
- v. disclaimer and limitation practices as a condition to registration in certain cases;
- vi. similar trademark opposition periods (three (3) months in the BVI and sixty (60) days in the Cayman Islands);
- vii. provisions for the registration of certification and collective trademarks;
- viii. an initial 10-year duration and renewal term.

Key Differences between Trademark Law and Practice in Cayman Islands and the BVI

1. Neither the BVI nor the Cayman Islands is party to the Convention for the Protection of Industrial Property signed in Paris on 20 March 1883, as revised or amended from time to time (**Paris Convention**). But BVI laws allow for the filing of priority-based applications where there is an earlier application in a Paris Convention country and the BVI application is filed within six (6) months of the filing date of the priority application. The BVI also allows for priority-based applications on the basis of an earlier application in a World Trade Organisation member country within the same six-month window.
2. The BVI allows for cases of trademark infringement to be brought on the basis of a trademark entitled to protection under the Paris Convention as a well-known trademark; the defensive registration of well-known trademarks is also allowed.
3. Whilst both the Cayman Islands and the BVI follow the Nice Classification when examining specifications of goods and services, office actions based on specification queries are more commonly issued in the Cayman Islands where terms from WIPO's Nice Classification database and the Harmonised List of the EUIPO TMclass database are not used (terms from these lists are automatically accepted). Class headings are also accepted in the Cayman Islands subject to certain general indications as outlined in Practice Note 02/2017 issued by the CIPO.
4. Trademarks which are not put to genuine use in the BVI within three (3) years of the date of registration are subject to revocation where there is no valid reason for non-use. There is no procedure to revoke a trademark registration in the Cayman Islands on grounds of non-use, although revocation actions may be brought on other grounds (for example, where a particular trademark no longer functions as a trade mark on its becoming common in the trade).
5. Series marks registered under the repealed trademarks law in the Cayman Islands must be divided into individual trade mark registrations on or before the next renewal date. The current trademarks law does not allow for the filing of series marks. However, the BVI legislation does allow for the registration of series marks.

6. Annual fees fall due every 1 January in the Cayman Islands for the life of a trademark registration. Where annual fees are unpaid by 31 March of each year, the rights protected by the registration are in abeyance until annual fees and late penalty fees are paid up to date. This means that registered rights cannot be enforced against third parties until all annual fees and late fees are paid up to date as registered rights are not considered to be in good standing. The BVI does not have an annual fees regime for trademarks.

Designs

Proprietors of UK-registered designs enjoy the same rights and privileges in the BVI as they do in the UK without any need to re-register. Designs registered in the UK automatically extend to the BVI for the life of the UK registration. Local publication of the design in the BVI is nevertheless advisable to put the public on notice of rights in and to the registered design.

Prior to 1 August 2017 there was no protection for designs in the Cayman Islands. On 1 August 2017, the Cayman Islands introduced an indirect registration process. The Design Rights Registration Act, 2016 enables proprietors of UK and EU Registered Design Rights to extend their Registered Design Rights to the Cayman Islands and renew such rights for so long as they are renewed and valid in the UK or EU respectively. There is no substantive examination, and no opposition or invalidation procedure. However, there is a requirement to pay annual fees every 1 January for the life of the registration and, where unpaid for more than 12 months, registrations are liable to cancellation by the Registrar.

Most recently, the Designs Rights Act, 2019 was passed in the Cayman Islands to allow for the direct registration of designs. Designs are defined therein as "the design of the shape or configuration (whether internal or external) of the whole or part of an article". This legislation is not yet in practical effect.

Patents

Both the BVI and the Cayman Islands allow for the indirect registration of patents. Once a UK or EP(UK) patent is granted, an application can be made in either jurisdiction to extend the scope of protection. In the Cayman Islands, there is no deadline for the filing of the application to extend rights, whereas in the BVI, rights must be extended within three (3) years from the date of issue of the UK patent. The length of protection in each jurisdiction once rights are extended or re-registered is dependent on that of the underlying UK or EP(UK) patent. If the underlying patent expires or becomes invalidated, so does the corresponding patent in each jurisdiction.

In the Cayman Islands, an annual fee must be paid for the life of the patent in order to keep registered rights in good standing. A default in the payment of the annual fee causes registered rights to be held in abeyance until all annual fees and, including any penalties for late payment, are paid up to date. Furthermore, default in the payment of the annual fees and penalties for more than 12 months may result in registered rights being cancelled by the Registrar. In the BVI, each time an annuity or renewal fee is paid in the UK in respect of a patent that has been extended to the BVI, certified proof of same should be provided to the BVI Registry along with payment of the corresponding local renewal fee.

The Cayman Islands legislation also includes some anti-patent trolling provisions to prevent abuse by patent trolls (otherwise called Patent Assertion Entities). A patent troll is a person or entity which holds and enforces patents in an aggressive and opportunistic manner, often with no intention of marketing or promoting the subject of the patent. In other jurisdictions, particularly in the U.S.A., the activities of patent trolls have imposed considerable economic burdens on the creative pursuits of others involved in development and commercial exploitation of IP. The experience in those jurisdictions is that software patents are particularly prone to such abuse. The anti-patent trolling provisions of the Cayman Islands' patent legislation are designed to limit persons from making assertions of patent infringement in bad faith. In addition to the general prohibition on such bad-faith assertions, the legislation includes a statutory remedy for those aggrieved by the actions of patent trolls. Furthermore, the Cayman courts will not recognise or enforce a foreign judgment to the extent the claim is based on an assertion of patent infringement made in bad faith.

Notably, the BVI also has a Patents Act (Revised 2020) that allows for the direct registration of patents. However, applications for such patents are not currently accepted by the Registry in practice and this is unlikely to change in the near future.

Copyright

An amended version of the UK's Copyright Act of 1956 was extended to the BVI under The Copyright (Virgin Islands) Order 1962 and continues to be in effect today. Until 30 June 2016, copyright protection in the Cayman Islands was also by way of extension of the UK's 1956 Act via the Copyright (Cayman Islands) Order 1965 (the 1965 Order). However, on 30 June 2016, Part 1 of the UK's Copyright, Designs and Patents Act 1988, subject to certain exclusions and modifications, was extended to the Cayman Islands. This was a significant development for the Cayman Islands, and the first step in the Cayman Islands' Government's plans to reform and modernize intellectual property laws generally.

In keeping with the approach taken by the UK and many other countries around the world, no copyright registration procedure is in place in either jurisdiction. Instead, protection arises automatically once the work is recorded, in writing or otherwise.

Conclusion

The recent development of IP laws in the Cayman Islands and the BVI has significantly increased the ability of businesses, entrepreneurs and developers of new technology (for example, with respect to Blockchain technology) to protect, exploit and enforce their IP rights.

Further Assistance

This publication is not intended to be a substitute for specific legal advice or a legal opinion. If you require further advice relating to the matters discussed in this Legal Insight, please contact us. We would be delighted to assist.

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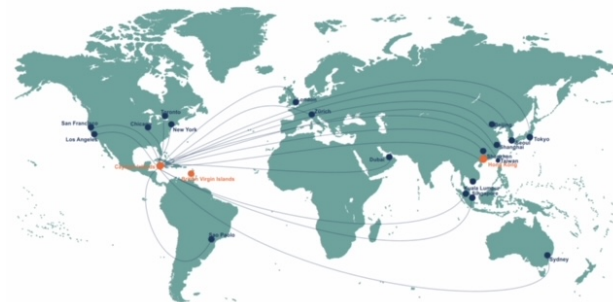
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