Cross-Jurisdictional IP Risks

National Law Changes/Differences
& Technology Disruption Increasing
IP Risks

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International Licensing Agreements

- International licensing agreements: contracts by which the holder of intellectual property will grant certain rights in that property to a foreign firm to use for a period of time under certain conditions in return for a licensing fee and/or royalties.
- Technology transfer: exchange of technology and know how between firms in different countries through licensing.

Assets Potentially Licensable

Marketing

Trademarks

Trade Names

Brand Names

Logos

Technical

Patents
Patent applications
Technical
Documents
Know How
Trade dress docs

Artistic

Literary works
Copyrights
Musical
composition
Maps
Engravings

Data Processing

Proprietary Software Software copyrights Automated databases Integrated circuits

Engineering

Industrial design Product patents Trade secrets Engineering

drawings

Schematics

Blueprints

Customer

Lists
Contracts
Relationships
Open purchase
orders

Contract

Trade secrets

Favorable supply contacts Licensing Franchising Non-compete agents

Human

Trained and
Assembled work
force
Employment
agents
Union contracts

Location

Leasehold interests
Mineral exploitation
rights
Easements
Air rights
Water rights

Goodwill

Institutional
Professional
practice
Personal goodwill
of a professional
Celebrity
Going concern value

Cross-Jurisdictional Licensing Risks

- Scope of Grant of Rights in Technology
 - Sublicensing
 - Implied Licenses
 - Does the right to use, imply the right to make?
- Regulated by some governments
 - European competition law.
 - Out licensing issues generally occur in Asia, Latin America, and the Middle East.
 - In developing countries, legal systems tend to restrict such licenses such that they benefit developing country.
- Successful "team" structures for multi-jurisdictional licensing

Common Cross-Jurisdictional Provisions

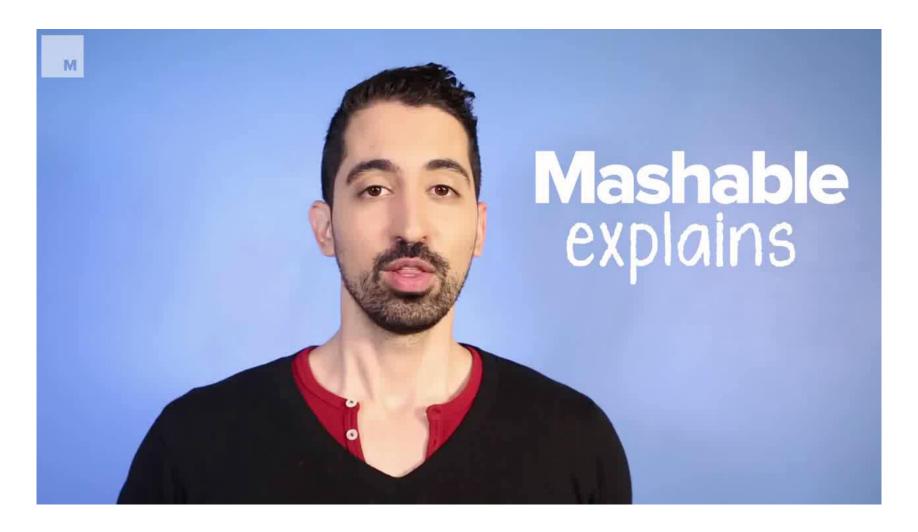
- Right to grant sublicenses
- Right of licensee to file claims against infringer
- Right of licensee to claim the invalidity of the licensed IP
- Consequences of bankruptcy of licensee / licensor –
- Possibility of registering license to guarantee survival
- Termination rights in case of bankruptcy
- Meaning of "reasonable" and "best efforts"
- Exclusion of liability what extent?
- Applicable law (in case parties fail to agree upon a law)
- Requirement to register (exclusive) licenses in order to become enforceable (e.g. Japan for patent licenses)
- Consequences in case of license breach: which rights may licensor invoke against licensee, in which situation? (For TM EU, see Art. 8(2) regulations which leaves various questions unclear)
- Know-How licenses: Some jurisdictions allow the continued use of licensed know-how even after termination; consequences if know-how becomes public

Competition Issues—Potential for Anti-Competitive Effects

- Pricing
 - Price fixing
 - Price lists with maximal rebates
 - Raise of license fees if prices fall under particular level
- Volume
 - Restrictions on production, sales or delivery volumes
 - Penalties above certain volumes
- Territorial restrictions
 - Separation of territories or customer-groups
- Non-compete clauses
 - If longer than certain periods

- Restrictions on passive sales
- Quality
 - Request for quality standards which are unlikely to be achievable
- Sourcing obligations
 - If unrelated components
 - If lead to higher prices
- Non-attack clauses
- Payment obligation reaching longer than validity of patent
- Back license of technologies: only if mutual

3D Printing: Technology Disruption



Means of Production Have Shifted

- Cost of "good enough" printers <\$1,000
- High production quality ~\$3,500
- Fee for service bureaus available on the Internet:
 - Example, i.Materialise(Belgium, US): ability to print in 18 different materials (plastic, wood, steel, gold, titanium, rubber etc.) and 90 different colors.

3D Printing: IP Disruption

Copyright

- CAD/engineering drawings distributed on the Internet
- Ability to 3D scan product and create identical duplicate(s)

Trademark

No longer need production/engineering company to make
 1+ copies of product configuration

Patent

- Every individual with access to 3D printer is now a potential infringer.
- Identification of plaintiff/infringer?
- Measure of damages? Cost of enforcement?
- Corollary is music/video downloading