

# 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

<b>Marketing</b> Trademarks Trade Names Brand Names Logos	<b>Technical</b> Patents Patent applications Technical Documents Know How Trade dress docs Trade secrets	<b>Artistic</b> Literary works Copyrights Musical composition Maps Engravings	<b>Data Processing</b> Proprietary Software Software copyrights Automated data-bases Integrated circuits	<b>Engineering</b> Industrial design Product patents Trade secrets Engineering drawings Schematics Blueprints
<b>Customer</b> Lists Contracts Relationships Open purchase orders	<b>Contract</b> Favorable supply contacts Licensing Franchising Non-compete agents	<b>Human</b> Trained and Assembled work force Employment agents Union contracts	<b>Location</b> Leasehold interests Mineral exploitation rights Easements Air rights Water rights	<b>Goodwill</b> 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



<https://www.youtube.com/watch?v=Vx0Z6LplaMU>



# 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