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Jacques de Werra (ed.): Research Handbook on Intellectual Property Licensing (Research Handbooks in Intellectual Property Series)

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- Thomas Adam

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In this work, *Jacques de Werra* has brought together renowned international experts to discuss recurring issues in intellectual property licensing in order to define what may be considered common ground as for a "global regulatory framework on IP contract law".[1] This ambitious approach is mirrored by the book's division into three parts: a review of specific IP licensing policies, an enquiry into "common" IP licensing policies, and a view from some key jurisdictions, namely China, India, Japan and Europe. The editor does not pretend to provide an enumerative discussion of *the* law of IP licensing in a global economy. However, he endeavors to show that also in IP licensing, today's state of play is much more than an aggregation of individual and isolated sets of national laws and customs: common structures can be made out that lend themselves to scrutinizing what may be the cornerstones of a "global" regulatory framework for commercial IP activities. In times of a global economy, driven to a great extent by IP, this endeavor by the editor and authors is to be commended.

Jane C. Ginsburg provides an illuminating introduction into licensing contracts under US copyright law, including fairly modern prototypes, such as automated "clickwrap", "viral" and Creative Commons (CC) licenses. Ginsburg's succinct

analysis of the latter and her diligent review of the advantages and disadvantages of that instrument are most helpful to the unacquainted. The "European" view on copyright licensing provided by *Alain Strowel* and *Bernard Vanbrabant* sheds light on the current state of play in Europe, i.e. the remaining disparities in European contract laws and copyright licensing rules as compared to a de facto convergence within the licensing practices. Their review of selected copyright licensing issues leads to reflections on the need for drafting model provisions on copyright licensing comprising harmonized provisions on copyright contracts, the facilitation of cross-border licensing and a quick and easy clearing mechanism to foster digital uses.[2]

Robert A. Hillman and *Maureen A. O'Rourke* further champion the American Law Institute's (ALI) "Principles of the Law of Software Contracts" in order to free current US law on software transactions from its disarray. While their endorsement of the relevant proposals (meaning of assent to electronic standard forms; warranty of no material, hidden defects; treatment of automatic disablement and implied indemnification against infringement) is plausible, European readers would arguably be interested in learning more about whether those ALI Principles lend themselves to consumer protection rules in the EU (as touched upon only briefly in a footnote).

In his entertaining account of recent US case law, *Robert W. Gomulkiewicz* reports on loopholes and obstacles in enforcing open source software licenses. Ingredients to this engaging discussion include conditions "placed on the license grant" and difficult issues concerning what a license is and which role the doctrine of exhaustion plays in this framework. One complication may arise from the fact that many open source licenses are free of a royalty; therefore, the concept of amortisation by first sale and the like does not seem to fit.

Raymond T. Nimmer deals with "issues in modern licensing of factual information and databases" from a US point of view. His motivation for shedding light on this issue lies in the fact that, ordinarily, licensing of factual information and databases is not supported by strong IP rights of the licensor.[3] Therefore, his elaborations focus on the technological and contractual limits or permissions to use or transfer a database of factual information, as well as the contractual commitments to or limitations on quality or accuracy.

Turning to patent licenses, *Mark Anderson* lays out what he considers the key differences in national patent laws affecting transactions. This pertains to, among others, questions of whether a co-owner may license or assign his interest without the consent of his co-owner, whether a licensee is allowed to sub-license, whether the parties have (implicit) obligations and rights, respectively, to go after infringers, and whether the licensee may challenge the validity of a licensed patent. *Anderson* also lists, based on his experience, some of the key differences between national contract laws that have an impact on patent licensing. This is a helpful introduction for any commercial IP attorneys dealing with cross-border transactions. This exercise culminates in a proposal for a standard set of obligations in patent licenses, which is timely with regard to the Unified Patent Court.

At times, practitioners drafting know-how licensing agreements may not be entirely

aware of what they are actually dealing with. *John Hull* provides a useful primer both on the nature of trade secrets and on the difficulties of dealing with them in the framework of a license agreement. While he does so from a UK point of view, Hull's depiction of what has been referred to as an "inherently perishable nature" of trade secrets and the effect this has on drafting a licence is equally perspicuous to the civil law IP lawyer. One can only second him with regard to one specific piece of advice: "The strength of the license will depend substantially on the certainty with which the information disclosed to the licensee is defined".[4]

Heinz Goddar looks at technology transfer between academic institutions and commercial enterprises with a specific view to the German law on employees' inventions. Owing, in particular, to the special role of university professors as dealt with by Art. 42 of that law, the so-called Model Agreements developed in Germany, with substantial input by Goddar, may not lend themselves to a transition into the global arena even though the general allocation of certain activities within the lifecycle of a patent application may be a model for interested parties beyond Germany.

In an innovative and poignant chapter, *Neil Wilkof* reviews trademark licensing by way of a "narrative". He stresses the three-part interplay between the way in which goods and services have been distributed, the manner in which commercial actors have used marks over time in connection with distribution, and the legal attempts to regulate such use of marks.[5] Such narrative includes the challenges that modern commerce poses and focusses in particular on whether quality control (as a trait of the source identification function of trademarks) is a legal fiction. At the core of this analysis is the *Scandecor* decision of the House of Lords,[6] i.e. the leading case under the UK Trade Marks Act 1994 as to the definition and essential function of a trademark. While developing his narrative, Wilkof underlines that third-party use of trademarks beyond licensees (as by distributors and in endorsements agreements) further complicates the equation.

Part II of the Handbook pertains to "Common Intellectual Property Licensing Policies". With its focus on public policy issues ten years after the WTO Doha Declaration, *Peter Beyer's* contribution on developing socially responsible IP licensing policies stands out from the others. While possibly somewhat detached from the main theme of the Handbook, he provides intriguing insights into how pharmaceutical companies in certain areas have adapted to provide licensing programs, in particular concerning anti-retroviral HIV medicine in certain less-developed countries. Importantly, the author hastens to stress that the enormous R&D costs pertaining to the successful development of a drug must not be ignored.

Whereas *Laurin Brennan* and *Jeff Dodd* present "a concept proposal for a model intellectual property commercial law", which could be the basis for a broader discussion, *Mark Reutter* reviews the effect of bankruptcy on IP licences in comparing the laws of Switzerland, Germany and the US. As it can be critical to the business of a licensee that the license survives the bankruptcy of the licensor, contract parties have given much thought to finding solutions for such a scenario (as

with so-called survival and termination clauses). Depending on the framework of the relevant national law, those clauses have met with varying degrees of success. Reutter's call for the legislator therefore seems apposite as does his caveat that any such legislative process should be informed by both economic and general policy considerations. With a view to Reutter's call for putting aside the principle of territoriality in certain cross-border settings, *Pedro A. de Miguel Asensio's* overview of the law governing international IP licensing agreements is aptly placed within the Handbook. The author masters a complicated subject-matter and rightly points out that specifically with regard to IP agreements the application of overriding mandatory provisions (as laid down in Art. 9.1 of the Rome I Regulation) may become quite important.

François Dessemontet provides an outlook on why arbitration is an important procedural tool in licensing and which aspects the parties should keep in mind. As he explains, approximately one fifth of all ICC arbitration cases concern licensing issues. In concluding, the author underlines that arbitrators will answer each issue on a case-by-case basis, not least since the arbitral awards do not constitute precedent, which may provide room and incentive to the parties to be creative and forward-looking in drafting their agreements. The Handbook's editor, *Jacques de Werra*, touches upon the question why the hurdles in effectively and efficiently litigating international IP disputes before the courts have made arbitration an option of choice for many parties. With that said, he provides succinct advice with regard to some of the key issues as arbitrability, confidentiality, scope of the arbitration clause, governing law, provisional orders, and the recognition and enforcement of foreign awards. Any practitioner is well advised prior to signing an arbitration clause to review the list of topics laid out by de Werra. As he rightly explains, "[…] it is equally critical that parties and their counsel shall take time to assess in advance the implications of using arbitration effectively for solving international intellectual property disputes in a way that meets their needs and protects their interests".[7]

Part III of the Handbook is dedicated to "Local Intellectual Property Licensing Policies" and covers the IP licensing regimes of China (*Hong Xue*), India (*Nikhil Krishnamurthy*) and Japan (*Shinto Teramoto*) as well as a closing chapter on the need to harmonise IP licensing law from a European perspective (*de Werra*). The chapters on China, India and Japan provide a useful summary of the applicable law in those jurisdictions. For China, Xue points to the divergence between the rapid development of the IP licensing market and the legal framework, which has much room for improvement.[8] In contrast, Krishnamurthy explains that Indian companies have not had much experience with leveraging IP through licensing, even though the awareness of IP in India had increased. Further in comparison, the Japanese IP licensing framework seems to be more sophisticated, even though Teramoto stresses that in Japan, too, the details of the contractual agreement between the parties remain paramount. Essentially wrapping up, de Werra in the last chapter of the Handbook speaks to the need of harmonization of IP licensing law in Europe. If IP is to be one of the driving forces for the knowledge-based economy, legislation must provide the appropriate "enabling framework".[9] Having reviewed some key CJEU cases concerning, among others, exhaustion and the licensee's standing to sue, de Werra warns that the CJEU as a court cannot fulfill the role of a regulator and may

not be in the best position to define key elements of a contract like a license agreement.

The *Research Handbook on Intellectual Property Licensing* is an impressive work that will inspire those practicing or teaching in the field of IP law in general and in international IP licensing in particular. As applies to many compilations, this one is not immune from the struggle of intertwining contributions of different authors from different jurisdictions with, at times, different points of reference; to a certain extent, the reader must draw the comparative conclusions herself. Having said that, the Handbook is required reading for anyone practicing or doing research in this field, not the least since the discussions mirrored in the contributions are likely to accompany us for years and decades to come. It is to be hoped that the reviewed work will contribute to the design of an IP licensing framework and of licensing agreements as efficient "vehicles" for the purpose of facilitating the distribution of knowledge globally. In this quest, de Werra's Research Handbook will be a valuable companion for all those involved.

Footnotes

1 *See*, preface, p. xvii.

2 *See*, Section 3. "Conclusions", p. 44 et seq.

3 *See*, para. 2. "General Framework", p. 99.

4 *Loc. cit.*, p. 170.

5 *Loc. cit.*, p. 197.

6 *Scandecor Development AB v. Scandecor Marketing AB* [2001] ETMR 74.

7 *Loc. cit.*, p. 376.

8 *Loc. cit.*, p. 399.

9 *Loc. cit.*, p. 450 with reference to the EU commission's statement in COM (2011) 287 final.

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