

Legal risk management and technology transfer: know-how and patent issues

“Cross Border Cooperative Innovation and Intellectual Property” – Huazhong University of Science & Technology (HUST), Wuhan, China

April 19-20, 2013

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Introduction

- Identify the risks
- Managing ?
 - Eliminate
 - Charge them posing on a third party
 - Accept to bear the burden



Three (basic) cases

- 1. - The risk of know-how appropriation**
- 2. - The confidentiality duration issue**
- 3.- The risk of patent invalidation**



1. - The risk of know-how misappropriation

1.2. - Existence of the risk

- Preliminary discussions...
 - License applicant needs to evaluate the technology
 - The holder of the technology needs to show its interest / value
- Risk of misappropriation



1. - The risk of know-how misappropriation

1.2.- Contractual circumventions / countermeasures

1.2.1. - Defining the specific field of confidentiality

- Information transferred → Proof (dockets, minutes...)
- Unknown to the transferee → reaction...
- Not in the public domain



1. - The risk of know-how misappropriation

1.2.- Contractual circumventions / countermeasures

1.2.2.- Defining and limiting the aim of the exchange with accuracy

- Identify the purpose of the exchange with accuracy
- limit the use of information transmitted to this purpose
- devote the maintenance of the exclusive property of the transferor



2. - The confidentiality duration issue

2.1. Problem arising

Tricky issue... Not too long, but not too short

- Too short: Transferor may be plundered
- Too long: Transferee may be locked



2. - The confidentiality duration issue

2.2. - Solution proposed

Questions to arise clearly (and honestly):

- How much time would the transferee need in developing the knowledge obtained immediately thanks to its transferor?
- How much time does the transferor himself need to develop a knowledge or new or complementary experience, that will allow it maintaining its technical lead *vis-à-vis* the transferee?



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2. - The confidentiality duration issue

2.2. - Solution proposed

Fake / bad solution (yet widespread): the “public domain” clause

- “public domain” = ?
- Apply to single pieces of information



3.- The risk of patent invalidation

3.1.- Cases of invalidation

Novelty, inventiveness..

- Risk shared by the patentee and the licensee
- Poor result but patent valid: risk for the licensee



3.- The risk of patent invalidation

3.2. - Contractual circumventions / countermeasures

Strong opposition of interests (“rival partners”)

**3.2.1. - For the patentee: non-warranty and
mixed contract**

3.2.2. - For the licensee: warranty clauses



3.2.1. - For the patentee: non-warranty and mixed contract

- *The non-warranty clause*
 - *The mixed contract involving both a patent and know-how*
 - *Must correspond to reality*
 - *The title of the contract is (only) a clue: "Patent License Agreement", "Unpatented know-how license" ... "mixed license" (?)*
- **Strong dodge / circumvention**



3.2.2. - For the licensee: warranty clauses

- necessary precaution: examination of the validity of the patent
- *A guarantee provision of patent validity: impossible to obtain?*
- *A guarantee on the results:* performance guaranteed from the patentee (?)



Conclusion...

- trust, loyalty in the contract negotiations are the foundation for the establishment of strong and sustainable partnerships
- Trust reduces possibilities and therefore the complexity and the risks (Luhmann 1968)



Thank you

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