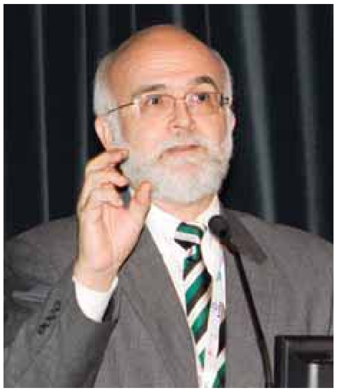
News

Cut your risks in licensing



"Licensing is like dancing with a porcupine – no matter how you do it, there are risks." That was Victor Siber's maxim for attendees of yesterday's session on licensing in the EU and US, where panellists addressed the dos and don'ts of entering into licensing arrangements.

Whether licensing in or out, steps can be taken to mitigate your chances of ending up in court – a particularly risky undertaking in the US, where juries are seldom sympathetic to large corporations. Kenneth Adamo of Jones Day (pictured) said that licensees should always negotiate an indemnification clause into a licence agreement, to ensure any legal fees are covered in the event of litigation, while at the same time recognising that indemnification "is only as good as the licensor's economic viability".

Parties to US licences can also stipulate that they want a dispute resolution proceeding in lieu of litigation, specify their preferred venue in the case of litigation and include jury trial waivers to avoid leaving their fate in the hands of US citizens.

"The terms you agree can affect your ability to enforce the licence and the licensed technology," said Adamo.

Unlike the US – where "there's never a promise that the US government won't come after you", according to Adamo – the EU Treaty includes block exemption regulations, which ensure protection against the government interfering in licensing arrangements for licences that fulfil the stipulated conditions.

But Klaus Langberger of Boehmert & Boehmert reminded the audience that the validity of an EU licence agreement can only be determined by national courts, "so think carefully about which law you want to use". ■

Play it safe

US

Do specify:

- The obligations of all parties
- Who controls the decision to sue
- Who shares in recovery

EU R&D licences

Don't:

- Restrict R&D in other areas
- Prohibit a challenge to the IP rights
- Limit output on sales
- Fix prices

Google's brave new ad policy

A Google employee called the search engine's new AdWords policy in Europe a "brave new world" during a session yesterday morning.

Google views its AdWords system as no different to a supermarket, which "stacks cereals together", said Maria Gonzalez Ordónez, Google's IP counsel for Portugal and Spain. "It does not make sense to limit choice online," she added.

However, many do not share the view of the Google employee (who arrived slightly late after battling the traffic and then the Metro system of Paris). Luis H de Larramendi, moderator of the session, gave the brand owners' perspective.

"There is a word that is a trade mark of a third party," said Larramendi, expressing what he said was a personal opinion. "This word has value because of the trade mark. And only because it has a reputation, history and guarantee of that trade mark. By allowing others to use the word when there is no confusion seems to many third parties' benefit."

"The third party is somehow undefended," he added.

As both Larramendi and Ordónez explained, Google's change of policy in Europe is the result of a March decision by the Court of Justice of the EU involving Google. The decision essentially said that advertising platforms are not liable for trade mark infringement, and that advertisers can legitimately select keywords of a third party, so long as no there is no user confusion as to the origin of the goods being advertised.

Ordónez said that before the decision, Europe "was a mess" with different rulings across the continent. Now it is more harmonised. The decision by Europe's top Court has given Google the confidence to change its European policy and bring it in line with its policy in most of the rest of the world.

Now the search engine will no longer monitor keyword use in the continent. The new system came in on September 14 this year. "It is a new all-round process," said Ordónez, "which trade mark owners can use."

Using this process, brand owners can try and have what they believe are infringing keywords taken down. "The removal system is starting to work, it is being worked on," explained Ordónez. "It should take an infringing ad down in less than 24 hours, or else we can be liable." That is if Google believes that the ad is infringing a trade mark. ■

Keywords in China: a different story

Keywords are not just a form of advertising in China, but a way of navigating too.

Lian Yunze spoke during the keyword session about the unique keyword system in China, which allows companies to register words that allow users to directly type the keyword into an internet browser's navigation bar. They will then be brought straight to the website.

This means Chinese people can forego the 'www' prefix and the top-level domain suffix. The keywords comprise Chinese characters or symbols and numbers.

The Chinese Internet Network Information Center (CNNIC) runs the registration system and also has a dispute resolution system, which is similar to the Uniform Domain Name Dispute Resolution Procedure (UDRP) for domain disputes in generic top-level domains, such as .com.

Just like the domain dispute system, the respondent must be found to have registered a keyword that is identical or confusingly similar to a mark; the respondent must have no rights or legitimate interest in it; and the keyword must have been registered in bad faith.

The only difference is that the dispute must be brought within two years of the mark being registered. "CNNIC want to push you to register your trade mark or name as a keyword in China," said Lian about the new time limit, which was brought in last August. "That is the purpose of the change."

IP news in brief

■ **CHINA** China is on course to lead the world in patent activity by 2011, according to a report issued by the IP Solutions business of Thomson Reuters. The survey, which includes filings for utility model patents in China, said that China experienced an annual growth rate of 26.1% in total patent volume between 2006 and 2009, compared with 5.5% growth in the US. China's overseas patent filings in Europe, Japan and the US grew by 33.5%, 15.9% and 14.1% respectively between 2007 and 2008.

■ **JAPAN** The Tokyo round of negotiations for the Anti-Counterfeiting Trade Agreement, which concluded on October 2, was the final round, with the remaining disagreements minor enough to be solved "by telephone and email" according to a US Trade official quoted by Dow Jones newswire. The official also explained the US and EU have managed to agree a compromise on the issue of geographical indications which means that signatories should not distinguish between IP rights in their border protection measures. The border measures section now excludes patents. A copy of the text is expected to be released today.

■ **UNITED STATES** A patent licensing company founded by former Kirkland & Ellis litigator John Desmarais has sued HTC in a Delaware district court. Desmarais left Kirkland & Ellis at the end of last year, after 10 years as a partner. He subsequently formed Round Rock Research LLC, a patent holding company. The company is charging HTC with infringement of five patents relating to technology used in HTC's Droid Eris and Google Nexus One phones.

■ **UNITED STATES** Apple is challenging a $625.2 million damages award made against it in a federal court in Texas. On October 1, a jury found that Apple had infringed three patents owned by Mirror Worlds, which relate to displaying documents on computer screens. Apple is disputing the validity of the patents and the level of damages.

Managing Intellectual Property

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