

Update IP & IT:

**Handling your rights, your friends and
your foes.**

23 April 2012

**Christian Dekoninck
Jan-Diederik Lindemans**

Agenda

1. 'Know-how' to deal with IP-transfer issues
2. There's more to customs than passport control
3. « *Searching, seek & (don't) destroy* »

‘Know-how’ to deal with IP-transfer issues

“Intellectual property has the shelf life of a banana.”

Bill Gates

Jan-Diederik Lindemans

'Know-how' to deal with IP-transfer issues

	Employee	Employer	Self-employed worker	Contractor (Instructing party)
Copyright	<p>Moral rights</p> <p>Patrimonial rights if not transferred</p>	<p>Transfer of patrimonial rights possible (Art. 3, §1-2 Belgian Copyright Law), but:</p> <ul style="list-style-type: none"> - has to be provided by contract or statutes - creation while executing contract or statutes, and enters in the scope of the contract (Art 3, §3 Belgian Copyright Law) <p>In case the "modes of operation" are unknown, a part of the profits has to be awarded to the employee</p> <p>Also for future creations</p> <p>No limits of time or space</p> <p>No additional compensation</p>	<p>Moral rights</p> <p>Patrimonial rights if not transferred</p>	<p>Transfer of patrimonial rights possible (Art. 3, §1-2 Belgian Copyright Law), but :</p> <ul style="list-style-type: none"> - has to be provided in contract, but case law is flexible - Advertisement or non-cultural activity - Creation intended for such activity (Art. 3, §3 Belgian Copyright Law) <p>Also future creations</p> <p>No limits of time or space</p> <p>No additional compensation</p>
Software	<p>Moral rights</p>	<p>Patrimonial rights, unless provided otherwise in contract</p> <p>Software has to be developed in executing the contract or mission</p>	<p>Moral rights</p> <p>Patrimonial rights if not transferred</p>	<p>Transfer of patrimonial rights possible (Art. 3, §1-2 Belgian Copyright Law), but :</p> <ul style="list-style-type: none"> - has to be provided in contract, but case law is flexible - Advertising or non-cultural - Creation intended for such activity (Art. 3, §3 Belgian Copyright Law) <p>(Also future creations)</p> <p>No limits of time or space</p> <p>No additional compensation</p>

'Know-how' to deal with IP-transfer issues

Databases	Copyright protection : Moral rights	- Copyright protection : Patrimonial rights, unless provided otherwise in contract Database has to be developed in the performance of the employee's duties or following the instructions of their employer (non-cultural activity) (Art. 20ter Belgian Copyright Law - Sui generis protection for producer	Copyright protection : Moral rights Patrimonial rights if not transferred	Sui generis protection for producer
Designs	Right if provided by contract or creation not related to work Even when using tools from work or at the workplace -> right if creation on personal initiative of employee, and not in executing his mission for employer	Presumption of ownership of the rights if : - design created in exercising contract - no agreement provides otherwise (Art. 3.8.1 Benelux Convention – Art. 14.3 European Regulation n° 6/2002) Employer is the only one who can register and use the design Also owner of copyright	Right if outside the scope of the presumption provided at Art. 3.8.2 Benelux Convention to the advantage of the contractor Can also register his design. In that case, he is presumed to be the owner of the copyright	Presumption of ownership of the rights if : - design ordered by contractor - for commercial or industrial purposes - no agreement provides otherwise (Art. 3.8.2 Benelux Convention) BUT: designer can register his creation --> better to organize in contract Contractor is also owner of copyright
Patents	Has to be organized by contract Case law : Right if - not related to work - with tools provided at work, but outside his work duties	Has to be organized by contract Case law : Right if - clearly related to the employee's work duties	Has to be organized by contract	Has to be organized by contract

'Know-how' to deal with IP-transfer issues

- Solution: contractual IP transfer

TIP 1: All rights, use, territories, period, etc. covered?

TIP 2: Deal with the past

TIP 3: While you're at it: know-how

- Know-How
 - Not an IP right (e.g. no counterfeit search & seizure)
 - Hot topic
 - Difficult topic

‘Know-how’ to deal with IP-transfer issues

- Not an IP right (e.g. no counterfeit search & seizure)

‘Know-how’ to deal with IP-transfer issues

- Not an IP right (e.g. no counterfeit search & seizure)

« Kenmerkend voor knowhow is het geheime karakter (samen met de handelswaarde) ervan. Daarin verschilt knowhow van de intellectuele eigendomsrechten die opgesomd zijn in artikel 1369bis/1, § 1 Ger.W., [deze] hebben allemaal een publiek aspect.

(...)

Precies omwille van dit geheim karakter is knowhow niet vatbaar voor beslag inzake namaak en is de uitsluiting uit artikel 1369bis/1, § 1 Ger.W. geoorloofd. » (Gent, 1 december 2008)

'Know-how' to deal with IP-transfer issues

- Know-How
 - Not an IP right (e.g. no counterfeit search & seizure)
 - **Hot topic**

'Know-how' to deal with IP-transfer issues

- Hot topic

- April 05, 2012: *Ex-Intel Worker Pleads Guilty In \$1B Trade Secret Theft*
- March 20, 2012: *Former Motorola Engineer Demands New IP Theft Trial*
- March 20, 2012: *Cybersecurity Reforms. Contractor Support Grows*
- January 13, 2012: *Former Dow Research Scientist Sentenced to 60 Months in Prison for Stealing Trade Secrets and Perjury*
- September 14, 2011: ***DuPont Wins Trade Secret Case Against Kolon Industries \$919.9 Million Award Is One of the Largest of Its Kind***
- August 5, 2011: *Europe's Weaker Laws Against Trade Secret Theft Means Corporate Espionage Often Goes Unpunished*

'Know-how' to deal with IP-transfer issues

- Know-How
 - Not an IP right (e.g. no counterfeit search & seizure)
 - Hot topic
 - **Difficult topic**

‘Know-how’ to deal with IP-transfer issues

■ Difficult topic

- No specific or detailed rules:

- (Ex-)employees:

- Art. 17, 3° (a) Act on Employment Agreements:

“De werknemer is verplicht zowel gedurende de overeenkomst als na het beëindigen daarvan, zich ervan te onthouden:

a) fabrieksgeheimen, zakengeheimen of geheimen in verband met persoonlijke of vertrouwelijke aangelegenheden, waarvan hij in de uitoefening van zijn beroepsarbeid kennis kan hebben, bekend te maken;

- Art. 309 Criminal Code.:

“Hij die geheimen van de fabriek waarin hij werkzaam geweest is of nog is, kwaadwillig of bedrieglijk aan anderen meedeelt, wordt gestraft met een gevangenisstraf van drie maanden tot drie jaar en met een geldboete van vijftig euro tot tweeduizend euro.”

‘Know-how’ to deal with IP-transfer issues

■ Difficult topic

• No specific or detailed rules:

• Self-employed service providers:

- Art.1134, 3 Civil Code:

“Alle overeenkomsten die wettig zijn aangegaan, moeten te goeder trouw worden ten uitvoer gebracht.”

• General:

- Art.1382 Civil Code:

“Elke daad van de mens, waardoor aan een ander schade wordt veroorzaakt, verplicht degene door wiens schuld de schade is ontstaan, deze te vergoeden.”

- Art. 95 Act on Market practices and Consumer Protection:

“Verboden is elke met de eerlijke marktpraktijken strijdige daad waardoor een onderneming de beroepsbelangen van een of meer andere ondernemingen schaadt of kan schaden.”

'Know-how' to deal with IP-transfer issues

- **Difficult topic**
 - Strict conditions(article 39.2 TRIPS)

A) **secret:** « *in haar geheel of in de precieze samenstelling van haar delen niet algemeen gekend is bij of gemakkelijk toegankelijk is voor personen in de kringen die normaal vertrouwd zijn met (handelen met) de betrokken informatie* » (Gent, 1 december 2008);

Problem: «*Gezien de vermeend geheimgehouden (en nog niet meegedeelde) technische kennis nog steeds niet openbaar is gemaakt, kan geen inbreuk op het gebruik van deze confidentiële informatie worden weerhouden.*» (Kh. Antwerpen, 11 juni 2010)

Solution: combinable with an IP-right?!

'Know-how' to deal with IP-transfer issues

- **Difficult topic**
 - Strict conditions(article 39.2 TRIPS)
 - A) secret;
 - B) **has commercial value... because it is secret;**

'Know-how' to deal with IP-transfer issues

- **Difficult topic**

- Strict conditions(article 39.2 TRIPS)

A) secret

B) has commercial value... because it is secret;

C) **reasonable efforts of the rightful owner of the information to keep it secret.**

Know-how' to deal with IP-transfer issues

- **Difficult topic**

- Strict conditions (article 39.2 TRIPS)

C) reasonable efforts of the rightful owner of the information to keep it secret.

- Post factum proof is hard to gather
- Contractual clauses determine rights and obligations, but are also proof
- Know-how policy
- Internal organisation (physical security, different locations, different team(s) (leaders), etc.)



There's more to customs than passport control

"I don't like people who take drugs... Customs men for example."

Mick Miller

Christian Dekoninck

Agenda

1. Introduction
2. Scope
3. Procedure
4. Transit?
5. Conclusion

Introduction

- Economic background
 - For many industries and sectors, intellectual property rights are a key factor for European and global competitiveness
 - Trade in counterfeits damages law-abiding traders and manufacturers
 - In some cases, it may endanger the health and safety of consumers
- Legal framework: tackling counterfeits at two levels
 - At the borders of Member States (Border measures)
 - Within Member States (IP Enforcement Directive)

Introduction

- Border measures:
 - Goal is to harmonize customs actions and processes for applying for such actions to be taken
 - Regulation 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights (“Customs Regulation”)
 - EU Customs Action Plan to combat intellectual property rights infringements: Commission Proposal for a new Customs Regulation

Scope

- Which situations?

Goods suspected of infringing an intellectual property right that:

- Enter or leave the EU customs territory
- Are released for free circulation
- Are exported (or re-exported)
- Are placed in a free zone
- Are placed under a suspensive procedure in free warehouse (or free zone)

Customs Regulation does **not** apply to intra-community trade

Scope

- Which situations?

New:

where goods suspected of infringing an intellectual property right are, **or should have been**, subject to customs supervision within the customs territory of the Union

➡ includes smuggling

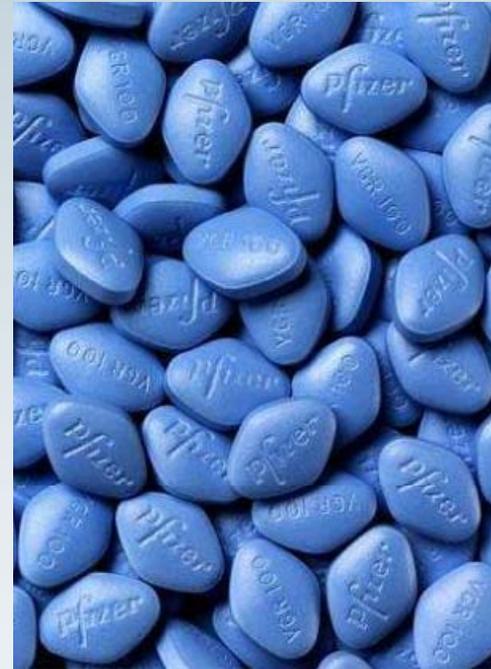


Scope

- Which IP rights?
 - Trademarks
 - Designs
 - Copyrights
 - Geographical indications
 - Patents
 - Plant variety rights

New:

- Topographies of semiconductors
- Utility models
- Trade names



Scope

- Goods infringing an intellectual property right?
 - “Counterfeit” goods: trademarks
 - “Pirated goods” : copyrights, related rights, designs
 - Goods infringing the other intellectual property rights (including infringing moulds or matrices)

New:

- Infringements resulting from parallel trade (!)
- Devices to circumvent technological measures
- Other infringements of rights

Scope

- Excluded goods?
 - [Goods bearing a trademark with the consent of the holder]
 - [Goods manufactured under conditions other than those agreed with the holder]
 - Goods of a non-commercial nature contained in travellers' personal luggage

- Applicant?
 - Right holder, any person authorised to use the intellectual property right or a representative
 - **New:** collective rights management bodies, professional defence bodies, groups of producers

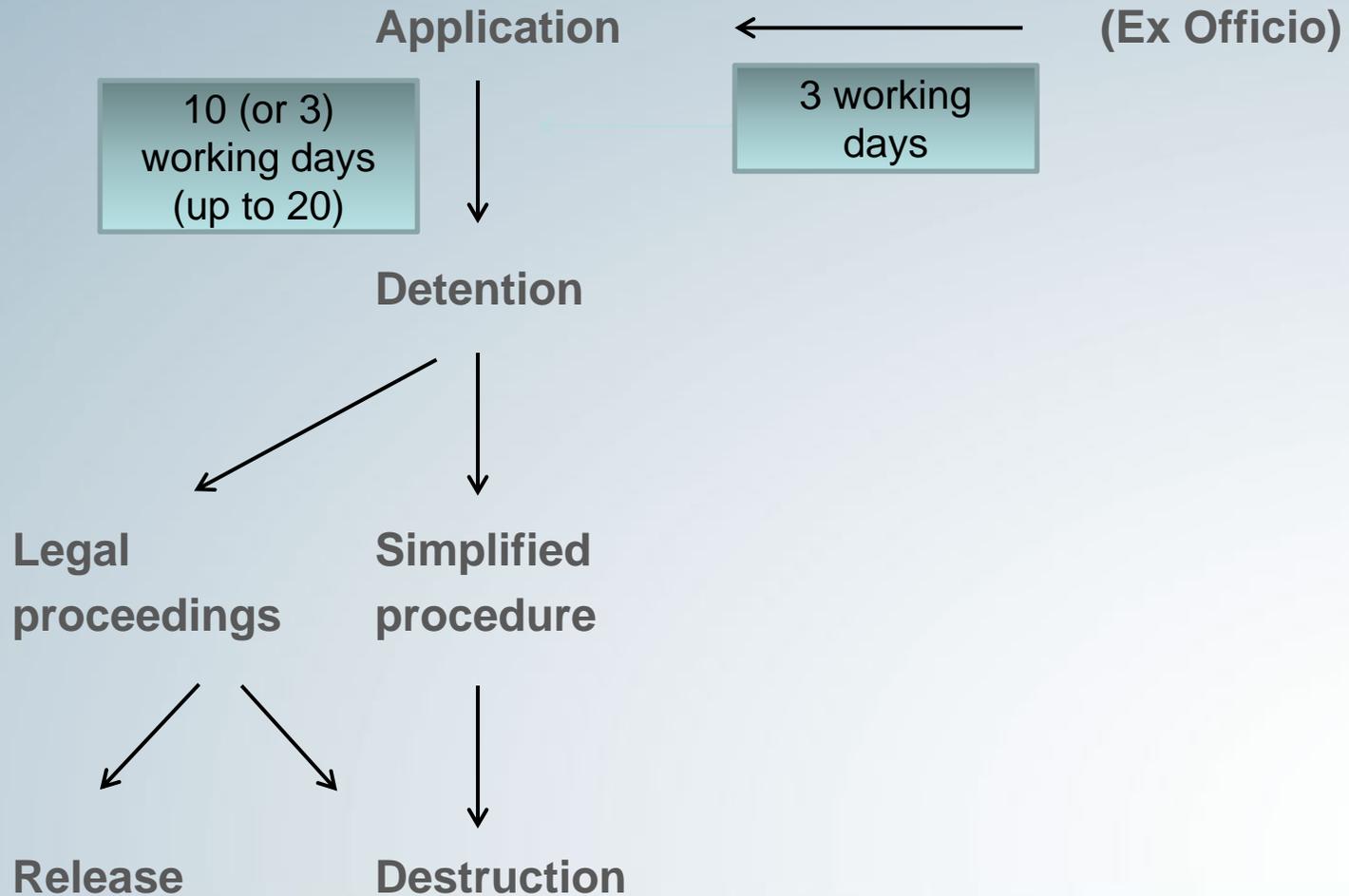
Procedure

- Action by the customs *ex officio*

- National or Union application:
 - Information regarding intellectual property rights, contact details and possible infringing goods
 - No administrative costs
 - Declaration of liability

- Period during which the customs are to take action (maximum 1 year)

Procedure



Procedure

- In order to establish whether there is an infringement, customs may provide the right holder with information (at his request and if known)
 - The names and addresses of the consignee, the consignor, the declarant or the holder of the goods and the origin and provenance of the goods
 - Samples may be given
 - Protection of personal data and commercial and industrial secrecy



Customs Regulation does **not** preclude information obtained from the customs from being used in proceedings intended to counter parallel imports from third countries, when these infringe a trade mark right (Opinion AG, C-132/07)

Procedure

- **New:** specific procedure for small consignments of suspected counterfeit and pirated goods covered by an application

Goods may be destroyed without the involvement of the right holder



Transit?

- CJEU, 1 December 2011, Nokia and Philips (C-446/09 and C-495/09):
 - Goods coming from a non-member State cannot be classified as ‘counterfeit goods’ or ‘pirated goods’ merely on the basis of the fact that they are brought into the customs territory of the European Union under a suspensive procedure (*i.e.* transit)
 - These goods may however be considered infringing if it is **proven** that they are intended to be put on sale in the European Union
 - Customs may act as soon as there are indications before it giving grounds for suspecting that such an infringement exists, suspend the release of or detain those goods

Transit?

- CJEU, 1 December 2011, Nokia and Philips (C-446/09 and C-495/09):
 - Those indications may include, *inter alia*
 - the fact that the destination of the goods is not declared whereas the suspensive procedure requested requires such a declaration
 - the lack of precise or reliable information as to the identity or address of the manufacturer or consignor of the goods
 - a lack of cooperation with the customs authorities
 - the discovery of documents or correspondence concerning the goods in question suggesting that there is liable to be a diversion of those goods to European Union consumers

Conclusion

- Customs Regulation is a useful tool to tackle counterfeits
- Proposal of the Commission for new Customs Regulation clarifies the (procedural) nature of the Regulation, enlarges the scope of application and ensures the protection of the interests of legitimate traders
- Transit remains an open question

« Searching, seek & (don't) destroy »*

*“There is no escape and that's for sure
This is the end, we won't take anymore
Say goodbye to the world you live in
You've always been taking and now... you're giving”*

Metallica, “Seek & Destroy” © Hetfield & Ulrich

Jan-Diederik Lindemans

« *Searching, seek & (don't) destroy* »*

- Characteristics (quick reminder):
 - Even before proceedings on the merits
 - After presenting reasonable evidence of IP rights and of (possible) infringement
 - Access to provisional measures to preserve evidence
 - Ex parte
 - Possible adequate security for possible damages
 - Review of measures possible if requested by other party
 - Compensate other party for damage if measure is revoked

« *Searching, seek & (don't) destroy* »*

- Even before proceedings on the merits
 - During proceedings on the merits
 - During foreign proceedings

« **Searching, seek & (don't) destroy** »*

- After presenting reasonable evidence of IP rights and of (possible) infringement
 - Courts have become stricter
 - Anonymous tip
 - Judges communicate with each other

« **Searching, seek & (don't) destroy** »*

- Access to provisional measures to preserve evidence
 - Seek & don't destroy is still main objective, not the seizing
 - More discussion on what can be taken (confidential info)
 - Court appointed expert gets sued
 - Seizing party & co. no longer get « All Areas »-pass from Court and/or seized party
 - Tip 1: Be prepared (train key staff)
 - Tip 2: Read the court order
 - Tip 3: Have seizure action noted down by bailiff & yourself

« *Searching, seek & (don't) destroy* »*

- Ex parte
 - Protective letters

« *Searching, seek & (don't) destroy* »*

- Possible adequate security for possible damages
 - Got the cash?
 - Reason: courts are more educated + fiercer litigation
 - Personal best: 750.000,00 EUR

« *Searching, seek & (don't) destroy* »*

- Review of measures possible if requested by other party
 - Less if only descriptive seizure and no confidentiality issue
 - Fierce if actual seizure is executed
 - Tip: budget = cost seizure + cost possible 3rd party opposition

« *Searching, seek & (don't) destroy* »*

- Compensate other party for damage if measure is revoked
 - Type of liability still not settled
 - Proving and calculating damage remains difficult debate

Questions?

cdekoninck@crowell.com

jlindemans@crowell.com