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Jacques de Werra (ed.), Research Handbook on Intellectual Property Licensing

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Book Review: Jacques de Werra (ed.), Research Handbook on Intellectual Property Licensing

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1 Licensing agreements are the motor behind the exploitation of any piece of intellectual property: without them only few creations and inventions would ever reach the market. Indeed initial makers are not always in a position to produce and distribute the fruit of their own intellectual labour; licenses are the solution to allow third parties to do so. Apart from exploitation licences, contractual arrangements play nowadays an increasing role in setting the conditions under which IP protected items can be used, primarily by the general public accessing material in the digital environment. Licenses are essentially a tool in the hands of rights owners to help them exercise their rights. This tool can be used to achieve multiple (at times, conflicting) goals, from encouraging further innovation by subsequent creators to strategically fending off competitors and everything in-between that is not contrary to public order.

2 In the laws of most jurisdictions in the world, IP licenses are an unnamed form of contract, most often of a hybride nature, for which no specific legal framework exists, save for rare exceptions. As a result, the formation, content and interpretation of IP licences call for the application of relevant norms from numerous other fields of the law, such as contract law, property law, commercial law, consumer law etc. Despite efforts of harmonisation at the international and regional levels, these related areas of the law remain to a large extent nationally determined, influenced by the legal tradition of each country, where significant differences appear between common law and civil law systems. A Research Handbook that highlights the main policy concerns and doctrinal debates on the subject of intellectual property licensing is therefore particularly timely.

3 The book, edited by *Jacques de Werra*, professor at the University of Genève, contains nineteen chapters written by world-renowned scholars in the area from Europe (Germany, Belgium, Spain, Switzerland, UK) and abroad (US, China, India and Japan). The book is divided into three parts addressing specific IP licensing policies (I), common IP licensing policies (II) and a selection of local IP licensing policies (III). Among the specific IP licenses analysed in the distinct chapters of Part I are copyrights, software (proprietary and open source), factual information and databases, patents, trade secrets and know-how, technology transfers and trademarks. Part II of the book deals with various aspects of intellectual property licensing law which do not depend on the type of intellectual assets at issue, including licensing issues related to public health, a model IP commercial law, IP and bankruptcy, IP licensing and conflict of laws, and arbitration. As explained in the Preface,

'given the diversity of local solutions, the third part of the book (...) adopts a geographic approach and presents selected national and regional intellectual property licensing policies, by focusing on countries and regions which appear of key importance on the global intellectual property scene'. The four local IP licensing policies examined in Part III of the book focus on China, India, Japan and Europe.

4 The Preface further specifies that the Handbook 'ultimately aims at offering a scientific contribution to the identification of what could constitute global features of intellectual property licensing agreements. From a broader perspective, it is designed to contribute to the discussion about the adoption of a global regulatory framework on intellectual property contract law (or intellectual property commercial law), which shall regulate the relationship between intellectual property rights and contracts'. Although the individual contributions are thought provoking and certainly deserve a reading on their own merit, the book as a whole could have better attained the ambitious objectives set out in the Preface. Below are five points that caught my attention.

5 One, where the aim of the book is to offer insight towards the adoption of a global regulatory framework on intellectual property contract law, the contributions in the book could have followed a more conceptual and normative approach around a well-articulated question. An initial section in the book could have set out and discussed the problem squarely: What are IP licences? What distinguishes an IP licence from another type of contract? What are the characteristic elements of an IP licence? Are there different types of IP licences – is an exploitation licence something conceptually different than a licence to use? Does the nature of a licence vary depending on the IP right concerned? Or on the laws of the jurisdiction where the rights are claimed or exercised? Devising a global regulatory framework on IP contract law demands a uniform understanding of all the key concepts involved. These questions are presumably at the root of the contributions in the book, but because they are mostly not made explicit, common elements in the analysis of IP licences relating to different IP rights can hardly be distilled. In fact, only few contributors to the book have expressly considered the nature of an IP licence, most notably *John Hull* on licensing of trade secrets and know-how, *Neil Wilkof*, on trademark licensing and *Mark Reutter* on IP licensing agreements and bankruptcy.

6 The two first chapters of the book offer a good example of a lack of clear common conceptual framework. Both chapters deal with the seemingly similar topic of copyright licensing. Chapter 1, written by *Jane Ginsburg,* examines authors' transfer and license contracts from a US law perspective, while chapter 2, written by *Alain Strowel* and *Bernard Vanbrabant,* considers the broader issue of copyright licensing from a European perspective. Ginsburg clearly delineates the subject of her chapter by focusing on the rules relating to the scope of authors' contractual grants, looking at the features of the 1976 U.S. Copyright Act and the state law contract rules. This analysis leads to the consideration of the policy issues concerning the 'pros and cons for authors of entering into agreements that surrender control over and compensation for an infinite number of downstream acts in connection with their works, or that transfer rights as part of an agreement to host material on third party websites'.

7 Strowel and Vanbrabant, by contrast, choose to give a review of selected copyright licensing issues, through illustrations taken from various national regimes, without clarifying which types of licences are under examination. The chapter concludes by giving 'prospective reflections on the need for drafting model provisions on copyright licensing', 'for having international or at least EU framework rules to facilitate cross-border licenses', and for developing future rules to meet the challenges of the Internet. Chapter 2 does analyse questions like the material and formal requirements for the conclusion of copyright contracts, the scope of the licence and rules on interpretation. But the chapter goes on to discuss issues regarding the initial ownership of rights, extended collective agreements, the cross-border licensing and the online exploitation of works. All these issues are currently hot topics at the European level, but they do not directly concern the rules relating to the scope of authors' contractual grants, as examined in Ginsburg's chapter. Since the points of emphasis in both chapters differ, the conclusions drawn inevitably diverge, making it difficult to identify global features of copyright licensing agreements.

8 Two, given the mosaic of potentially applicable rules pertaining to different aspects of intellectual property licensing and given the strong positivistic approach followed in most chapters, the legal framework within which each topic is analysed should have been clearly and systematically presented to the reader. Most contributors have naturally tended to refer to the laws they know best – those of their own country, but without making this fact explicit. For instance, in his otherwise very interesting chapter on 'Issues in modern licensing of factual information and databases', *Raymond T. Nimmer* explains that the general licensing framework discussed in that chapter includes two main issues: 'a) what technological and contractual limits or permissions to use or transfer the database or factual information exist, irrespective or in addition to intellectual property right limitations?; and b) what contractual commitments to or limitations on quality or accuracy are made and what extra-contractual qualitative obligations exist in law or are disclaimed by contracts?' It is for the reader to understand that Nimmer's framework of reference is U.S. law, more specifically, copyright law, the doctrine of misappropriation, contract and liability law. The same remark applies to the no less interesting chapter by *John Hull*, on the licensing of trade secrets and know-how. This time, the framework of reference is that of English law. But how does U.S. law on the licensing of factual information and databases or English law on the licensing of trade secrets and know-how fit in within the international legal framework? How would similar issues be analysed under the laws of other countries? Upon which aspect(s) of the legal framework examined here can be drawn to develop a global regulatory framework on intellectual property contract law?

9 Without diminishing in any way the quality of *Robert Gomulkiewicz*'s chapter on the enforcement of open source licences, the introduction of some elements of comparative law could have added support to his argumentation. Gomulkiewicz discusses the issue of what qualifies as a condition placed on a licence grant, potentially giving rise to injunctive relief. He bases his analysis on the Federal Circuit's decision in the *Jacobsen v. Katzer* case[1]. He then analyses the consequences brought about by a trilogy of cases rendered by the 9th Circuit on the definition of a licence. In the *MDY Industries* case[2], the Court related the definition of a licence to the payment of royalties, which, in the case open source licensing, is unfortunate. The 9th Circuit decision also had an impact on the application of the first sale doctrine to software transactions. Looking across the Atlantic, the case law of the European Court of Justice could have shed additional insight on the definition of a licence: in the *Usedsoft* case[3], the European Court indeed ruled that 'Since an acquirer who downloads a copy of the program concerned by means of a material medium such as a CD-ROM or DVD and concludes a licence agreement for that copy receives the right to use the copy for an unlimited period in return for payment of a fee, it must be considered that those two operations likewise involve, in the case of the making available of a copy of the computer program concerned by means of a material medium such as a CD-ROM or DVD, the transfer of the right of ownership of that copy'. As a consequence of this definition, the Court applied the exhaustion doctrine to software downloaded from a website. Because of the link made to the payment of a fee in the definition of a licence, the question arises in Europe as well, as to whether royalty-free open source licences are subject to the application of the exhaustion/first sale doctrines.

10 Three, and connected to the previous point, the general lack of international harmonisation of the body of rules pertaining to intellectual property agreements has led some jurisdictions to adopt specific rules on IP licensing, rules which were given special treatment in the book. Two chapters in Part I of the book describe such distinctive sets of rules: chapter 3 on the 'ALI principles of the law of software contracts', written by *Robert A. Hillman* and *Maureen A. O'Rourke*; and chapter 8 on 'Technology licensing between academic institutions and private companies' written by *Heinz Goddar*. The ALI Principles constitute a typically U.S. approach to software licensing based on the fact that the American software industry is undeniably the most innovative in the world, for which special rules on licensing needed to be developed. Hillman and O'Rourke did place the Principles in an international perspective, referring where relevant to the UNIDROIT principles. In their conclusion, the authors 'hope that the ALI Principles prove useful in producing a dialogue about adopting international rules for transactions in software'. On the other hand, Goddar examines article 42 of the German Law concerning Employee's Inventions, which is a unique feature

of German patent law. The Law generally regulates the rights and obligations of both employees and employers with respect to the proprietary exploitation rights associated with the invention and the intellectual property rights arising from them. Article 42 of the Law governs the specific issue of technology licensing. Unfortunately, Goddar did not situate the German provision within a broader legal context nor did he explain how the German legislature came up with this particularly suitable solution. How can the German rules then serve as a model for a global regulatory framework on intellectual property contract law, if the general context behind their initial adoption is not explicated?

11 Four, the depth of the overall analysis in the book would have strongly benefitted from greater cross-references between chapters. The most obvious example is the co-existence of chapters 14 and 15 in the book which both deal with IP licensing and arbitration. Both chapters stand in parallel to each other without any explanation as to their respective aim and place in the scholarly discussion on the subject. Coordinating these two chapters would certainly have enriched the argumentation of both.

12 And five, the chapters included in Parts II and III of the book reflect a number of editorial choices that could have been better substantiated in the Preface, or elsewhere in the book. Part II of the book aims at analysing issues that are independent from the type of IP right concerned. This is certainly true for *Lorin Brennan and Jeff Dodd*'s chapter proposing a 'model intellectual property commercial law', for *Mark Reutter*'s chapter on IP licensing and bankruptcy, for *Pedro de Miguel Asensio*'s chapter on conflict of laws, and for the two chapters of *Dessemontet* and *de Werra* on arbitration. It is less clear however, for the first chapter in the section dealing with non-exclusive licensing initiatives in the pharmaceutical sector. All chapters are captivating – yes, even the one on bankruptcy! – but the first one stands a little at odds with the rest. Would it not have fit better in the first part? If not, then some extra words on the structure of the section might have been useful.

13 Similarly, the chapters in Part III of the book are meant to highlight the diversity of local solutions, adopting a geographic approach and presenting the intellectual property licensing policies of India, China, Japan and Europe. The justification given in the Preface for the choice of countries is rather succinct. Here as well, one chapter stands out in my opinion: considering that European law is the object of extensive study in numerous previous chapters, did European IP licensing policy warrant this additional attention in the book? Would it not have been interesting to read instead (or in addition) about at least one country in Central or South America. Knowing how active Brazil is nationally and internationally in matters of intellectual property and how much the open content ideology has progressed in this country, might it not have been an interesting addition to the selection of countries?

14 All in all, the Research Handbook on Intellectual Property Licensing is an absolute must read for anyone who deals with IP licensing policy and practice. It provides invaluable insight on a vast array of issues relating to IP licensing and it ventures into paths of analysis that are less often explored. The comment formulated above should be read as an attempt to raise awareness for transparency in the use of scientific methods and approaches, with the belief that if the reader understands at the outset what assumptions are made and what the framework of analysis is, he will be more easily convinced by the conclusion.

1 *Jacobsen v. Katzer*, 535 F. 3d 1373, 1380 (Fed. Cir. 2008)

2 *MDY Industries v. Blizzard Entertainment*, 629 F.3d 928 (9th Cir. 2010); see also *Vernor v. Autodesk*, 621 F.3d 1102 (9th Cir. 2010); and *UMG Recordings v. Augusto*, 628 F.3d 1175 (9th Cir. 2010).

3 Case C-128/11, Decision of the European Court of Justice, 3 July 2012, (*Oracle v. UsedSoft*).