

Choice of law in license agreements - what does it mean for IP agreements?

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A problem

- P grants L1 an exclusive license to an invention described in a EPC-patent designated inter alia in Sweden and Norway. The following day P grants the same license to L2 (who does not know about the license to L1). L2 sees to it that his license is registered in the Swedish and Norwegian patent registers. When L1 seeks to register his license in the patent registers he learns that L2 has registered his license the day before. Swedish law applies to both agreements under a choice of law clause. L1 sues L2 for infringement of both patents
 - i) in Norway (assume jurisdiction)
 - ii) in Sweden (assume jurisdiction)

The question

- Can L1 invoke his license as a defense against L2's claim that L1 is infringing the patents
 - a) in Norway?
 - b) in Sweden?
- Sweden - Rome II art 8.1: *Lex loci protectionis* applies to the infringement matter. Norway – lex loci damni? No choice of law between L1 and L2.

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| a) Norwegian license defense | i) Norwegian forum
Qualification according to <i>lex fori</i> as a property law matter? L2's license prevails over L1's license (44 § para 5 NPL). | i) Swedish forum
Qualification according to <i>lex fori</i> as a property law matter or contract law matter?
<u>Property law matter</u> : L2's license prevails over L1's license (44 § para 5 NPL); <i>lex rei sitae</i> or <i>lex loci protectionis</i> .
<u>Contract law matter</u> : P's exclusivity promise to L1 does not bind L2 and v.v. L1's defense prevails. L1 and L2 can both hold P liable for breach of contract. |
| a) Swedish license defense | Qualification according to <i>lex fori</i> as a property law matter? L1's license prevails over L2's license ("priority principle; 95 §, 101 § SPL ex analogia). | Qualification according to <i>lex fori</i> as a property law matter or contract law matter?
<u>Property law matter</u> : L1's license prevails over L2's license; <i>lex rei sitae</i> or <i>lex loci protectionis</i> .
<u>Contract law matter</u> : See ii) a) |

Another problematic situation

- An infringement dispute between a Swedish and a US corporation regards infringement and the validity of the patents of 12 EU countries. The parties agree to settle the dispute by arbitration applying only the laws of the UK and Germany that the parties agreed presented a common position regarding all patent related claims.
 - a) Is the choice of law clause invalid?
 - b) Is the arbitration clause invalid?

Rome II Article 8

- **Infringement of intellectual property rights**
- 1. The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed.
- 2. In the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed.
- 3. The law applicable under this Article may not be derogated from by an agreement pursuant to Article 14.

Brussels I Article 22

- The following courts shall have exclusive jurisdiction, regardless of domicile:

4. in proceedings concerned with the registration or validity of patents, trade marks, designs, or other similar rights required to be deposited or registered, the courts of the Member State in which the deposit or registration has been applied for, has taken place or is under the terms of a Community instrument or an international convention deemed to have taken place.

New York Convention Article 2

- I. Each Contracting State shall recognize an agreement in writing under which the parties undertake to submit to arbitration all or any differences which have arisen or which may arise between them in respect of a defined legal relationship, whether contractual or not, concerning a subject matter capable of settlement by arbitration.

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