

Standing Committee on  
**Commercialisation of IP**

2016



Date: 1st August 2016

## REPORT Standing Committee on

### Commercialisation of IP

Chair: Michael S. CONNOR  
Responsible Reporter: Ralph Nack

- 1) Report on the activities of your Standing Committee during the reporting period

Please provide a general overview of the activities of your Standing Committee over the last 12 months, but please include at least:

- a) meetings of the Standing Committee during the reporting period

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*At the last congress in Rio, a subset of committee members met in person on 13 October 2015. Since that time, this committee corresponded regularly via e-mail and met by teleconference on: 12 November and 10 December 2015, and on 14 January, 19 May, 9 June, 14 July, and (upcoming) 11 August 2016. Also, a subgroup of volunteers from the committee worked via e-mail in June 2015 and by teleconference on 7 July 2016 to outline a committee report. Topics were circulated for comment in July 2016. Comments have been collected and will be further discussed during the committee call on 11 August 2016. The plan of the committee is to have a working outline based on these efforts to provide meaningful agenda for the committee meeting in Milan in September 2016, and for assignments for a committee report to be generated in the following months. In addition to the regular committee teleconferences, leaders and groups of interested committee members met several times throughout the year via teleconference in order to plan meetings and activities of the committee.*

- b) any external representation on behalf of AIPPI by any member of your Standing Committee

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None

- c) any contribution by your Standing Committee to any external consultations

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None

- d) any studies or analyses undertaken or position papers prepared by your Standing Committee, with a brief summary of the outcome(s)

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*The committee has circulated a working draft, and is preparing a report to be submitted to AIPPI, focusing on commercialization specifically of trade secrets including a comparative review of the procedures for this in various jurisdictions. The project would also encompass changes in the legal landscape in the US and Europe, and as to transatlantic trade secret protection practice, and in China and elsewhere. Topics under consideration include:*

- What sort of transactions are entered into that concern or have a trade secret aspect to them? Are many such transactions international in nature, do such transactions present different problems to those that are purely national, and if so what is the nature of such differences? Do many such transactions involve trade secrets alongside other rights, do such transactions present different problems to those that are concerned purely with trade secrets and if so what is the nature of such differences?
- What, in an international transaction, is the applicable law or laws that govern the existence and scope of a trade secret? – Is this the proper law of the contract or is this the various laws that apply to trade secrets in each of the various countries that comprise the territory of the contract?
- How does one establish ownership over a trade secret and what in this context does the word 'ownership' mean?
- How does one define the scope of a trade secret in a contract and what legal effect does this have? – for example to what extent can a contractual definition of a trade secret override, and thus broaden or narrow, the definition that is implied by the applicable law or laws that apply to that trade secret?
- How do different laws address the co-ownership of trade secrets? – what actions can a co-owner take without the consent of the other co-owner, and must that co-owner account to the other for the benefits it has received from such actions.
- How does one assign or transfer a trade secret, and what if any formalities are involved in so doing? – thus in many jurisdictions trade secrets are not seen as property rights that can necessarily be transferred in the same way as other intellectual property rights.
- What issues are involved in licensing a trade secret, and what if any formalities are involved in so doing?
- How does one take a security interest in a trade secret, and what if any formalities are involved in so doing? – the usual difficulties encountered with taking a security interest in intellectual property are exacerbated if there are uncertainties associated with how one even transfers a trade secret.
- What is the role of competition law in trade secret transactions and to what degree do competition law constraints limit the scope for commercialization of such rights – for example in the EU the technology transfer block exemption takes a restricted view of what can constitute licensable know-how, and used at one time to take a restricted view of the maximum term of an agreement involving know-how that could benefit from the exemption, even though the trade secret might still be secret at the end of such term.
- Valuation issues – do trade secrets present different challenges in valuation to other types of intellectual property rights?
- Tax and transfer pricing issues – do tax authorities treat trade secrets in a different way to other intellectual property rights?
- What sort of dispute resolution provisions are appropriate for trade secret transactions, and is arbitration especially suited to such transactions in view of the need to preserve the trade secret in issue?

*In addition, the committee has discussed undertaking additional reports on topics such as: (a) security of non-registered IP rights other than trade secrets (such as domain names, social media accounts) and the effect of same on commercialization; and (b) property aspects of the Unitary Patent.*

- e) involvement of your Standing Committee in any other activities of AIPPI, eg Panel Sessions, contribution to Study Guidelines, etc
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The committee did prepare, and on 17 December 2015 submitted, a proposal for a panel Session for the AIPPI Congress in Milan on the property aspects of the unitary patent; however, this topic was not accepted.

- f) any other relevant activities
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Various committee members submitted overview statements for commercialization of IP issues in their home jurisdictions.

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- 2) Key issues/developments relevant to the Terms of Reference of your Standing Committee during the reporting period

Please include a short summary of any significant case law, legislative or regulatory developments, or policy initiatives, including their relevance and/or any implications for the work of your Standing Committee or for AIPPI more generally

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*We discussed within the committee the advent and effect of Unitary Patent in the EU, introduction of a new Trade Secrets Directive in the EU, and enactment of a new federal Defend Trade Secrets Act in the United States.*

- 3) Any recommendation for AIPPI involvement/action for the next 12 months

This need not be limited to recommendations for your Standing Committee but can be recommendations for AIPPI more broadly. In each case, please explain why such involvement/action is recommended, by whom it should be undertaken and any relevant time frames. For example, please include:

- a) any recommendation for involvement/action in relation to any upcoming or foreshadowed case law, legislative or regulatory developments, or policy initiatives
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None

- b) any other recommendation(s) for AIPPI involvement/action
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*We were recently asked to consider and comment on the draft Summary Report on the Milan Study Question "Security Interests" and expect to respond in early August 2016.*

- 4) Outline of the work programme of your Standing Committee for the next 12 months

Please set out specific activities and priorities having regard to the matters in 1) - 3) above, including any relevant time frames

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*The committee intends to work towards finalizing its report on the commercialization of trade secrets that it has begun. To this end, a cross section of the committee members will meet in person in Milan in October 2016 and expect to have developed by the end of that meeting a list of concrete assignments and a schedule for generation of the report. Monthly teleconferences with interim due dates for submission of drafts of report segments will continue in 2016 and 2017.*

*If the report concerning trade secret issues is completed in sufficient time, the committee will move on to another substantive area of law.*

## Names and Functions of Committee Members

Chair	Michael S. CONNOR	United States of America
Co Chair(s)	Jan Pieter HUSTINX	Netherlands
Secretary	Benny SPIEWAK	Brazil
Members	Iveta BORISOVA	Bulgaria
	Eryck CASTILLO	Mexico
	Trevor COOK	United Kingdom
	Johan ENGDAHL	Sweden
	Erik FICKS	Sweden
	Christian FLEISSNER-GASSAUER	Austria
	Juliana GEBARA DE SENE	Brazil
	Ingo GEHRING	Germany
	Ehud HAUSMAN	Israel
	Sanaz JAVADI	Switzerland
	Sun R. KIM	Republic of Korea
	Pierre KOBEL	Switzerland
	Deborah KUCHLER	Australia
	Huihui LI	China
	Llewellyn L. LLANILLO	Philippines
	Junko MUKOYAMA	Japan
Olgaç NACAĞCI	Turkey	
Divina G.E. PEDRON	Philippines	
Elena SHAMRINA	Ukraine	
Victor SIBER	United States	
Michal SICIAREK	Poland	
Renée XAVIER	Singapore	
Seda YILDIRIM	Turkey	