

Congress Milan 2016

## **2016 – Report on Resolution**

### **Security interests over intellectual property**

On 20 September 2016 at the AIPPI World Congress in Milan, AIPPI approved a Resolution titled "Security interests over intellectual property. The Resolution is limited to registered intellectual property rights (*IPRs*), defined as patents, registered trademarks and registered designs.<sup>1</sup>

During the course of debate, it was identified that the Resolution may not be optimal for all relevant types of security interests in IPRs. It was therefore resolved to exclude floating charges from the scope of the Resolution.<sup>2</sup>

This aim of harmonisation in this Resolution is consistent with the work done and ongoing by the UNCITRAL for the harmonisation of laws for secured transactions. The Resolution addresses three foundations for harmonization: availability, registration, creation and effect of security interests in IPRs; choice of law and freedom of contract; and the rights and obligations of the security provider and the security taker in the absence of a contractual provision to the contrary. The latter is limited to rights and obligations prior to any event of default relating to the security interest in the IPR.<sup>3</sup>

Importantly, the Resolution clearly states that security interests in IPRs should be available and capable of registration. By registration, security interests should be enforceable against third parties. There were some debate whether the register should be the same one as the register in which the IPR is registered. It was ultimately resolved that it should be open to use the same *or* any other register. Further, the register may be national, regional or multinational.

It was resolved that the registration should be in a register of the jurisdiction in which the IPR is registered. On a related point, it was resolved that the availability, registration, creation and effect of security interest in IPRs should be governed by the law designated by the jurisdiction in which the IPR is registered. However, it was also resolved that, as a minimum standard, two types of security interest should be available in all jurisdictions: security interests not requiring assignment of ownership, such as pledges; and security interests by full assignment of ownership.

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<sup>1</sup> All other intellectual property rights, such as unregistered trademarks, unregistered designs or copyright, are excluded. It was recommended to undertake further studies relating to unregistered intellectual property rights.

<sup>2</sup> Floating charges are available in several jurisdictions, being a general security interest over all the security provider's assets, which may therefore cover IPRs without needing to specify such IPRs.

<sup>3</sup> It was recommended to undertake further studies relating to rights and obligations after the event of default.

AIPPI resolved that there should be full freedom of contract between the parties, including the choice of law for such contract, other than for mandatory provisions the jurisdiction in which the IPR is registered relating to the availability, registration, creation and effect of a security interest in IPRs. However, the Resolution provides, as a default position, a set of minimum principles that should apply in all jurisdictions relating to the rights and obligations of the security provider and the security taker in the absence of a contractual provision to the contrary.

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26 September 2016