

**Automotive IP & Legal World Summit (Virtual)
09-10 June 2021**



FIVE

Managing the IP litigation risk

IP threats and risk assessment for smaller businesses

Claire Bennett, General Counsel

Auto IP & Legal World Summit, 9 June 2021



Assumptions

1. Looking at this from the point of view of the risk of being accused of infringing a 3rd party's IP rights.
2. IP litigation is not part of the business's business strategy e.g.
 - Not creating a "me to" product
 - Not deliberately sailing close to wind

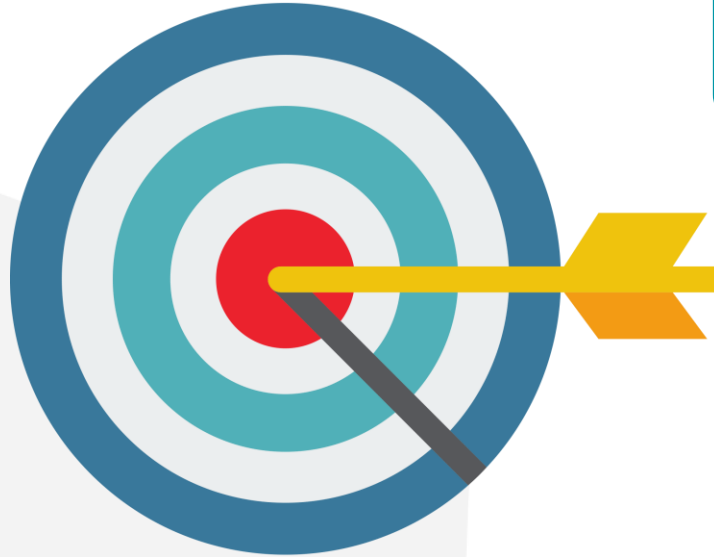
Managing the risk

- ❑ Don't infringe
- ❑ Minimise risk of being accused of infringing (rightly or wrongly)
 - ❑ Generally
 - ❑ Ability to evidence that not
- ❑ Improve ability to effectively deal with infringement claims
- ❑ Implement measures to minimise harm to business if are accused of infringement / do infringe

How is the business positioned?

Likely initiators of litigation

Attractiveness of target (you)



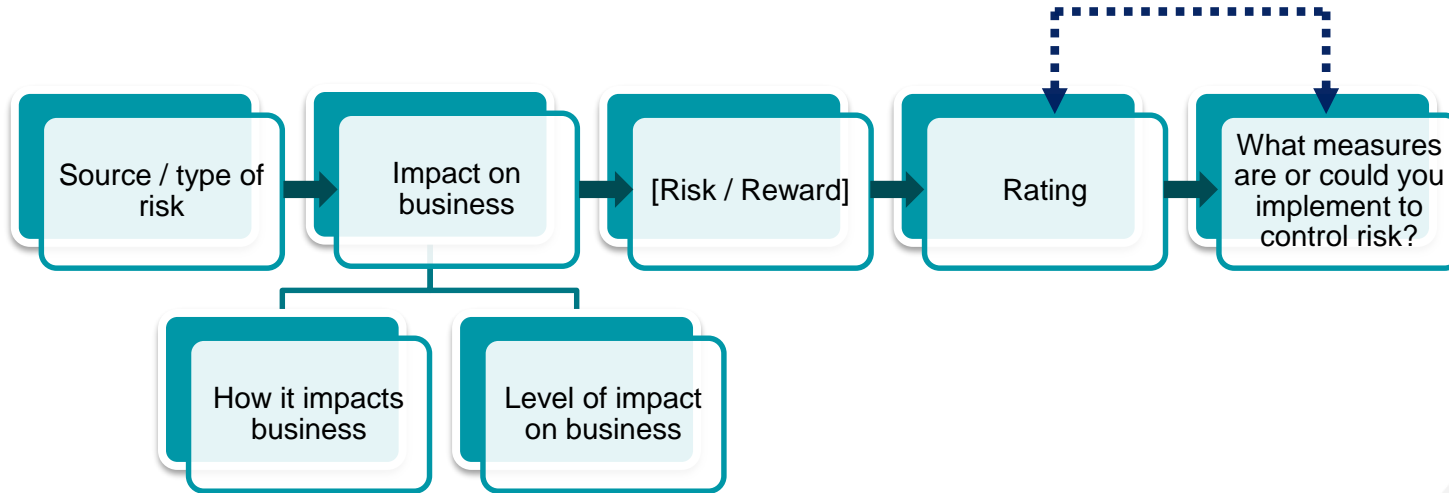
Litigation Risk

Nature of business

- Vulnerabilities
- Protections

Applicable IPRs & Jurisdictions

IP Litigation Risk Assessment



- ⇒ What level of risk you are willing to take on
- ⇒ What you want to do about the risk

Example – Employee bringing in code from previous employer

Factors influencing impact & **specific** level of risk posed

- Origin of employee – whose code is it?
- Likely relevance of previous work
- Employee's current role – how important is work to business?
- Detectability
- Damages and injunction risk impact
- Cost of removing & how long to do so – monetary impact and disruption
- Wider impact – e.g. exposure under contracts with customers, reputational risk, risk of contamination of other business areas

Mitigation measures

- Some factors you can control or at least influence, some you can not
- Unlikely have resources (or be appropriate) to do a full FTO / clearance searches across the board
- Preferable to align risk management & mitigation activities with ordinary day to day value generation activities.
- Mitigating factors previously mentioned (risk of infringement, risk of litigation, impact on business)

Example mitigation measures

- Good relationships
- Early warning systems
- Becoming invaluable / protective partners
- Training & employee policies
- Third party IP management processes
- Own IP development records
- Patent file or prior publish
- FTO / clearance / watching services
- Licence terms compliance
- Business structure – internal & external
- Jurisdictions in which operate
- Contract terms – inbound & outbound
- Insurance

Thank you

Managing the IP Litigation Risk

- Contractual Tools -

Amedeo M. Vanara

CNH Industrial - Legal Counsel

IP Ownership Clauses (IP MAPPING)

- **SITUATION:** Drafting of a contract between a Customer and a Developer for the development of a technical solution / new product
- precisely define the “**Background IP**” (any IP that each party has independently developed prior to the agreement)
 - **TIP:** list all current Patent Registrations
 - **WHO?:** usually remain vested in the original IP owner (may be subject to limited license in favor of the Client)
- define the “**Foreground IP**” (the IP that will be created in the course of the agreement, being the aim of it).
 - sometimes not easy to map as it has not yet been conceived

IP Ownership Clauses (Foreground IP Allocation)

- **SCOPE:** Define the rights of the Parties on the Foreground IP:
 - the Foreground IP is owned by the Party that has developed it → typical of “Proof of Concepts” Developments (“think-tank”)
 - the Foreground IP is jointly owned by the Parties → typical of JV Developments
 - **RISKS:** - terms of joint use to be spelled out in details
 - **SOLUTION:** one party owns the jointly developed IP but will provide to the other party a worldwide royalty-free license
 - **OTHER SOLUTION:** the Foreground IP is split on the basis of the “field of use/technology” each partner owning the rights to the IP applicable to its field of use (the owner will be the company that has better possibility to exploit it in the market).
 - the Foreground IP is owned by the Party that pays the development → typical of Development contracts funded by the Customer



What to do when you receive an IP infringement claim?

June 9, 2021

Marko Huiskonen, Sr. Director Legal and IP

What to do when you receive an IP infringement claim?

- Understand what the claim is about
- Each case will have to be evaluated individually
- Put together a small project team for more detailed analysis:
 - Legal analysis – scope of protection, impact, compensation claims
 - Technical review – infringed IP and your products
 - Business impact – past and future
- Create business impact/risk/solution analysis

Case Review

- Validity of the IP
- Identification of potential infringement
- Scope and impact of infringement for the products/business
- Contents of the claim – available options

Litigate or negotiate? Managing the IP litigation risk

AUTO IP & LEGAL

World Summit

Gordon Humphreys
Chairperson of the 1st and of the 3rd Board of Appeal
EUIPO
9 June 2021

ADR Services Offered

MEDIATION

- Process in which parties to a dispute, guided by a mediator, try to reach an amicable settlement of their differences.
- The mediator will attempt to identify common ground and business interests with the parties that may be explored in order to settle dispute.

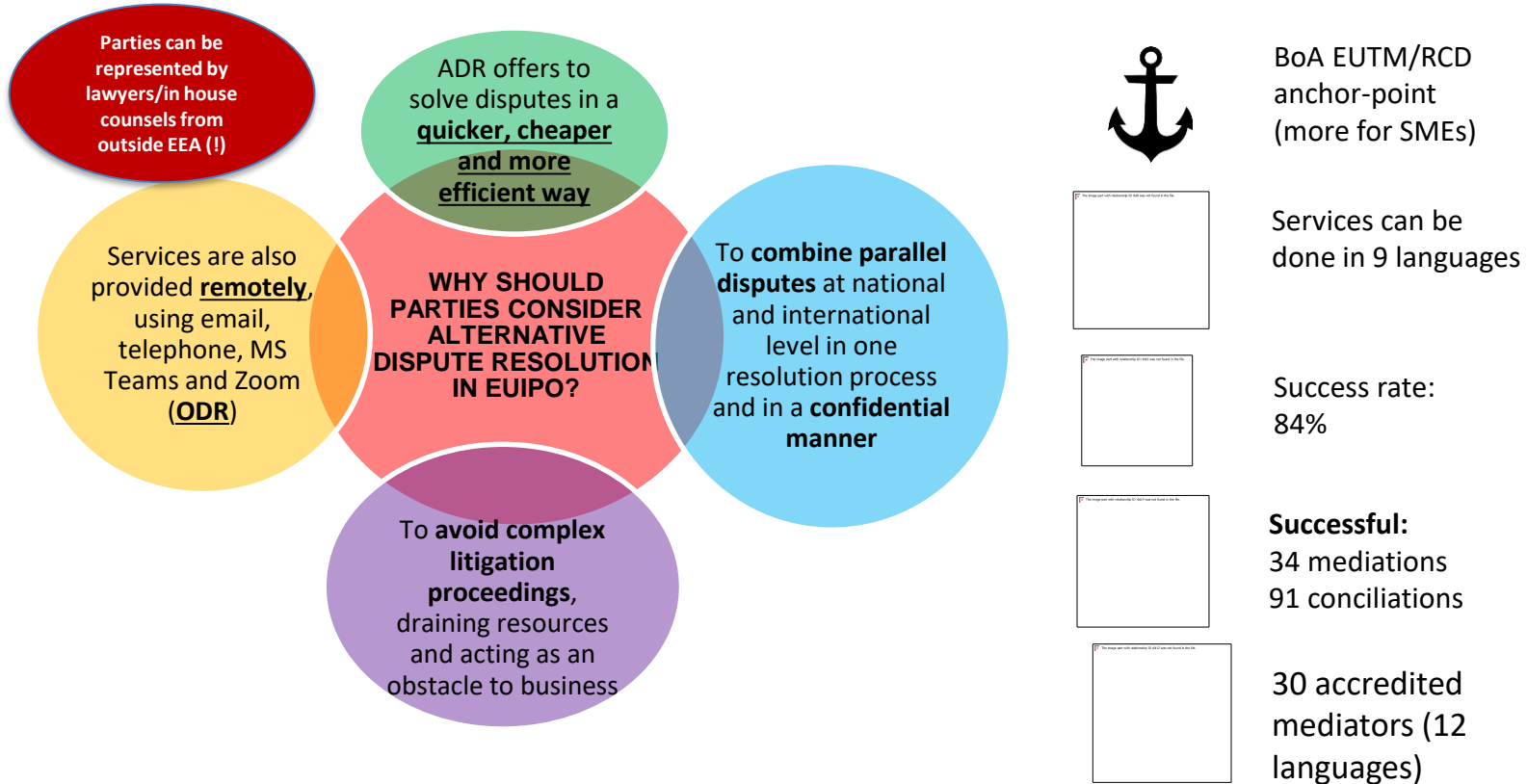
CONCILIATION

- Process in which a conciliator suggests possible solutions to the dispute.
- These proposals will be discussed, negotiated and fine-tuned with the parties. The decision to conciliate is purely voluntary and requires the consent of all parties to the dispute.

EXPERT DETERMINATION

- Process in which an **expert** appointed by the parties gives a binding or non-binding **opinion** on the matters that have been submitted for determination. These matters would be **technical or legal issues** that form part of the overall dispute, but on which the parties are unable to agree.

Using ADR at the EUIPO



Case study

- Two medium-sized EU companies based in different Member States producing glass aimed at end users and professionals
- Both companies operate in 30+ countries and have multiple disputes before IPOs
- In EU, one has an earlier company name (but limited to one MS) and wants to register TMs.
- All rights overlap in a descriptive term.
- In EU several opposition and appeal cases on-going
- Risk: escalation to infringement actions and multiplication of litigation
- Mediated settlement:
 - All existing rights remain on the various registers (including domain names)
 - Drop hands legal actions
 - Earlier company name to continue in use but making clear that it is a corporate name not a TM
 - Phase out over 2 years of overlapping TM
 - Direct CEO meetings in case of future problems
 - Penalty clause for non-compliance
 - Jurisdiction and applicable law clause (different Member State + med-arb)



www.euipo.europa.eu



[@EU_IPO](https://twitter.com/EU_IPO)



[EUIPO](https://www.linkedin.com/company/euipo)



[EUIPO.EU](https://www.facebook.com/EUIPO.EU)

THANK YOU

Q & A