

Congress Milan 2016  
Adopted Resolution  
September 20, 2016

## **Resolution**

### **2016 – Study Question (General)**

#### **Security interests over registered intellectual property rights**

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##### **Background:**

- 1) This Resolution concerns security interests (e.g. pledges, mortgages, equitable charges, fixed charges) over registered intellectual property rights, but excludes floating charges.
- 2) For the purposes of this Resolution, references to *IPRs* are limited to patents, registered trademarks and registered designs, and exclude all other intellectual property rights, such as unregistered trademarks, unregistered designs or copyright.
- 3) Currently, legal regimes regarding the use of IPRs as security interests vary from country to country to a significant degree, in particular with regard to the availability and effect of security interests over IPRs and the rights of the security provider and security taker. The question of the applicable law and conflicts of law rules also decrease legal certainty.
- 4) The practical use of IPRs as collateral, particularly in international transactions, largely depends on the predictability, feasibility, availability and effect of security interests in the relevant jurisdictions.
- 5) 47 Reports were received from AIPPI's National and Regional Groups and Independent Members providing detailed information and analysis regarding national and regional laws relating to this Resolution. These Reports were reviewed by the Reporter General of AIPPI and distilled into a Summary Report. (See below links.) These Reports indicate a broad consensus that at least some harmonisation is desirable. This consensus is consistent with the work done and ongoing by UNCITRAL for the harmonization of laws for secured transactions.

- 6) At the AIPPI World Congress in Milan in September 2016, the subject matter of this Resolution was further discussed within a dedicated Study Committee and again in a full Plenary Session, which led to the adoption of the present Resolution by the Executive Committee of AIPPI.

**AIPPI resolves that:**

***Availability, registration, creation and effect of security interest in IPRs***

- 1) Security interests in IPRs should be available and capable of registration. The security interests should be enforceable against third parties by registration in a register of the jurisdiction in which the IPR is registered, whether it is a national, regional, or multinational register.
- 2) All relevant types of security interests should preferably be available. As a minimum standard, security interests not requiring assignment of ownership, such as pledges, and security interests by full assignment of ownership, should be available.
- 3) General provisions relating to security interests should apply to IPRs. Specific provisions should deal with particular issues to take into account the particular nature of the IPRs when necessary.

***Choice of law and freedom of contract***

- 4) While recognizing the importance of harmonization according to paragraphs 1) and 2) above, the availability, registration, creation and effect of security interests in IPRs should be governed by the law designated by the jurisdiction in which the IPR is registered. The contractual rights and obligations between the security provider and the security taker should be governed by the law designated according to the applicable choice of law principles.
- 5) There should be freedom of contract for the security provider and the security taker to agree on their respective rights and obligations in relation to the security interest and the underlying IPR, for example in relation to the issues noted in paragraph 6) below. However, such contractual agreement should not override any mandatory provisions of, or designated by, the jurisdiction in which the IPR is registered in relation to the availability, registration, creation and effect of security interests in IPRs.

***Rights and obligations of the security provider and the security taker in the absence of a contractual provision to the contrary***

- 6) In the absence of a contractual provision to the contrary between the security provider and the security taker, at least the following principles should apply:
  - a) The security provider, or the assignee in the case where the security interest is by full assignment of ownership, should be responsible for the maintenance and defence of the underlying IPR.

- b) Except for when the security interest is by full assignment of ownership, the security provider should be entitled to assign the underlying IPR encumbered by the security interest, provided the IPR remains encumbered in favour of the security taker. The security taker should be notified by the security provider and the assignment should be recorded in the register in which the IPR is registered.
- c) The security taker should be entitled to seek to prevent the lapse or revocation of the underlying IPR. To that end, the security taker should be notified of the pending lapse or revocation, and the security taker should be entitled to pay renewal fees and to intervene in the revocation proceedings.
- d) Subject to sub-paragraph 6) c) above, the security provider should not be limited in their use of the underlying IPR. Nevertheless, the security provider is under a general obligation not to jeopardise the enforcement of the IPR.
- e) Prior to any event of default, the security taker should not have standing to sue for infringement of the underlying IPR, including suits for damages, injunctions or licence fees, except where the security interest is by full assignment of ownership.
- f) Prior to any event of default, the security taker should not have the right to a share of damages or licence fees received by the security provider in relation to the underlying IPR.

### ***Further studies***

- 7) It is recommended that further studies be undertaken on the rights and obligations of the security provider, security taker, assignor, assignee and third parties after the event of a default relating to security interests in IPRs. It is also recommended that further studies be undertaken on security rights in unregistered intellectual property rights.

### **Links:**

- Study Guidelines  
<http://aippi.org/wp-content/uploads/2015/12/2016-Study-Guidelines-Security-interests-over-intellectual-property.pdf>
- Summary Report  
[http://aippi.org/wp-content/uploads/2016/08/2016\\_Summary\\_Report\\_General\\_1\\_FINAL\\_100816.pdf](http://aippi.org/wp-content/uploads/2016/08/2016_Summary_Report_General_1_FINAL_100816.pdf)
- Reports of National and Regional Groups and Independent Members  
<http://aippi.org/committee/security-interests-over-intellectual-property/>