

**COLLOQUIUM ON SECURITY INTERESTS
IN INTELLECTUAL PROPERTY**
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SECURITY RIGHTS IN TRADE-MARKS / CONFLICT-OF-LAWS

What are (or should be) the conflict-of-laws rules applicable to a security right
in encumbered assets consisting of trade-marks?

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This outline uses the terminology proposed by the Uncitral Draft Legislation Guide on Secured Transactions (A/CN.9/WG. VI/WP.29). For instance, the guide terms uses the terms “security right”, “encumbered assets” and “effectiveness against third parties”, instead of “security interest”, “collateral” and “perfection”, respectively.

1. Purpose of conflict-of-laws rules:
 - Conflict-of-laws rules in relation to security rights determine the State (or territorial unit) whose domestic laws will apply to issues such as the creation, effectiveness against third parties, priority and enforcement of a security right;
 - If a dispute arises in a State, one must first look at the conflict rules of that State to ascertain whether the issue which is the subject matter of the dispute will be resolved under the laws of that State or of another State.

2. Distinction between a trade-mark and the goods and services in respect of which the trade-mark is used, or between a trade-mark and the revenues generated from a license of the trade-mark:
 - A security right over goods to which a trade-mark is associated does not by itself extend to the mark;
 - The law governing a security right in a trade-mark is not necessarily the same as that applicable to a security right in the related goods or services, or in the revenues generated from a license of the trade-mark;
 - Trade-marks are intangible property while the related assets could be either tangible or intangible and be subject to different conflict rules depending on their type;
 - The analysis of the conflict rules for security rights in a trade-mark should focus on its intellectual property nature and therefore is distinct from the analysis of the conflict rules for the related assets.

3. Diversity of existing conflict rules among States on security rights generally:
 - Most States do not have one single conflict rule for all issues applicable to security rights generally (creation, effectiveness against third parties, priority and enforcement);
 - Absence of uniformity as to the conflict rules applicable to security rights in intangible property generally (e.g. law of the location of the grantor, law of the location of the asset or law governing the source or origin of the asset).
4. Diversity of existing conflict rules among States on security rights in trade-marks:
 - Territorial approach: the law of the State in which a trade-mark is exploited or protected governs all or most of the relevant issues;
 - Location of the grantor approach: the law of the State in which the grantor is located (e.g. statutory seat, chief executive office or habitual residence) governs all or most of the relevant issues.
5. Policy considerations for the choice of the best conflict rules for security rights in trade-marks:
 - Benefits of using the same law as that applicable to a security right in the assets to which the trade-mark is associated;
 - Benefits of using the same law as that applicable to transfers not made for security purposes;
 - Benefits of using the same law as that applicable to security rights in intangible property generally;
 - Benefits of using the same law as that applicable to security rights in other categories of intellectual property such as patents and copyrights;
 - Benefits of using the same law as that applicable to the registration or protection of the trade-mark (a variation of the *lex situs* rule in most States);
 - Benefits of using the territorial approach to ensure consistency where a security right has been granted by the original owner of a mark and a security right has also been granted by a licensee who has acquired an interest in the mark; and
 - Benefits of using the same law for all issues that affect third parties (third party effectiveness, priorities and enforcement).

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