

ILLUSTRATIVE LIST OF ISSUES FOR DRAFT GUIDE

The following lists certain issues raised by IP professionals regarding areas in the draft UNCITRAL Legislative Guide that should be considered for IP. This list is not exhaustive but merely illustrative of areas in the draft Guide that need clarification for IP assets.

1. Article 3(a) &(d) (and implementing provisions): Clarify that standard IP assignments and licenses are not "**retention of title**" devices that become "security rights" (absent express intent). E.g. any license of IP, or a copyright assignment with right to cancel for non-payment of royalties, is not per se a "security right."

2. Article 3(p) (and implementing provisions): Clarify that IP licenses with contractual performance terms are not "**receivables**" and will be treated in accordance with normal IP rules.

3. Article 3(ii) (and implementing provisions): Amend the **definition of "intellectual property right"** to be consistent with established IP treaties and laws, e.g. TRIPS. Such definition should extend to assignments, exclusive licenses and non-exclusive licenses; it should also include IP royalties, rights of remuneration and compulsory license fees to ensure that the priority systems for dealing with all types of IP interest are consistent.

4. Article 3(ww): Amend "**licensee in the ordinary course**" to exclude IP. This hurts IP owners and lenders since (a) the licensees will get apparently valid licenses, free of a lender's security right; and (b) as a result of this, it will impair the lender's remedies against the IP collateral, making them less likely to provide capital for IP transactions.

5. **Future assignments**: Recommendation 22(a) allowing omnibus future assignments should be clarified that such assignments are subject to standard owner protections in IP law.

6. **Anti-assignment provisions**: Recommendations 23(a) and 24(a) are hard to interpret in the context of standard IP practices. Recommendation 23(a) should be reconsidered in light of contrary policies for IP. (Recommendation 6 is not sufficient for this purpose). Recommendation 24(a) should be clarified that an authorized assignment of royalties does not ipso facto transfer IP rights, it only applies to money. A licence obligation restricting or prohibiting assignment of performance must continue to be valid.

7. Sections VI & VII: We agree that a **single registry** is desirable for all parties. However to preserve IP rights and to search by assets, we need to consider how to achieve this. Due to the practical issues of searching and priority, both security rights and ownership transfers of IP should be filed in specific IP filing systems where they exist (e.g. Patent Law Treaty, CTM regulation). Further study is needed on the Guide proposals as they relate to IP, along with possible piracy impacts. It also is necessary to study what benefit there is in filing security rights in systems that do not use registries (e.g. German copyright) in light of costs involved.

8. Recommendation 143: Clarify that **where a lender enforces its security right in goods that embody IP**, lender must comply with all license terms before exhaustion; after exhaustion, lender may dispose of goods but only to the extent of the rights exhausted. Clarify that the Guide expressly takes no position on international exhaustion.

9. Recommendation 197: **Law of location of Grantor applies**. This approach is overly simplistic for intellectual property licensing structures due, for example, to numerous competing creditors in the chain of title and multiple owners in different countries, making it difficult to identify the "location" of a debtor. Utilize existing IP priority rules (which have already addressed these issues).

10. Clarify that a **security right over goods that embody IP does not create a security right over the IP and vice versa** (e.g. mixed collateral transactions such as computer with operating system or I-PHONE).