ISSN 2409-9066. Sci. innov., 2019, 15(3), 62—75 https://doi.org/10.15407/scine15.03.062

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# AGREEMENTS ON ADMINISTRATION OF TITLES TO KNOWHOW

***Introduction.*** *Knowhow is confidential information in the field of intellectual property, which, in particular, implies the specific features of administering intellectual property rights for this object. The theory assumes that there is one legal mechanism to administer intellectual property rights to knowhow that is knowhow transfer agreement, but, at the same time, the transfer of the title to knowhow is understood as granting the right to use it. As a result, practically it is difficult to understand what agreement is to be used to alienate the right to knowhow and to grant the right to use it.*

***Problem Statement.*** *The applicable national intellectual property legislation has not been harmonized. The terms and definitions used in the general and the special legislation for contractual mechanisms of administering intellectual property rights are different, which causes their dual understanding and misunderstanding of the main purpose of agreements on administration of intellectual property rights, which is the administration of the very property rights of intellectual property, not by the objects of intellectual property rights. Accordingly, the choice of contractual mechanism for administering the rights to knowhow is problematic, taking into account the specific nature of the subject of the research associated with its confidentiality.*

***Purpose.*** *To identify possible contractual mechanisms for administering property rights to knowhow.*

***Materials and methods.*** *The methodological framework of the research is based on the following methods of scholarly knowledge: the general philosophical (in particular, dialectical), the general scholarly (namely, formal logical, structural, comparative and others), and on the special methods of scholarly knowledge used in legal science (for example, comparative, formal and legal, special, etc.).*

***Results.*** *A comparative legal analysis of civil law contracts, including agreements on the administration of intellectual property rights in terms of the possibility of their use in order to grant for use and to alienate title to knowhow has been done.*

***Conclusions.*** *The administration of intellectual property rights to knowhow can be done using all existing contractual mechanisms specified for objects of intellectual property rights in the Civil Code of Ukraine. However, since the freedom of agreement is one of the fundamental principles of the civil law, the separate introduction of knowhow transfer agreement may exist, but in the subject of this agreement it is necessary to clearly identify which exactly rights are granted under this agreement either the right of use or the right of alienation. When concluding agreements on the administration of property rights to knowhow, it is necessary to take into consideration the confidential nature of knowhow.*

*Keywords: knowhow, confidential information, knowhow agreements, knowhow license, knowhow license agreement, and knowhow transfer agreement.*

Knowhow as a special object of intellectual property rights is characterized by the specific rules of disposal of rights to it, primarily because of its confidentiality. In the theory of law, there is an assertion that there is only one contractual way to dispose of the rights to knowhow — knowhow transfer agreement, but, at the same time, the transfer of right to knowhow is deemed granting the right of its use. However, in our opinion, the very term "transfer of rights" gives rise to the idea that the rights to know how are alienated in favor of third parties instead of being granted for

use. The problem is very relevant, insofar as knowhow as confidential information in the field of intellectual property and, accordingly, the specifics of contractual mechanisms for disposing of the property rights for the specified object of research have not been studied well enough. The problem is complicated by the fact that the general and special legislative frameworks of Ukraine in the field of intellectual property have not been harmonized with each other, and the terms used in them to denote contractual mechanisms for disposing of intellectual property rights are different. In particular, the Civil Code of Ukraine of January 16, 2003 (hereinafter referred to as the CCU) applies the term "transfer of exclusive intellectual property rights" to the alienation of exclusive property rights, while "license agreement" and "license to use" are used with regard to granting the right of use of the object of intellectual property rights [1]. In the special legislation, the terms "transfer of the right of use", "license for use" are deemed the use of the object of intellectual property rights, whereas "transfer (conveyance) of property rights", "transfer of ownership" denote the conveyance of the title to an object. This leads to a dual understanding of the above terms and misunderstanding of the main purpose of agreements for the disposal of intellectual property rights, which is to dispose of property rights instead of the very objects of intellectual property rights. As a consequence, in practice, it is difficult to understand what right is given under the agreement — the right of use or the to convey. In addition, the wording "knowhow transfer agreement" may be misinterpreted as a mechanism for the transfer of very knowhow instead of title to it.

This problem has not been properly described in the literature. The issues related to disposal of proprietary rights to objects of intellectual property rights have been studied, in particular, by V.S. Dmytryshyn, O.V. Zhylinkova, L.A. Meniailo, B.M. Paduchak, O.O. Ruzakova; knowhow transfer agreements have been analyzed by T.I. Begova, L.G. Blinova, A.G. Diduk, Yu.M. Kapitsa, A.A. Chobot, and others. However, the existence of other contractual forms of disposal of knowhow rights, in addition to the knowhow transfer agreements, needs to be further studied.

The purpose of this research is to find out the possible contractual mechanisms for disposing of proprietary rights to knowhow.

The methodological framework for the research is a set of scientific knowledge methods, including the general philosophical (in particular, dialectical), the general scientific (formal and logical, systematic structural, systematic comparative and some others), and the special methods of scientific knowledge used in legal science (for example, comparative, formal, special, etc.) and other groups of methods.

The agreement is a substance to give rise to civil rights and obligations, including those related to intellectual property objects. First of all, it should be noted that in the Civil Code of Ukraine, there is a separate section, Chapter 75 *Disposal of Intellectual Property Rights*. That is, for intangible creative results of intellectual work, the legislator allocates separate contractual mechanisms for granting the title to use these results, for transferring (conveying) exclusive property rights, as well as for creating such intellectual results upon request and for using them, etc. This is explained by the intangible nature of intellectual property right objects, the creative nature of intellectual work, the possibility of simultaneous use of the same object by many persons, as well as the peculiarities of the subjects i.e. the authors of the results of intellectual, creative work. It should be pointed out that the disposal of titles to objects of intellectual property rights implies the disposal of the property rights of intellectual property, not the very intellectual property objects, since in accordance with Part 1 of Art. 419 of the Civil Code of Ukraine, the intellectual property right and the ownership of a thing do not depend on each other, and the transfer of the right to an object of intellectual property right does not mean the transfer of ownership of a thing (Part 2 of Art. 419 of the Civil Code of Ukraine), as well as and the transfer of

ownership of a thing does not mean the transfer of the right to the object of intellectual property rights (Part 3 of Art. 419 of the Civil Code of Ukraine) [1]. The very objects having been embodied in an objectively expressed form, acquired the features of the substantive law, and been put into civil circulation, can be leased, sold under a purchase/sale contract etc., but agreements on the disposal of title to intellectual property rights concern only the titles to intellectual property right objects. Therefore, in our opinion, the legislator mistakenly uses the wording while stating that the license agreement provides a permit for using an object of intellectual property right (Part 1 of Art. 1109 of the Civil Code of Ukraine), whereas, in fact, the the right of use of the intellectual property right object is granted.

Reference to license as one of agreements regulating the disposal of intellectual property rights in Art. 1107 and Art. 1108 of the Civil Code of Ukraine is debatable. The license is a unilateral transaction, not an agreement. This is explained as follows. In accordance with Part 1 of Art. 626 of the Civil Code of Ukraine, the agreement is made between two or more parties and aims at establishing, changing or terminating civil rights and obligations. The license is a unilateral will expression of a person. There is a term "unilateral agreement", however, according to Part 2 of Art. 626 of the Civil Code of Ukraine, the agreement is unilateral if one party undertakes to the other party to perform or to refrain from certain actions, and the latter has only the right to claim, without a reciprocal undertaking with respect to the counterparty, while license is a written authorization to use an object of intellectual property rights in a certain limited area, which is granted by a person who has the exclusive right to authorize such a use to another person (Part 1 of Art. 1108 of the Civil Code of Ukraine). License is a unilateral transaction, not an agreement. The term "transaction" is wider than "agreement". This is confirmed by Part 2 of Art. 11 of the Civil Code of Ukraine, which states that the substances for civil rights and obligations are, in particular, agreements, contracts, and other transactions. Each agreement is a transaction, but not every transaction is an agreement. Transaction is the action of a person, which aims at acquiring, changing or terminating civil rights and obligations (Part 1 of Art. 202 of the Civil Code of Ukraine). There are unilateral, bilateral, and multilateral transactions. The last two transactions are agreements (contracts). Unilateral transaction is not an agreement. In accordance with Part 3 of Art. 202 of the Civil Code of Ukraine, unilateral transaction is the action of one party who may be represented by one or more persons. Unilateral transaction may create obligations only for the person who commits it and for other persons only in cases established by the law or by agreement between these persons [1].

In addition to license, the legislator distinguishes license agreement. Part 2 of Art. 1108 of the Civil Code of Ukraine states that license for the use of intellectual property object may be a separate document or a part of license agreement.

B.M. Paduchak points out that license agreement is purposed for not only the conveyance of the title to intellectual property for using the object of intellectual property rights, but also for the transfer of information about the object of intellectual property rights. The author specifies that the licensor is obliged to transfer the necessary documentation to the other party or a copy of the intellectual property object embodied in the tangible carrier or, in addition to the technical specifications, a product specimen made using the object of intellectual property right as a component of technology in order to ensure the real exercise by the licensee of its rights [2, 72—73]. The author substantiates his position applying the norms of special legislation and using the term "transfer of the title to intellectual property for using the object of intellectual property rights". According to the CCU, under the license agreement, rights are granted, not conveyed. It is necessary to distinguish the words "to transfer" and "to grant". According to the dictionary, "to transfer" means as follows: 1. to give, to submit,

to hand over to someone what is held in hands or taken into hand; 2. to tell someone about something heard, seen; 3. to distribute to someone qualities, signs, etc.; 4. to teach someone using acquired knowledge, skills; 5. to embody, depict, reproduce in an artistic image; 6. to express something; 7. to depict, reproduce, etc. someone, something, through imitating or copying its characteristic features, signs, movements; 8. to cause something similar to one's mood, feeling, to admire someone else [3, 317—318]. "To grant" means as follows: 1. to give (a right, power, property, etc.) formally or legally to; 2. to add some quality, property, etc.; 3. to agree to give or allow (something requested) to; 4. to agree or admit to (someone) that (something) is true [3, 259—260]. Therefore, in the light of the foregoing, "to transfer" means giving away, while "to grant" means giving the opportunity to use. Therefore, in our opinion, the norms of the CCU are formulated more precisely than the those of the special legislation.

Licenses are classified by many features. In particular, V.S. Dmytryshyn distinguishes the patent licenses, the trademark licenses, the licenses for integrated circuit topography, the licenses for products of breeding, the licenses for the use of intellectual property right objects, and the licenses for knowhow (commercial secrets) [4, 48—49]. The author of this research shares the opinion of Dmytryshyn regarding the existence of knowhow licenses, but do not agree with the identity of knowhow and commercial secret, since these objects differ in terms of entities who can dispose of property rights for this object. Commercial secret applies exclusively to business entities. Knowhow is a separate, full-fledged object of intellectual property rights. At the same time, knowhow can be a component of commercial secret. Not every commercial secret may be the object of intellectual property rights, while knowhow is always the object of intellectual property rights.

In terms of the scope of rights, there are exclusive, nonexclusive, and sole licenses. In accordance with Part 3 of Art. 1108 of the Civil Code of Ukraine: exclusive license means that no person or company other than the named licensee can exploit the relevant intellectual property rights within the scope of the license. Importantly, the licensor is also excluded from exploiting the intellectual property rights; nonexclusive license grants to the licensee the right to use the intellectual property, but means that the licensor remains free to exploit the same intellectual property and to allow any number of other licensees to also exploit the same intellectual property [1]. In practice, there are cases of combination of exclusive and nonexclusive licenses, in particular, if the licensor grantes to the licensee an exclusive right to the manufacture of products and a nonexclusive right to sell these products [5, 355]. Theoretically, there is also full license as a kind of exclusive license agreement. According to the authors of the Scientific and Practical Comment on Book 4 of the Civil Code of Ukraine (hereinafter referred to as the Comment to the 4$^{th}$ Book of the CCU), the difference between this agreement and the transfer (conveyance) of title to the object of intellectual property rights is the fact that the subject of intellectual property right has a formal title to intellectual property right object for the term of the full license agreement, after which the licensor reclaims the whole package of intellectual property rights with respect to respective intellectual property right object [5, 355]. If full license is granted for the entire duration of the protection of intellectual property rights object, from the economic standpoint, this license is considered equivalent to the transfer of exclusive property rights to this object, with the difference that a breach of the license agreement may lead to its dissolution [5, 355]. There is no legal protection of knowhow, therefore the full license for knowhow is made for the term specified in the agreement, with the possibility of its extension and termination in accordance with the conditions specified in the agreement. As regards knowhow, granting a nonexclusive license is debatable, since in the case of unlimited disclosure of confidential information, it is difficult for third

parties to control the compliance with all confidentiality requirements by all licensees and sublicensees.

B.M. Paduchak classifies licensing agreements, depending on the stage of arrangements between the parties, into the principal and the option (prelicense) agreements. The author points out that "under the terms of the option agreement, the licensor transfers, for example, product specimens and the right of their exclusive use for a certain, usually, short-term period of time." It is also specified that if the licensee does not wish to make the principal license agreement, after the expiration of the option agreement, the specimens shall be returned to the licensor, with the nature of payments under the option agreement being similar to the nature of payments under the principal contract [2, 68]. In our opinion, making an option agreement for knowhow is associated with risks if a potential licensee does not enter into a principal license agreement, since the licensee gets access to confidential information on knowhow and acquires skills and knowledge for the implementation of knowhow. Therefore, it is necessary to make an agreement on nondisclosure of such information in the future, i.e. a confidentiality agreement, even if a principal license agreement is not made. Under the confidentiality agreement, a person who has been acquainted with the knowhow undertakes not to disclose this confidential information, even if the term of the license agreement has expired. If the parties further make a license agreement, the confidentiality paragraph may be included directly in the license agreement.

In terms of the type of protection, there are patent, nonpatent and hybrid licenses. Patent license grants the right to use the results of intellectual, creative work patented. According to V.S. Dmytryshyn, the patent license applies to industrial property objects protected by respective intellectual property rights (IPR) protection document (patent or certificate) [4, 52]. Currently, only patent protection is issued to patent objects in Ukraine, although the replacement of patent with industrial design certificate has been intensively discussed in order to harmonize national law with the EU legislation. It is evident from the name of the specified license that knowhow cannot be granted for use thereunder. As V.S. Dmytryshyn put it, "nonpatent license is license agreement that include agreements for nonpatentable objects under the law, or industrial property agreements for which patent applications have not yet been filed or have been already submitted, but patents have not yet been issued [4, 53]. Often authors, while registering their intellectual, creative works in the form of inventions and utility models, partially disclose the content of the results, with confidential information remaining in secrecy, which does not preclude formulating a formula of invention or utility model in a proper manner and enables obtaining an IPR protection document. This undisclosed confidential information is knowhow. In this case, patent holders may give permit to use their result based on a hybrid license. According to B.M. Paduchak, hybrid license is a hybrid agreement with elements of the patent license agreement and the transfer of knowhow [2, 69]. Hence, knowhow can be granted for the use under a hybrid or a nonpatent license.

In terms of method of granting licenses, there are mandatory, open, compulsory, package and cross licenses. Mandatory license is given to grant the right of use of the intellectual property rights object if the holder of later issued IPR protection document cannot use its object (which is made for other purposes or has technical and economic advantages) without the use of previously issued IPR protection document of another right holder. In our opinion, this kind of license is not typical for knowhow because its confidential character.

In connection with the absence of IPR protection document, which is not typical for knowhow, there is also an open license implying that the holder of IPR protection document files an application to the Ministry of Economic Development and Trade of Ukraine in which it gives consent to grant permit to any person for the use

of the protected object of intellectual property rights, with a subsequent 50% reduction in annual fees for the maintenance of patents starting with the year following the publication of the application.

Compulsory license is also not applicable to knowhow, since information on knowhow is not well-known. Therefore, as a rule, neither in administrative procedure nor in the court one can force the author to transfer the right to his/her result, insofar as neither the very result nor usefulness to society is known for sure. If information constituting the knowhow is classified information, it is not a knowhow any longer, since national security information does not belong to confidential information.

According to V.S. Dmytryshyn and the authors of the Comment to Book 4 of the Civil Code of Ukraine, package license covers a package of new and obsolete technologies in order to increase the cost of the license, which does not exclude the possibility of transferring the right to use several relevant intellectual property rights related to each other [4, 55; 5, 358]. In our opinion, a package license can also be used with respect to title to knowhow, as it can apply to technologies that combine inventions or utility models with knowhow.

Cross license implies a mutual grant of rights of use of license objects, which gives mutual advantages to parties. Such license objects include title to knowhow. The parties must guarantee each other the disclosure of knowhow and, accordingly, keep it confidential.

In terms of economic content, B.M. Paduchak distinguishes paid and free license agreements. Cross licenses are referred to free licenses. Paid licenses are differentiated according to the type of license fees, the most common of which are royalty (paid at a fixed interest rate by the licensee on the terms as agreed by the parties); lump sums (single payment for the right of use) are less common. B.M. Paduchak notes that the parties may agree on the continuation of relations, if the principal license agreement expires, within the framework of free exchange of R&D knowledge and experience, and such relations are regulated by cross licenses that are free [2, 68].

The license agreement is distinguished from other civil-law contracts used in the substantive law. Often, license agreement is compared with agreements for the transfer of property for use, in particular, with lease, rent, or loan agreements. However, the subject of these agreements are the objects of the substantive law, while the license agreement is made for intangible objects. The author of this research shares the opinion of B.M. Paduchak, that the subject of lease agreements is not the right, but things, property. The author also states that even if the subject of lease agreement is a right, it cannot be, at the same time, the subject of an agreement, which is transferred to different persons independently of each other [2, 75], and notes that license agreement shall be distinguished from contract for R&D works, the subject of which is R&D result that shall be achieved by the contractor while performing these works, and the subject of license agreement is property rights to specific technical or other innovations as constituents of technology, which are held by the licensor and are provided to the licensee for the use under certain conditions [2, 75—76]. It is not expedient to compare license agreement with purchase/sale contract, since the license agreement provides intellectual property rights for the temporary use of the object of intellectual property rights, whereas under the purchase/sale contract the objects of the substantive law are conveyed once for all.

In international practice, there is term “license to use knowhow”. For example, paragraph 22 of the Legal Guide on International Countertrade Transactions (UN Economic Commission for Europe, 1990)) covers, in particular, the grant of a license for the use of patent rights and/or knowhow, as well as the provision of technical assistance in the manufacture of products [6].

In this way, the author of this research admits the grant of intellectual property rights to use knowhow under a license agreement.

According to Art. 1113 of the Civil Code of Ukraine, under an agreement on the transfer of exclusive intellectual property rights, one party, that is, a person who has exclusive intellectual property rights, transfers part or all of these rights to the other party in accordance with the law and under the conditions specified in the agreement. In our opinion, knowhow, like all other objects of intellectual property rights, is the object of exclusive rights. Let us find out whether it is possible to convey the intellectual property rights to knowhow, and if so, to what extent, wholly or partially. In her research O.A. Ruzakova points out that according to Art. 1468 of the Civil Code, under the agreement on the conveyance of exclusive right to the trade/production secret, the exclusive right is transferred in full [7, 64]. It should be noted that in this case, the trade/production secret is considered equivalent to knowhow. In the opinion of V.S. Dmytryshyn, the objects of patent law are transferred in full, inasmuch as no division of rights to these objects is allowed [4, 37]. The author explains this by the existence of a patent protection document that makes impossible holding it at the same time by several persons who are not coauthors. The division of rights to copyright objects is allowed, that is, both full and partial conveyance of property rights is possible. In terms of rights to knowhow, in our opinion, they can be conveyed wholly or partially. If part of the property rights to knowhow is transferred, then its holder loses the opportunity to dispose of the transferred part of the rights. For example, the author may transfer the right of use of knowhow in a particular territory, while retaining the right to exploit it in other countries. Unlike the license agreement, under the agreement on the conveyance of intellectual property rights to knowhow, the property rights are conveyed once for all irrevokably.

In the literature, there is a term "agreement on the transfer of knowhow", but as mentioned above, this agreement means the provision of the right of use of knowhow. There is the opinion that, having become acquainted with knowhow, man keeps information on it in his/her mind forever. Therefore, in this case, it is referred to as transfer (conveyance) of knowhow. In our opinion, whatever object of intellectual property rights is — an invention, utility model, or knowhow — information about these objects is kept in human mind one for all upon familiarization with it. However, there are confidentiality agreements that oblige those people not to disclose the information they receive, even if they, for some reason, refuse to enter into contractual relations with respect to knowhow. Therefore, in our opinion, the right to knowhow can be applied as an agreement on the conveyance of property rights to knowhow and as a license agreement on the right of use of knowhow. According to T.I. Begova, the content of the license agreement may be limited only to the grant of permit to use the object of intellectual property rights, whereas for the agreement on the transfer of knowhow, actions to transfer the information that is the content of the knowhow are required [8, 95]. Also, having compared the agreement on the transfer of knowhow with the license agreement, T.I. Begova concludes that they differ in the object of agreement, the content, the peculiarities of their validity, as well as in the legal consequences of their termination and invalidation [8, 93—97]. She specifies that the object of the agreement on the transfer of knowhow is knowhow, since the very permit to use knowhow as information is not enough, it is necessary to actually transfer the knowhow [8, 94]. It is also indicated that the license agreement applies only to the transfer of patented objects that cannot be confidential information, while the confidential information is transferred under the agreement on the transfer of knowhow [8, 94], which the author of this research does not agree with. Interesting is her opinion on the differences between these agreements in terms of the legal consequences of their termination and invalidation: she points out that under the agreement on the transfer of knowhow it is objectively impossible to return the information that is the essence of knowhow

[8, 97]. According to Begova, practically, the license agreement is used for the transfer of knowhow, when the knowhow is a way of using the invention, that is, an integral part of the license or when the knowhow is included in the supply of equipment and materials under the principal agreement. In this case, the knowhow is transferred either by making a separate agreement or by including special conditions for the transfer of knowhow in the license agreement. Such agreements are considered hybrid ones by the author [8, 94]. According to A.A. Chobot, agreement on the transfer of knowhow is a hybrid contract, since it combines elements of other agreements and is, at the same time, the basis for a fundamentally new obligation to transfer knowhow, and therefore, according to the author, the agreement on the transfer of knowhow holds a special place in the system of existing agreements and contracts [9, 141—142]. T.I. Begova also believes, contract on the transfer of knowhow is an independent agreement and indicates the expediency of knowhow transfer in the two phases: 1) making an agreement on the disclosure of knowhow; 2) making an agreement on the transfer of knowhow [8, 96—97]. The authors of yet another research state that the transfer of knowhow in international practice is considered to be granting a license (exclusive, nonexclusive) for the use of knowhow, or, in limited cases, transferring exclusive property rights to knowhow [10, 75].

In research [5, 388], agreement on the transfer of exclusive property rights to knowhow is compared with agreements on the transfer of title to property (purchase/sale contract, deed of gift, etc.). However, like in the case of agreements for the transfer of property for use, they aim at the transfer of objects of property rights and do not apply to objects of exclusive right. In the Comment to Book 4 of the Civil Code of Ukraine it is indicated that in contrast to the objects of the substantive law, the specifics of the objects of intellectual property rights lie in the fact that the object of civil turnover is not the object itself, but intellectual property right to it, which is explained by the simultaneous use of the results of intellectual, creative work by several individuals [5, 389—390].

The issue of creating knowhow under agreement for the creation and use of an object of intellectual property rights is debatable. In our opinion, in this case, firstly, the author of the knowhow can act as customer, if the contractor implements the knowhow; secondly, the author may be the contractor if he/she independently designs and creates knowhow. At the same time, if the author is sure that his result is practicable and immediately from the creation, he takes the necessary measures regarding the confidentiality of knowhow, it can be assumed that in this case the rights to knowhow arise from the creation of the result, i.e. the knowhow is a targeted result. According to Art. 1112 of the Civil Code of Ukraine, under the agreement for the creation and use of an object of intellectual property rights, one party (the contractor) undertakes to create an object of intellectual property rights in compliance with the requirements of the other party (the customer) within the established term, and pursuant to Part 1 of Art. 430 of the CCU, personal non-proprietary rights to the bespoke object shall belong to the author of the object unless otherwise is provided by the law, when some personal non-proprietary rights to such an object can belong to the customer, while the title to the object is jointly held by the author and the customer, unless otherwise is established by the agreement (Part 2 of Art. 430 of CCU).

The author of this research cannot fully agree with the opinion of T.I. Begova, who considers that it is incorrect to raise the question of creation of knowhow upon request, since it is possible to create a patentable product like an invention, etc., and the created object are not automatically referred to as knowhow without the respective deeds of stakeholders [8, 47]. Firstly, knowhow can arise if knowhow is purposefully created upon request and appropriate measures are taken in parallel to ensure the confidentiality of information; secondly, in our opinion, her example is

not very successful, since it goes about the creation of result of intellectual and creative work, which is recognized as invention not always, but only if all criteria for its patentability are met. If patent application is rejected, the result may be held as knowhow. It depends on the purpose of the creation — the customer can decide from the very beginning that he does not need a copyright protection document and hold the object as knowhow.

Concerning the intellectual property rights to an object created while implementing an employment contract, Part 1 of Art. 429 of the Civil Code of Ukraine states that personal non-proprietary rights belong to the employee who creates this object, and in the cases specified in the law, certain personal non-proprietary intellectual property rights to such an object may belong to a legal entity or an individual for which or whom an employee works, and the property rights belong jointly to the employee who creates the object and to the corporate entity or the individual for which or whom he works, unless otherwise specified in the agreement. It should be noted that author can be only an individual. In the opinion of T.I. Begova, only the employer can make a decision to extend the knowhow regime for the technical solutions, so it becomes the titleholder of the knowhow created by the employee at the time of making such a decision [8, 47]. Indeed, in this case, the knowhow confidentiality can be secured by the employer only. However, as regards authorship to the knowhow, both the employer who speifies how to make knowhow and the employee who initiates the creation of knowhow can be recognized as authors. If an employee has created a knowhow based on his/her own development, beyond the scope of his/her work contract, and he/she takes measures to protect the object as knowhow, the knowhow cannot be considered a work object.

Agreements for the creation of objects of intellectual property rights are compared with subcontract agreements and contracts for R&D works. However, once again, the subcontracts are made for tangible objects and cannot be applied to the results of creative and intellectual work. Concerning the contracts for R&D works, as the authors of the comments to the CCU [11, 494] put it, "the patentable results created under a contract for R&D works are governed by legislation applicable to the intellectual property rights to the object created upon request, and therefore, the property rights to such an object belong to the counterparties jointly, unless otherwise specified in the contract (Part 2 of Art. 430 of the CCU). In addition, the objects created by the contractor with employees involved are regulated by Art. 429 of CCU. The authors also have concluded that the parties to these agreements should carefully determine the mutual rights and responsibilities for the design and use of copyright and property rights for future patentable results, as well as to harmonize the procedure for the implementation of intellectual property rights with the rights to the results of work [11, 494]. As for knowhow, there are certain reservations. If the customer of such research work is the government, then automatically since transferring such rights, the knowhow ceases to exist, with another type of information access conditions applied.

In Chapter 76 of the Civil Code of Ukraine, there is mentioned commercial concession agreement. As to the legal nature of the agreement, there are different opinions, some experts believe it is a special independent form of the civil law contract [5, 398], while the others state that it is a contract that indirectly intermediates the disposal of property intellectual property rights [12, 131]. According to O.A. Ruzakova, there is also the opinion that the commercial concession agreement is a license agreement or an agreement belonging to a group of obligations aiming at the transfer of civil rights objects for temporary use [7, 88]. It should be noted that, in contrast to the agreements on the disposal of intellectual property rights, the commercial concession agreement is a purely economic contract, and, accordingly, it is subject to all conditions typical for commercial contracts.

Under the commercial concession agreement, in accordance with Part 1 of Art. 1115 of the Civil Code of Ukraine, the one party (the right holder) undertakes to grant to the other party (the user), on a paid basis, the right of use, in accordance with its requirements, of a package of rights belonging to this party for the purpose of manufacturing and/or selling a particular type of goods and/or providing services. The subject of the commercial concession agreement is the right of use of objects of intellectual property rights (trademarks, industrial designs, inventions, pieces of writing, commercial secrets, etc.), commercial experience, and business reputation. The authors of the Comment to Book 4 of the Civil Code of Ukraine have highlighted the essential features of commercial concession agreements, namely: 1) to grant the right of use rather than to transfer the rights; 2) to transfer the right of use for a fee; 3) to transfer of a package of exclusive rights [5, 398—400]. It should be noted that the authors confuse the terms "transfer of rights" and "rights of use", since the first and third signs contradict each other. The authors conclude that "the right of use of the object of intellectual property rights is a package of powers as the only object of the agreement. which aims at the purpose of the agreement" [5, 400]. Interestingly, in most foreign countries, similar relations are governed by a franchise agreement instead of commercial concession agreement. The author of this research shares the position of the authors of the comments to Book 4 of the Civil Code of Ukraine that commercial secret cannot be the subject of commercial concession agreements, since it can exist only within the limits of a specific corporation. Otherwise, the information contained in it is not a commercial secret any longer [5, 403—404]. However, the CCU contains an absolutely opposite statement. In our opinion, knowhow cannot be the subject of commercial concession agreement, even if the knowhow is not part of corporation's commercial secret, and its holder is an economic entity. This is because of the confidential nature of knowhow information. For example, although The Coca-Cola Company makes franchise agreements, it does not disclose commercial secrets and knowhow, which allows it to have been keeping the recipe of the legendary beverage in secret till nowadays.

Another contract form that intermediates the disposal of property rights to objects of intellectual property rights are technology transfer agreement. According to Art. 1 of the Law of Ukraine on the State Regulation of Activities in the Sphere of Technology Transfer of September 14, 2006, technology transfer agreement is a contract made in writing between the party who holds and the party whom all or part of the property rights to technology or its components are transferred to [13]. According to B.M. Paduchak, technology transfer agreements shall be considered in the context of contracts in the field of intellectual property rights. He substantiates his position that technology is the result of intellectual work, a combination of systematized scientific knowledge, technical, organizational, and other decisions [2, 50]. Proceeding from the results of his research, the subject of agreements in the field of technology transfer is technology as a result of intellectual work, a combination of systematized scientific knowledge, technical, organizational, and other decisions on the specifications, time, order, and sequence of operations, manufacture and/or implementation and storage of products or provision of services. He believes that among the objects of agreements in this area there may be R&D and applied results, objects of intellectual property rights, and knowhows [2, 43].

A.G. Diduk does not admit any other contractual forms of disposal of property rights to knowhow, except for knowhow transfer agreement. In particular, she states that the transfer of knowhow is the only legal form that intermediates the transfer of such a specific object as knowhow [14, 80] and believes that knowhow transfer agreement is an independent non-defined contract in the system of civil contracts [14, 81]. Comparing the license agreement with the knowhow transfer agreement, A.G. Diduk concludes that

technical assistance is not obligatory to be provided under the license agreement, and the licensor's position is more passive [14, 83—84]. In her opinion, license agreement is, in fact, an agreement on the use of inventions, utility models, industrial designs, and other objects of intellectual property, except for knowhow [14, 84]. The question arises, which contractual form shall be use to dispose of the rights of use of a registered invention, the essence of which is not fully disclosed in patent application. In this case, if one makes a license agreement to grant the right of use of invention and refuses to provide technical assistance, the rights granted under the license agreement cannot be practically exploited, and this agreement shall be terminated. In practice, it may happen that the invention is described in the application as industrially suitable, but it is impossible to implement it without its author, and even if it is possible, it takes a very long time, if the author in the application specifies a wide range of certain indicators. In this case, it can be assumed that in addition to a license agreement on the grant of invention for use, it is necessary to make a license agreement on the grant of knowhow, in which, on the one hand, the author shall disclose information not specified in the patent application. On the other hand, the licensee undertakes to keep knowhow confidential. However, is it not easier, instead of complicating the contractual procedure, just to add the confidentiality paragraphs to the license agreement?

Having made a comparative legal analysis of civil law contracts, in particular, agreements on the disposal of intellectual property rights, in the national legislation and in the international practice and legal doctrine, one can conclude as follows. According to Art. 3 of the Civil Code of Ukraine, among the general principles of the civil law there is mentioned the freedom of contract, and Part 1 of Art. 6 of the same law states that the parties are allowed to make an agreement that is not specified in acts of the civil law but complies with the general principles of the civil law. Also, Part 2 of Art. 628 of the Civil Code of Ukraine says that the parties are allowed to make an agreement containing elements of various agreements (a hybrid agreement). Accordingly, the relations of the parties in the hybrid agreement shall be regulated by the respective norms of the civil law on the contracts which elements are contained in the hybrid agreement, unless otherwise specified in the agreement or follows from the essence of the hybrid agreement. In our opinion, it is possible to dispose of property rights to knowhow using any contractual form stipulated for the intellectual property rights specified in the CCU and other agreements not specified in the applicable legislation, provided they do not contradict the general principles of the civil law. However, they must contain the confidentiality paragraphs and take into consideration the knowhow specifics in terms of law. The title of agreement does not affect its validity, therefore theoretically there is the possibility of the existence of knowhow transfer agreement that provides the right of use of knowhow, but we have reservations that it is necessary to clearly formulate the wording of the subject of the agreement (the grant of right of use or the conveyance of right). In the case of dual interpretation of “transfer of right”, the use of the term “transfer of right for temporary use” can be arbitrarily assumed to be understandable for perception, but if the subject of the agreement is “the transfer of right to knowhow”, it is unclear what it means — either the conveyance of the right or the grant of right of use. Therefore, it is necessary to clearly define these concepts in order to interpret them in the same way.

Hence, the property rights to knowhow can be exercised using all existing contractual methods specified for objects of intellectual property rights in the Civil Code of Ukraine. At the same time, among the general principles of the civil law there is mentioned the freedom of contract, and the parties are allowed to make an agreement that is not specified in acts of the civil law but complies with the general principles of the civil law. So, separate knowhow transfer agreement can exist, but it is very important to clearly define

what exactly, the grant of right of use or the conveyance (alienation) of right, is provided under this agreement. The agreements on the disposal of property rights to knowhow must contain the confidentiality paragraphs in order to secure the non-disclosure of knowhow. The problem under review is complex and relevant, especially, in today's conditions, at the stage of improvement and development of the national policy of Ukraine in the field of intellectual property, and requires further research.

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**Received 03.09.18**

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ДОГОВОРИ ЩОДО РОЗПОРЯДЖАННЯ
МАЙНОВИМИ ПРАВАМИ НА НОУ-ХАУ

**Вступ.** Ноу-хау є конфіденційною інформацією у сфері інтелектуальної власності, а це зумовлює, зокрема, специфіку розпоряджання майновими правами на зазначений об'єкт. В теорії зазначено позиції, що існує тільки один договірний спосіб щодо розпоряджання правами на ноу-хау — договір про передачу ноу-хау, але, водночас, під передачею права на ноу-хау розуміють надання права на його використання. Як наслідок, на практиці важко зрозуміти, яку договірну конструкцію використовувати щодо відчуження права на ноу-хау та надання права на його використання.

**Проблематика.** Чинне національне законодавство у сфері права інтелектуальної власності не узгоджене, поняття які використовуються в загальному та спеціальному законодавствах, для позначення договірних способів

розпоряджання майновими правами інтелектуальної власності, є різними, що зумовлює їх двояке розуміння та нерозуміння основного призначення договорів щодо розпоряджання майновими правами інтелектуальної власності — розпоряджання майновими правами, а не самими об'єктами права інтелектуальної власності. Відповідно, проблематичним є вибір договірних способів розпоряджання правами щодо ноу-хау, враховуючи, також, специфічний характер об'єкта дослідження, пов'язаний з його конфіденційністю.

**Мета.** З'ясувати можливі договірні способи розпоряджання майновими правами на ноу-хау.

**Матеріали й методи.** Методи наукового пізнання: загальнофілософські (зокрема, діалектичний), загальнонаукові (а саме, формально-логічний, системно-структурний, системно-порівняльний та ін.), спеціальні методи наукового пізнання, що використовуються в юридичній науці (порівняльно-правовий, формально-юридичний, спеціально-правовий тощо).

**Результати.** Здійснено порівняльно-правовий аналіз цивільно-правових договорів, зокрема договорів щодо розпоряджання майновими правами інтелектуальної власності на предмет можливості їх застосування з метою надання у використання та відчуження права на ноу-хау.

**Висновки.** Розпоряджання майновими правами на ноу-хау можна здійснювати за допомогою всіх існуючих договірних способів, визначених для об'єктів права інтелектуальної власності у Цивільному кодексі України. Разом з тим, оскільки свобода договору є однією з фундаментальних засад цивільного законодавства, окреме виділення договору про передачу ноу-хау має право на існування, однак в предметі такого договору необхідно чітко вказати, які саме права передбачені за цим договором — надання у використання чи відчуження. Укладаючи договори щодо розпоряджання майновими правами на ноу-хау потрібно враховувати конфіденційний характер ноу-хау.

*Ключові слова*: ноу-хау, конфіденційна інформація, договори щодо ноу-хау, ліцензія на ноу-хау, ліцензійний договір щодо ноу-хау, договір про передання (відчуження) майнових прав на ноу-хау.

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## ДОГОВОРЫ О РАСПОРЯЖЕНИИ ИМУЩЕСТВЕННЫМИ ПРАВАМИ НА НОУ-ХАУ

**Введение.** Ноу-хау является конфиденциальной информацией в сфере интеллектуальной собственности, а это обусловливает, в частности, специфику распоряжения имущественными правами на указанный объект. В теории существуют позиции, что существует только один договорной способ относительно распоряжения правами на ноу-хау — договор о передаче ноу-хау, но в то же время под передачей права на ноу-хау понимают предоставление права на его использование. Как следствие, на практике трудно понять какую именно договорную конструкцию использовать по отчуждению права на ноу-хау и предоставлению права на его использование.

**Проблематика.** Действующее национальное законодательство в сфере права интеллектуальной собственности не согласовано, понятия которые используются в общем и специальном законодательстве, для обозначения договорных способов распоряжения имущественными правами интеллектуальной собственности, разные, что приводит к их двойственному пониманию и непониманию основного назначения договоров относительно распоряжения имущественными правами интеллектуальной собственности — распоряжения имущественными правами, а не самими объектами права интеллектуальной собственности. Соответственно, проблематичным является выбор договорных способов распоряжения правами на ноу-хау, учитывая также специфический характер объекта исследования, связанный с его конфиденциальностью.

**Цель.** Выяснить возможные договорные способы распоряжения имущественными правами на ноу-хау.

**Материалы и методы.** Методы научного познания: общефилософские (в частности, диалектический), общенаучные (а именно, формально-логический, системно-структурный, системно-сравнительный и др.), специальные методы научного познания, используемые в юридической науке (сравнительно-правовой, формально-юридический, специально-правовой и др.).

**Результаты.** Осуществлен сравнительно-правовой анализ гражданско-правовых договоров, в том числе договоров относительно распоряжения имущественными правами интеллектуальной собственности на предмет возможности их применения с целью предоставления в пользование и отчуждения права на ноу-хау.

**Выводы.** Распоряжение имущественными правами на ноу-хау можно осуществлять с помощью всех существу-

ющих договорных способов, определенных для объектов права интеллектуальной собственности в Гражданском кодексе Украины. Вместе с тем, поскольку свобода договора является одной из фундаментальных основ гражданского законодательства, отдельное выделение договора о передаче ноу-хау имеет право на существование, однако в предмете такого договора необходимо четко указать, какие именно права предусмотрены по этому договору — временное пользование или отчуждение. Заключая договоры о распоряжении имущественными правами на ноу-хау нужно учитывать конфиденциальный характер ноу-хау.

*Ключевые слова*: ноу-хау, конфиденциальная информация, договоры о ноу-хау, лицензия на ноу-хау, лицензионный договор о ноу-хау, договор о передаче (отчуждении) имущественных прав на ноу-хау.