

Navigating the future of IP: Key takeaways

AI and IP – case law and legislative developments

Key takeaways:

Each stage in the generative AI process raises different issues for different IP rights. For example, users should avoid using trade secrets in prompts as there is a risk that the trade secret could become incorporated into the AI's training data and shared with other users. Many legal risks arise when putting generative AI outputs to use, for example, a third party trade mark could appear in an AI-generated image. However, there are many ways in which businesses using generative AI can reduce the risk of infringing third party rights, including not referring to any third party IP in prompts and securing an indemnity covering liability for IP infringements from the generative AI system provider.

The value of data and IP

Key takeaways:

To maximise the value of your data, it is crucial to formulate a trade secret strategy as early as possible. In order for your data to qualify as a trade secret, reasonable steps must be taken to protect it – these can be legal measures (such as non-disclosure agreements and relevant terms in employment contracts), organisational measures (such as limiting access to the trade secret to a small number of employees on a need to know basis) or technological measures (such as locking down computer access to files storing trade secrets).

Businesses should also carefully manage their portfolio of unregistered rights, such as copyright, database rights and unregistered designs, to ensure that there is no value leakage and to allow appropriate enforcement action to be taken promptly if necessary. Osborne Clarke's IP Unlocked product can assist with this task.

In terms of accessing data held by third parties, statutory access rights exist in several sectors and can be enforced if necessary. Usually, access rights come with payment obligations, so business should evaluate carefully the opportunities and costs involved.



Navigating the future of IP: Key takeaways

Trade mark trends 2024: UK and EU case review in the Brexit era

Key takeaways:

Some consistent themes continue to emerge from both UK and EU case law on trade marks over the past year. However, we are beginning to see areas of jurisdictional divergence between the EU and the UK post-Brexit. The UK's Court of Appeal chose to diverge from EU case law on statutory acquiescence this year.

In relation to directors' liability, the UK's Supreme Court confirmed this year that it is a requirement that a director has knowledge of the facts that make an act unlawful in order for them to be held liable for that act. This is a high bar and potentially makes it more difficult to hold directors liable in the UK than in the EU.

Taking Germany as an example in the EU, a director can be found liable for trade mark infringement by their involvement through positive action or omission in breach of their duties. Whilst mere knowledge is not sufficient, there is a rebuttable presumption of liability where decisions are typically reserved for the director and were initiated by them.

In relation to copycat or lookalike products, while there are some differences in the legal routes available in each jurisdiction (for example, passing off in the UK versus unfair competition in many EU states), there are often a number of ways to take action against similar packaging, brands or advertising concepts across the jurisdictions.



Navigating the future of IP: Key takeaways

Current trends and hot topics in AI licensing

Key takeaways:

While there may be a certain amount of overlap of terms and conditions between AI and traditional licensing agreements, certain additional considerations must be provided for in the AI licensing context. This is because there are different risks throughout the lifecycle of an AI system. These mainly concern the individual AI components and may provide some structure for licence agreements. For example, licence terms should cover the AI system itself, the training data, the production or prompt data, the AI output, and the potential evolution of the AI model.

When thinking about the AI system itself, it is important to consider including terms relating IP ownership and rights. For example, it is crucial to think about who owns or will own the AI model, the training data, the production data, the outputs, and any evolutions made to the AI system, and whether any tailored IP infringement or indemnification clauses should be included.

Identifying the input or training data requires thorough due diligence. It is necessary to understand where the AI model's training data has been sourced from and whether there have been any breaches of third parties' IP rights. If any of the training data is sourced from a business' own customers, it is necessary to check whether the data provisions of existing customer contracts allow for this and, if not, ensure that any future contracts maximise the business' freedom to use the data.



Navigating the future of IP: Key takeaways

Lessons from the first 18 months of the UPC

Key takeaways:

In the first 18 months, the UPC has proved to be a popular venue and it has broadly kept to its commitment to provide decisions on the merits within 12 months of filing. Although it is too early to determine whether the court is taking a pro-patentee stance, on the basis of the relatively small number of decisions on the merits so far, there has been a relatively even split between whether patents have been found valid or invalid and whether or not there has been infringement.

The UPC system is an amalgamation of different jurisdictional styles but the influence of German court procedure can be readily seen, which is likely to be a result of the popularity of the German local divisions. However, divergence between local divisions has encouraged forum shopping to a degree, for instance, evidence preservation orders have mainly been issued in civil jurisdictions with a history of these types of orders – for example, Belgium, France and Italy. This underscores the importance of cross-jurisdictional teams when litigating in the court.

With respect to preliminary measures, the UPC has undertaken a thorough examination of the validity and infringement of the patent at the interim stage. However, it does not appear so far to have fully engaged with the balancing of parties' interests, with the Court of Appeal making it clear that irreparable harm is not essential for the grant of a preliminary injunction.



Navigating the future of IP: Key takeaways

The changing landscape for platform liability in the EU and its impact in the UK

Key takeaways:

Despite the Digital Services Act (DSA) and Article 17 of the Digital Copyright Directive not being applicable in the UK, there is still a high level of similarity between the EU and UK positions on platform liability post-Brexit and much of the EU pre-DSA case law is still relevant to the UK position. In both the UK and the EU, there is no general monitoring or fact-finding obligation for intermediary service providers.

However, the DSA does implement a "good Samaritan" clause, which means that intermediary service providers may still be eligible for exemptions from liability (for example, the hosting exemption) where they carry out voluntary own-initiative investigations in good faith or take measures to detect, identify and remove illegal content. In the UK, the Court of Appeal rejected an argument that a platform should similarly not be penalised for carrying out content review rather than just operating a notice and takedown mechanism. The Court of Appeal confirmed that if intermediary service providers carry out a review process then they might not be able to rely on the hosting defence. This marks a point of divergence between the UK and EU approaches.

