

Poland

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Overview

- 1 Are there any restrictions on the establishment of a business entity by a foreign licensor or a joint venture involving a foreign licensor and are there any restrictions against a foreign licensor entering into a licence agreement without establishing a subsidiary or branch office?

Polish law places no restrictions on the establishment of a business entity by a foreign licensor. In Poland there is general commercial freedom, meaning that anyone may establish a business entity and conclude a contract, including a licensing contract. The establishment of a business entity incurs some formalities and costs. For example, to establish a limited liability company, which is the most common form of business entity chosen by Polish and foreign parties, it is necessary to execute the articles of association in notarised form and some statements, and to file them, with properly completed forms, with the Registry Court, which registers a company in a business entities' register. However, a foreign licensor that wants to enter into a licence agreement in Poland need not conduct business here.

Kinds of licences

- 2 Identify the different forms of licence arrangements that exist in your jurisdiction.

Licences may be granted over patents, utility designs, designs, trademarks, copyright, etc. Polish law recognises different types of licence, namely:

- non-exclusive licence – when the grant of a licence to one party shall not prevent other parties from being granted a licence, as well as the intellectual property holder from concurrent exploiting of the subject of the intellectual property (eg: invention, trademark, design);
- exclusive licence – when the grant of a licence to one party shall prevent other parties from being granted a licence, as well as the intellectual property holder from concurrent exploiting of the subject of the intellectual property;
- restricted licence – when in a licence contract restricted exploitation of the subject of the intellectual property is provided for;
- full licence – the licensee shall have the right to exploit the subject of the intellectual property to the same extent as the licensor;
- sub-licence – a licensee may grant a further licence;
- open licence – when a patent (utility model) holder submits to the Patent Office a declaration of licences of the right to exploit the invention; and
- compulsory licence – a licence to exploit an invention (utility model) granted by the Patent Office as a result of dispute proceedings; it is granted rarely, in exceptional situations provided by law.

Law affecting international licensing

- 3 Does legislation directly govern the creation of an international licensing relationship or require registration of the licence with local authorities? Describe any requirements.

There are no special requirements regarding creation of an international licensing relationship. The same rules apply to both national and international licence arrangements.

The licence contract shall be concluded in writing, otherwise it is null and void. In the case of industrial property rights, such as inventions, designs and trademarks, the licence shall, at the request of the interested party, be recorded in the Patent Register. A holder of an exclusive licence recorded in the Register may then, to the same extent as the licensor, enforce his or her claims in the event of infringement, unless the licence contract stipulates otherwise. This does not cover copyrights, which are not subject to registration.

- 4 Are there any pre- or post-grant disclosure or registration requirements with respect to any international licensing rights to be granted in your jurisdiction? Do these requirements still apply if your jurisdiction forms part of a multi-jurisdictional territory in respect of which rights are being granted?

There are no special pre- or post-grant disclosure or registration requirements with respect to any international licensing rights. The Polish laws provide some disclosure and registration possibilities with respect to licences, which shall apply to an international licence if its subject is registered in Poland. Namely, in the case of a licence regarding intellectual property rights being subjected to registration with the Patent Office, at the request of the interested party, it may be re-entered in the Register after it has been concluded. In addition, in the case of trademarks, a licensee may indicate that he or she has been granted a licence for the use of the trademark by adding an indication 'lic.' next to the trademark. At the request of the licensor, the licensee shall be obliged to indicate that he or she uses the trademark under the licence contract by adding the indication 'lic.'

- 5 Are there any statutorily or court-imposed implicit obligations in your jurisdiction that may affect an international licensing relationship, such as good faith or fair dealing obligations or the obligation to act reasonably in the exercise of rights?

The licence contract is a typical contract interpreted in accordance with civil code rules. Taking into consideration that licence contracts are mainly concluded by and between professionals (entrepreneurs), it is assumed that such parties are aware of obligations imposed on them in a contract, if they agreed to them therein. Polish law does not provide for any provisions that are recognised as abusive and consequently prohibited in contracts concluded by and between professionals.

According to the main interpretation rule, in contracts, the unani-

mous intention of parties and purpose of a contract should be interpreted rather than examined based on its literal wording.

- 6** Does the law in your jurisdiction distinguish between licences and franchises? If so, under what circumstances, if any, could franchise law or principles apply to a licence relationship?

Licences and franchises are two different legal institutions under Polish law.

Licence relationships are regulated by law: the Industrial Property Law and Copyrights Law. According to these laws, a licence is a contract regarding subjects of intellectual property rights (eg inventions, trademarks, designs, works) according to which an intellectual property rightsholder authorises a third party to use it on conditions stipulated therein.

Franchise relationships are not regulated by law; however, they are accepted and used in Poland. A franchisor grants a right and imposes an obligation on his or her franchisee to run an activity in accordance with his or her idea (concept). According to a franchise contract, in exchange for financial benefits a franchisee is authorised to use a trade name of a franchisor, its trademarks, know-how, etc. and constant trade and technical assistance of a franchisee. In this sense, a licence relationship is a part thereof.

Intellectual property issues

- 7** Is your jurisdiction party to the Paris Convention for the Protection of Industrial Property? The Patent Cooperation Treaty (PCT)? The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)?

Poland is a party to both conventions. Poland ratified PCT on 25 December 1990, and joined TRIPs in 2000. The Polish regulations regarding intellectual and industrial property rights satisfy the international agreements like TRIPs and PCT.

- 8** Can the licensee be contractually prohibited from contesting the validity of a foreign licensor's intellectual property rights or registrations in your jurisdiction?

Parties may arrange a licence agreement at their discretion in accordance with principle of contractual freedom, however within the bounds of law. Parties of a contract may create the legal relationship at their discretion, on the condition that the contents or the purpose of that contract are not contrary to the nature of the relationship, statutory law and the principles of community life. Therefore, the above-mentioned provision could be provided for in a contract. However, it might be recognised to be invalid in the light of anti-monopoly laws.

- 9** What is the effect of the invalidity or expiry of registration of an intellectual property right on a related licence agreement in your jurisdiction?

In the case of expiry of intellectual property rights, the licence also expires, because there is no subject thereof. It is in accordance with the civil rule 'nemo plus iuris in alium transferre potest quam ipse habet' (you cannot transfer more rights that you have, to benefit of another party). The intellectual property rights are limited in time. For example a patent expires after 20 years, a utility design after 10 years, a design after 25 years and a trademark after 10 years (but a trademark protection right may be renewed for successive 10 years periods). In addition, a holder may waive the above intellectual property rights. The material rights for copyrights expire, in general, 70 years after the death of the author.

This differs in the case of invalidity. The decision on invalidity is effective *ex tunc*. It means that a right has never been valid and it has never existed. Therefore, a licence related to it has never been valid, either.

- 10** Is an original registration or evidence of use in the jurisdiction of origin, or any other requirements unique to foreigners, necessary prior to the registration of intellectual property in your jurisdiction?

Such evidence is not necessary, unless an applicant would like to obtain priority right based on earlier registration in another country. It should be proved with a priority document issued by a register office of that country.

- 11** Are there particular requirements in your jurisdiction: for the validity of an intellectual property licence; to render an intellectual property licence opposable to a third party; or to take a security interest in intellectual property?

According to the Polish Copyright Law, the exclusive licence contract shall be in writing under pain of nullity. Moreover, pursuant to the Polish Industrial Law, licence contracts regarding inventions, utility models, industrial designs, trademarks, geographical indications and topographies of integrated circuits, shall be in writing under pain of invalidity.

Considering the Polish Copyright Law, unless the contract stipulates otherwise, rightholder under an exclusive licence may, within the scope covered by the licence contract, lay claims for the infringement of the author's economic rights.

Considering the Polish Industrial Property Law, the licence shall, at the request of the interested party, be recorded in the Patent Register. The holder of an exclusive licence recorded in the Register may, to the same extent as the licensor, enforce his or her claims in the event of infringement, unless the licence contract stipulates otherwise.

- 12** Can a foreign owner or licensor of intellectual property institute proceedings against a third party for infringement in your jurisdiction without joining the licensee from your jurisdiction as a party to the proceedings? Can an intellectual property licensee in your jurisdiction institute proceedings against an infringer of the licensed intellectual property without the consent of the owner or licensor?

A foreign owner or licensor can assert its IP right and institute proceedings against a third party for infringement in Poland without joining the Polish licensee as a party to the proceedings.

A foreign licensee can institute proceedings against the infringer without consent of the owner or licensor, unless the provisions mentioned in question 11 are fulfilled, namely the licence is an exclusive licence and, with regard to the industrial property, is recorded in the Patent Register.

- 13** Can a trademark or service mark licensee in your jurisdiction sub-license use of the mark to a third party? If so, does the right to sub-license exist statutorily or must it be granted contractually? If it exists statutorily, can the licensee validly waive its right to sub-license?

According to the Polish Industrial Property Law provisions, a licensee may grant a further licence (sub-licence) only with the protection of the right holder's consent; grant of further sub-licences shall not be permitted. It means that the sub-licence can be granted only upon the consent of the trademark owner. The consent may be regulated by the licence agreement or in a separate document.

- 14** Can an unregistered trademark be licensed in your jurisdiction?

According to the Polish Industrial Property Law, it is possible to license the unregistered trademark. Unless otherwise agreed between the parties, the provisions on licence contracts shall apply accordingly to contracts for use of a trademark, protection of which has been applied for at the Patent Office but for which no protection right has as yet been granted, as well as to contracts for use of a trademark that is a company's mark, but protection of it has not been applied for.

15 Is your jurisdiction a 'first to file' or 'first to invent' jurisdiction? Can a foreign licensor license the use of an invention subject to a patent application but in respect of which the patent has not been issued in your jurisdiction?

The Polish system is first to file.

Unless otherwise agreed between the parties, the provisions on licence contracts shall apply accordingly to contracts for exploitation of an invention for which protection from the Patent Office has been applied for, but for which no patent has as yet been granted, as well as to contracts for exploitation of an invention where protection has not been applied for, but the invention can be classified as know-how belonging to the company.

16 Can the following be protected by patents in your jurisdiction: software; business processes or methods; living organisms?

Software, business processes or methods and living organisms can not be protected by patents in Poland.

According to the Polish Industrial Law, the following in particular shall not be regarded as inventions, which means that a patent shall not be granted for:

- discoveries, scientific theories and mathematical methods;
- aesthetic creations;
- schemes, rules and methods for performing mental acts, doing business or playing games;
- creations, whose incapability of exploitation may be proved under the generally accepted and recognised principles of science;
- programs for computers; or
- presentations of information.

Moreover, patents shall not be granted for:

- inventions whose exploitation would be contrary to public order or morality; such exploitation shall not be deemed to be thus merely because it is prohibited by law;
- plant or animal varieties or essentially biological processes for the production of plants or animals; this provision does not apply to microbiological processes or the products thereof; or
- methods for treatment of humans or animals by surgery, therapy or diagnostic methods as applied on human or animal bodies; this provision shall not apply to products, and in particular to substances or compositions applied in diagnostics or treatment.

17 Is there specific legislation in your jurisdiction that governs trade secrets or know-how? If so, is there a legal definition of trade secrets or know-how?

The provision on trade secrets is found in the Unfair Competition Law. 'Trade secret' (company confidentiality) is understood to include the entrepreneur's technical, technological organisational or other information having commercial value that is not disclosed to the public, and where the entrepreneur has taken the necessary steps to maintain the confidentiality of such information.

There is no know-how definition in Polish legislation. Nevertheless, the Supreme Administrative Court in its judgment dated 31 July 2003 (ref. No.: III SA 1661/01) said that know-how shall be defined as a group of confidential information, significant and identified in a proper form. 'Confidential' shall mean that the subject of the agreement is not universally known. 'Significant' shall mean that the information is important. The term 'identified' means that know-how shall be described and shall be recorded in such a way that it could be checked that the criteria of 'confidential' and 'significant' are met.

18 Does the law allow a licensor to restrict disclosure or use of trade secrets and know-how by the licensee or third parties in your jurisdiction, both during the term and after the expiration of the term or termination of a licence agreement?

A licensor can restrict disclosure or use of trade secrets or know-how by the licensee or third parties both during the term and after the expiration of the term or termination of a licence agreement. Such provisions are allowed according to principles of contractual freedom.

19 What constitutes copyright in your jurisdiction and how can it be protected?

The object of copyright shall be any manifestation of a creative activity of an individual nature, established in any form, irrespective of its value, purpose or form of expression (work). It means that copyrights do not have to be registered to be protected. It is enough to manifest creative activity, and protection of such act is automatic. Copyrights are protected under the Polish Copyright Act. If there is any infringement of copyright, a civil procedure can be started. Moreover, infringement of the copyright constitutes a public criminal offence.

20 Is a provision requiring the contractual assignment of copyright by the licensee to the licensor for any artwork, software improvements and other works advisable in your jurisdiction?

Improvements or other creative and individual works shall be copyrighted without detriment to the original work. The owner of the modification is the person who made it. If the licensor wants to own such works, it is advisable to assign copyrights from the licensee to the licensor.

Software licensing

21 Does the law in your jurisdiction recognise the validity of 'perpetual' software licences?

Considering software licences, the regulations regarding copyright licences shall apply. The general rule is that unless provided otherwise, a contract of licence shall authorise the use of the work for five years on the territory of the state in which the licensee has its registered office. After five years, the right received under the contract of licence shall expire. It is possible to grant a licence for an indefinite period. In such case, unless the contract stipulates otherwise, the author may terminate it, keeping to the contractual time limits. If such limits have not been agreed, one year's notice, in advance, at the end of the calendar year, must be given. A licence granted for longer than five years shall be deemed, after a lapse of that period, as granted for an indefinite time, which shall be interpreted that it can be terminated on the rules of termination set out for this kind of licence.

22 Are there any legal requirements to be complied with prior to granting software licences? In particular, are there import or export restrictions on software?

There are no legal requirements to be complied with prior to granting a software licence. There are no import or export restrictions on software.

23 Who owns improvements and modifications to the licensed software? May a software licensee obtain bug fixes, upgrades and new releases from the licensor in the absence of a contractual provision to that effect?

Improvements and modifications shall be deemed as work derived from another author's work and they shall be copyrighted without detriment to the original work. The owner of the modification is the person who made it. The disposal and use of the derivative work

shall be dependent on the permission of the author of the original work (derivative copyright) unless the author's economic rights to the original work have expired.

The issue of bug fixes, upgrades and new releases shall be the subject of the licence agreement. There are no statutory regulations saying that the licensor is obliged to deliver, for example, upgrades to the licensee.

- 24** May a software licensor include a process or routine to disable automatically or cause unauthorised access to disable, erase or otherwise adversely affect the licensed software?

The licensor shall have the right to include a process or routine to disable automatically or cause unauthorised access to disable, erase or otherwise adversely affect the licensed software. It is recommended to inform licensees about such possibility. This right shall be established in the licence agreement. The legal user of the computer program, however, does not need the consent of the rightholder:

- to make a back-up copy if it is necessary for using such computer program. Unless the contract stipulates otherwise, such copy may not be used concurrently with the computer program;
- for observation, study and testing of the functioning of the computer program by a person who, in order to learn about its idea and principles, has the right to use a copy of the computer program, if such person is entitled to perform those acts and does it while loading, displaying, running, transmitting or storing the computer program; or
- to reproduce code or translation of its form, if that is necessary to obtain the information necessary to achieve the interoperability of an independently created computer program with other computer programs.

Provisions of contracts at variance with the above shall be null and void.

- 25** Have courts in your jurisdiction recognised that software is not inherently error-free in determining the liability of licensors in connection with the performance of the licensed software?

Polish jurisdiction has not focused on this issue yet.

- 26** Have courts in your jurisdiction restricted in any manner the enforceability or applicability of the terms and conditions of public licences for open-source software (ie, GNU and other public licence agreements)?

Polish jurisdiction has not focused on this issue yet.

Royalties and other payments, currency conversion and taxes

- 27** Does law govern the nature, amount or manner or frequency of payments of royalties or other fees or costs (including interest on late payments) in an international licensing relationship, or require regulatory approval of the royalty rate or other fees or costs (including interest on late payments) payable by a licensee in your jurisdiction?

For international licensing relationships, the general provisions shall be used. The general rule is that the parties shall agree upon the nature, amount, manner or frequency of payments of royalties or other fees or costs (including interest on late payments). The royalty rate depends on the parties' will and is not statutorily regulated. If the contract does not indicate whether the transfer of the author's economic rights or the granting of the licence was free of charge, the author shall have the right to remuneration. Unless parties agree otherwise, the author shall have the right to a separate remuneration for the use of the work within each separate field of exploitation. If the contract does not specify the author's remuneration, such remuneration shall be set taking into account the scope of the right granted and the benefits resulting from the use of the work.

- 28** Are there any restrictions on transfer and remittance of currency in your jurisdiction? Are there any associated regulatory reporting requirements?

In the territory of Poland, contracts could formerly only be undertaken in official Polish currency. Since 24 January 2009, contracts may be undertaken in foreign currencies. The transfer abroad of foreign currency or internal financial settlement of foreign currency over €15,000 shall be concluded through the banking system.

- 29** In what circumstances may a foreign licensor be taxed on its income in your jurisdiction?

Regarding income tax, a foreign licensor shall be taxed on its income in a country where it has a registered office and where it was registered. If the foreign licensor has a branch in Poland, it shall be subject to Polish tax law (proceedings or credits). To avoid double taxation, international agreements are concluded.

Competition law issues

- 30** Are practices that potentially restrict trade prohibited or otherwise regulated in your jurisdiction?

There are some practices that are prohibited in Poland for the protection of consumers and competition in general. Such practices are regulated by the Act on Competition and Consumers Protection.

- 31** Are there any legal restrictions in respect of the following provisions in licence agreements: duration, exclusivity, grant-back provisions and non-competition restrictions?

The provisions of the Act on Competition and Consumer Protection regulating some restrictions shall apply to the following agreements concluded between undertakings:

- agreements, in particular licence agreements, as well as other practices of exercising rights considered intellectual and industrial property rights; and
- agreements concerning information undisclosed to the general public (know-how), related to:
 - technical or technological information; or
 - rules of organisation and management;
 in relation to which steps were taken to prevent disclosure, where such agreements result in an unjustified limitation of freedom of business activity of the parties, or in a significant restriction of competition within the market.

Referring to the duration or territory of a licence, it is accepted that parties may freely define these in a contract.

According to Polish law, a licence contract may constitute an agreement restricting competition. For example, provisions imposing onerous conditions, obliging a licensee to buy other licences (a block of licences), prohibiting a licensee from using different technology than covered by this licence or intending to fix a price, are prohibited.

The consequence of placing prohibited provisions in the licence contract shall be its invalidity in entirety or in the respective part.

The equivalent of the Commission Regulation (EC) No. 772/2004 of 27 April 2004 on the categories of technology transfer agreements is the Regulation of Ministry Council of 30 July 2007 regarding the exclusion of some technology transfer agreements.

Indemnification, disclaimers of liability, damages and limitation of damages

- 32** Are indemnification provisions enforceable? Is insurance coverage for the protection of a foreign licensor available in support of an indemnification provision?

According to the Polish principle of contractual freedom, parties to a contract may create the legal relationship at their discretion, on the condition that the contents or the purpose of that contract are not contrary to the nature of the relationship, to statutory law or to the principles of community life. This means that parties could include indemnifications provision in a licence agreement, and it shall still be enforceable. However, under the civil code, the provision, according to which a party shall not be liable for damage caused intentionally, is null and void.

- 33** Can the parties contractually agree to waive or limit certain types of damages? Are disclaimers of liability generally enforceable? What are the exceptions, if any?

The parties can contractually agree to waive or limit certain types of damages. Such disclaimers are generally enforceable. However, under the civil code, the provision, according to which a party shall not be liable for damage caused intentionally, is null and void.

Termination

- 34** Does the law impose conditions on, or otherwise limit, the right to terminate or not to renew an international licensing relationship; or require the payment of an indemnity or other form of compensation upon termination or non-renewal?

The law does not regulate conditions that should be met with regard to an international licensing relationship. A licence is a type of contract regulating the use of intellectual property rights. According to the Polish principle of contractual freedom, parties to a contract may create the legal relationship at their discretion on the condition that the contents or the purpose of that contract are not contrary to the nature of the relationship, statutory law and or the principles of community life. It means that the parties may regulate issues connected with termination, penalty clauses, indemnity, etc, in accordance with their will. If they do not regulate it, general provisions regarding contracts as specified in the Polish civil code shall apply.

Update and trends

The provisions of Polish licensing law are very stable. The provisions regarding licensing law have not been changed generally, and no changes are planned. Law provisions are interpreted by judgment. One interesting judgment took into consideration the issue of know-how payment. The issue was if the 'know-how fee' can be interpreted as 'licence fee'. The court said that there are no special provisions excluding agreements regarding use of technical knowledge from the term 'licence' and 'licence fee'. As a result of that, all provisions regarding licences and licence fees shall be used for know-how agreements and know-how fees (judgment of the District Administrative Court in Warsaw, dated 30 November 2004, ref. No. V SA/Wa 2306/04).

Bankruptcy

- 35** What is the impact of the bankruptcy of the licensee on the international licence relationship in your jurisdiction and can the licensor structure its international licence agreement to terminate it prior to the bankruptcy and remove the licensee's rights?

There is no direct impact of the bankruptcy of the licensee on the international licence relationship. Contractual provisions that stipulate the change or termination of the contract in the case of bankruptcy of the party are invalid.

- 36** If the licensee has granted sub-licences in your jurisdiction, what is the impact of the licensee's bankruptcy on their rights?

There is no direct impact. Contractual provisions that stipulate the change or termination of the contract in the case of bankruptcy of the party are invalid.

Dispute resolution

- 37** Are there any restrictions on an international licensing arrangement being governed by the laws of another jurisdiction chosen by the parties?

The parties to a contract, including international licensing arrangement may freely choose the law and the court only if such law or court is connected with the subject of the contract. According to the Polish Act on private international law, parties may agree that their relationships in the scope of a contract shall be subject to the laws of a country that is connected with a contract. If parties do not choose a governing law, a contract is subject to the law of the country in which, at the moment of the contract being concluded, parties had

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their registered office or place of residence; or it is subject to the law of the country in which the contract was concluded. According to the Polish civil procedure code, parties also may choose a different jurisdiction from Poland, provided that it is effective in the light of the law of that country.

- 38** Can the parties contractually agree to arbitration of their disputes instead of resorting to the courts of your jurisdiction? If so, must the arbitration proceedings be conducted in your jurisdiction or can they be held in another?

The parties can contractually agree to arbitration of their disputes, even if conducted in another jurisdiction.

- 39** Would a court judgment or arbitral award from another jurisdiction be enforceable in your jurisdiction? Is your jurisdiction party to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards?

A court judgment or arbitral award from another jurisdiction would be enforceable, but it shall be admitted by a Polish court for the specific procedure. Under the Polish civil procedure code, there

are two main procedures regarding enforceability of court judgments issued by foreign countries. In the case of judgments issued by European Union countries that are certified with a European execution title, they are enforceable in Poland upon giving the enforceability clause. The procedure is much more complicated and time-consuming in the case of judgments issued by courts of other countries. The court decides on enforceability after the hearing takes place and when some prerequisites are met.

Poland is party to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. It was ratified by Poland on 3 October 1961.

- 40** Is injunctive relief available in your jurisdiction? May it be waived contractually? May the parties waive their entitlement to claim specific categories of damages in an arbitration clause?

Injunctive relief is available in Poland. Parties may waive claims, but not ways of pursuing them. If a party waives claims contractually, it means that it will not pursue them through either injunctive relief or other proceedings. If one waives all claims in the contract, the injunctive relief is also waived in practice.