



LEGAL PROTECTION OF INTELLECTUAL PROPERTY

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MATERIAL TERMS AND CONDITIONS OF TRADEMARK LICENSE AGREEMENT IN THE CIVIL LAW OF UKRAINE

Introduction. *The Civil Code of Ukraine provides for a framework of the license agreement, which applies to all objects of intellectual property rights and establishes a common approach to the determination of the material terms and conditions of license agreement.*

Problem Statement. *The incomplete and non-exhaustive determination of the materials terms and conditions of trademark license agreement in the Civil Code of Ukraine and in the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services does not enable fully ensuring the interests of right holders and users and solving problems in the law enforcement practice because of the risk of recognizing such agreement uncompleted for the reason that the parties fail to agree on all material terms and conditions of the agreement.*

Purpose. *Theoretical and legal research on the material terms and conditions of the trademark license agreement.*

Materials and Methods. *Scholarly research papers in the field of civil law, intellectual property law, and contract law, the Civil Code of Ukraine, and the legislation of Ukraine on intellectual property are the theoretical framework of the paper. The following methods have been used in the research process: analysis and synthesis, formal-legal method, and method of the systematic analysis.*

Results. *The results are based on the analysis of respective provisions of Chapter 75 of the Civil Code of Ukraine and the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services, the researches of scholars in the field of civil law, contract law, and intellectual property law. The recent publications in the scholarly research literature have shown, that this issue is currently debatable and needs legislative settlement.*

Conclusions. *The material terms and conditions of the trademark license agreement shall be as follows: the subject matter of the agreement, the term and territory for which the use of the trademark is allowed, the amount of payment for the use of the trademark, and the condition of quality control of goods and services. Respective amendments to the legislation have been proposed.*

Keywords: *material conditions, license agreement, trademark, goods and services mark, intellectual property object, and license consideration.*

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The license agreement is one of the common types of agreements on the disposal of intellectual property rights, in civil law practice. It belongs to a group of agreements in the field of intellectual property and aims at purchasing, modifying or terminating intellectual property rights [1, 15–18]. Its form is universal, as it can be used to dispose of both copyright and industrial property rights. However, as the researchers rightly point out and as established in Chapter 75 of the Civil Code of Ukraine, this does not rule out the specification of provisions on the disposal of intellectual property rights in special paragraphs of law, which would determine the special aspects of legal regulation of agreements/contracts with respect to individual sub-institutions of intellectual property rights [2, 51–52]. However, the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services does not contain a complete and exhaustive list of material terms of license agreement, thus there is a risk of recognizing such an agreement unconcluded unless the parties agree on all its material terms. Thus, there is a situation when the current legislation of Ukraine does not fully meet the requirements of right holders and users, for which it is necessary to clarify which terms of the license agreement for the use of the trademark are material. Therefore, this issue to be discussed in this research is relevant.

The issue of legal regulation of license agreement has been widely studied by researchers in terms of the civil legislation of Ukraine (in particular, V.O. Bazhanov, O.V. Basai, G.M. Grabovska, I.I. Dakhno, V.V. Denisyuk, V.S. Dmytryshyn, O.V. Zhylinkova, V.V. Luts, O.P. Orlyuk, O.I. Kharitonova, and I.Ye. Yakubivsky), as well as by researchers who worked in the Soviet and pre-revolutionary period (M.M. Boguslavsky, E.P. Gavrilov, M.V. Gordon, G.F. Shershenevich, etc.) and whose professional legal opinion underlay the foundations of the institution of license agreements under the civil law of the Ukrainian SSR and later of Ukraine. The issue of determining the material terms of license agreement in the scholarly research literature continues to be studied, and

so far has remained controversial. Accordingly, our purpose is theoretical and legal research aiming at the determination of the material terms of license agreement for the use of trademark and the formulation of conclusions and proposals, on the basis of a comprehensive study of the Civil Code of Ukraine and the Law of Ukraine on the Protection of Trademarks for Goods and Services. The object of the study is the social relations regulated by the civil legislation, which arise between the subjects for the purpose of concluding a license agreement for the use of a trademark under the legislation of Ukraine. The subject of the study is the material terms of license agreement for the use of trademark.

To achieve this goal, the following methods have been used: the method of analysis of individual clauses of the Civil Code of Ukraine, which regulate the terms of license agreement and their synthesis to find general approaches to determining the material terms of license agreement; the formal legal method (the method of formal logic) for the analysis of the relevant provisions of the civil law of Ukraine in terms of their applicability to license agreement; the method of system analysis for the study of these phenomena, etc.

The range of material conditions of license agreement for the use of trademark is outlined by the general rules of contract law, in particular, Cl. 638 of the Civil Code of Ukraine, and Cl. 180 of the Commercial Code of Ukraine, as well as by special provisions of law (in particular, Part 3 of Cl. 1109 of the Civil Code of Ukraine, paragraph 8 of Cl. 16 of the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services. In the scholarly research literature, the content of any civil contract as a transaction traditionally means a set of all its conditions [3, 92]. As for the law, it defines the content of contract as conditions (clauses) determined at the discretion of the parties and agreed by them, and the conditions that are mandatory in accordance with the civil law (Part 1 of Cl. 638 of the Civil Code of Ukraine). The scholars traditionally divide the terms of contracts into significant, ordinary, and

accidental [4, 148; 5, 28; 6, 79–85]. In this case, all these conditions of the contract from its execution become equally binding on the parties. It should be noted that the above classification of the terms of the contract has not only theoretical but also practical significance, in particular, to establish the fact of the contract execution.

The material conditions of contract include the conditions of the subject of the contract, the conditions defined by law as material or mandatory for the contracts of this type, as well as all those conditions for realization of which it is necessary to obtain consent of at least one of the parties (Cl. 638 the Civil Code of Ukraine). In contrast, the commercial law defines the subject, price, and term of the contract as material conditions of the commercial contract (Part 3 of Cl. 180 of the Commercial Code of Ukraine). As for the material conditions, on obtaining the consent for which one of the parties insists, proceeding from the principle of freedom of contract (Cl. 3, 627 of the Civil Code of Ukraine), they may be quite diverse. This approach of the legislator to determining the material terms of the contract is the basis on which the material conditions are divided into the objectively material conditions and the subjectively material conditions. I.I. Zozulyak defines the objectively material conditions of the contract as those explicitly named such in the law, the agreement on which the parties shall reach, because they determine the essence of the contract, without which it would not meet the characteristics of a particular contractual type, and are important for each of them. As for the subjectively material conditions, according to the researcher, they are defined in the law as “all those conditions on which the consent of at least one of the parties shall be given” and give the contract individual characteristics in each case, in which the freedom of the contract is realized when the parties define its material conditions [7, 55–56].

Thus, first of all, the material conditions are the terms of the contract, which are defined as such by the law. As noted by V.V. Luts, the range of material conditions that are called such by the law

may be determined through analyzing the provisions of the Civil Code of Ukraine and the special regulations governing this type of contractual relationships [8, 144]. In his opinion, the conditions of the contract, which are not explicitly named material in the regulations, but are absolutely necessary for the contract of this type (for example, the price condition is necessary for any payment contract in accordance with Part 5 of Clause 626 of the Civil Code of Ukraine) are also material, unless otherwise follows from the legislation or the essence of the contract or is agreed by the parties [9, 144]. The material conditions of contract are divided into the general ones that relate to all contracts (for example, the subject of the contract) and the particular ones that are established by the law for a particular type of contract. As for the question which conditions that require the consent of at least one of the parties shall be considered material, we share the opinion of V.V. Vitryansky who suggests that the material conditions shall include the conditions requiring the consent of the party, on which this party insists threatening with refusal to enter into the contract [10, 480].

Speaking about the material terms of license agreement, it should be noted that in the science of civil law this issue remains debatable, and the views of scholars on the material terms of license agreement differ significantly [11, 113; 12, 40; 13, 130; 14, 32–36; 15, 511; 16, 429; 17, 811–814]. This state of scientific thought is largely explained by: a) no mentioning of the material conditions of license agreement, which would be directly specified by the legislator as material in the provisions of Chapter 75 of the Civil Code of Ukraine and the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services; b) the dispositive nature of many provisions of Clauses 1109 and 1110 of the Civil Code of Ukraine, which provide for the consequences of non-agreement of the conditions regarding the type of license, territory, and term for which rights are granted by the parties to the license agreement; c) the fact that these dispositive provisions of the

law are designed by the legislator for the license agreement as a universal design that applies to both copyright and industrial property; in this regard, the possibility of their application depends on the norms of special laws, which regulate the legal protection of the relevant objects of intellectual property rights.

As for the law, it follows from the provisions of Part 3 of Clause 1109 of the Civil Code of Ukraine that license agreement for the use of a trademark defines the type of license, the scope of the use of intellectual property (specific rights granted under the agreement, ways to use this object, territory and term for which the rights are granted, etc.), the amount, procedure, and terms of payment of for the license consideration, as well as other conditions that the parties deem appropriate to include in the agreement. The provisions of paragraph 8 of Clause 16 of the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services also provide that the license agreement shall contain the condition that the quality of goods and services manufactured or provided under the license agreement shall not be lower than the quality of goods and services of the license holder and that the license holder shall monitor compliance with this condition. In addition, as mentioned above, in the case of any civil contract, the subject matter of the contract is a material condition, while in the case of the commercial contract, the material conditions are the subject, price, and term of the contract. Clause 2.3.2 of the Instructions for the submission, consideration, publication, and entry in the registers of information on the transfer of ownership of a trademark for goods and services and the issuance of a license to use the trademark (international trademark) for goods and services, as approved by Resolution of the Ministry of Education and Science of Ukraine on 03.08.2001 No.576 [18] (hereinafter referred to as the Instructions), establish that the license agreement shall be specified among the terms of the license agreement: the subject matter of the agreement; the certificate number (international registration of the trademark); the

list of goods and services indicating the classes of the ICCP for which the right to use the trademark (international trademark) is transferred; the amount of rights transferred; the type of license (exclusive or non-exclusive); the term of the license agreement; the territory of the license agreement; the condition that the quality of goods and services manufactured or provided under the license agreement shall not be lower than the quality of goods and services of the license holder (international registration of the trademark) and that the license holder shall monitor compliance with this condition. The Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services as amended by the Law of Ukraine on Amendments to Certain Legislative Acts of Ukraine on Strengthening the Protection of Rights to Trademarks and Industrial Designs and Combating the Abuse of Patents dated July 21, 2020, No. 815-IX [19] does not completely solve the above problem. Sub-paragraph 2 of paragraph 8 of Clause 16 of the above Law is worded as follows: the license agreement shall contain, in particular, information on how to use the trademark, territory and term for which its use is allowed, and the condition that the quality of goods and services manufactured or provided under the license agreement shall not be lower than the quality of goods and services of the license holder and the license holder shall monitor compliance with this condition. First, since the legislator uses phrase “in particular”, it means that the list of information is not a complete and exhaustive list of objectively material terms of the license agreement. Second, as it is noted below, this list contains, along with the material terms, the terms that are ordinary for license agreement.

In our view, there is no legal framework to consider each and all above mentioned conditions of the trademark license agreement to be the material ones. Having analyzed the above provisions of the Civil Code of Ukraine and the Commercial Code of Ukraine one can see that the common material condition of the license agreement under both Codes is the subject matter of the agree-

ment. This fact is not accidental, as the subject matter of the agreement is the main material condition of the agreement and one of the criteria for the classification of civil contracts. And although the law does not provide any legal definition of “the subject matter of the agreement”, the analysis of the Civil Code of Ukraine has shown that the subject matter of the agreement in separate contracts is defined as things, property, property rights (Clauses 656, 718, 760, 936, 1030, 1078 of the Civil Code of Ukraine). It follows that, when defining the subject of civil contracts, the Civil Code of Ukraine refers to them as objects of civil rights. Thus, in some cases, the law defines subject of the contract, while in others, it does not do so. In addition, we note that in the cases where the Civil Code of Ukraine operates with the term “subject matter of the agreement/contract” (Part 1 of Clause 760 of the Civil Code of Ukraine), the Commercial Code of Ukraine uses the term “object of the agreement/contract” (Part 3 of Clause 283 of the Commercial Code of Ukraine). This does not contribute to understanding the relationship between these terms.

As for the scholars, they define the subject matter of the agreement/contract as: a) the object of the legal relationship that arises on the basis of the agreement/contract; b) the actions to be performed under the agreement/contract; c) the compromise option: either object or action; d) the actions and the object to which the actions are directed; e) the undertakings as a legal relationship, etc. In the context of this, it should be emphasized that the contract is the basis for the emergence and the form of existence of undertakings (Clause 509 of the Civil Code of Ukraine) that, at the same time, constitute the content of the contract. In our opinion, the undertakings, i.e. legal relationship, may exist only between the subjects, so the subject matter of the contract shall be the actions of authorized entities (subjects), while things, property, etc. shall be the objects of the contract, which are sometimes called the material subject of the contract. In view of the above, we share the opinion of S.I. Shimon who states

that the subject matter of the contract is the main action (set of actions) to be done to achieve the purpose of the contract; for the agreements/contracts named in the law, this action is defined in the legislative definition of the agreement/contract [20, 63].

As for the views of the scholars on the subject matter of license agreement for the use of a trademark, most scholars believe that the subject matter of license agreement for the use of a trademark is the right to use a particular trademark. However, it should be understood that when it comes to the subject matter of a trademark license agreement, it cannot be an abstract right to a particular trademark. Therefore, there is a question about the relationship of the subject matter of the license agreement for the use of trademark with other conditions specified in Part 3 of Clause 1109 of the Civil Code and in paragraph 8 of Clause 16 of the Law of Ukraine on the Protection of Rights for Trademarks for Goods and Services.

From the definition given in part 3 of Clause 1109 of the Civil Code of Ukraine, it can be seen that the license agreement provides for the granting of permission to use the object of intellectual property rights (licenses). At the same time, as I.E. Yakubivsky quite reasonably points out, that the subject matter of agreements on the disposal of intellectual property rights are the very rights specified. Therefore, it would be more correct to define license agreement as one that provides for the right to use the object of intellectual property rights [21, 281] that are intellectual property rights to trademark (Clause 495 of the Civil Code of Ukraine). It should be noted that such views are shared by many other scientists [22, 99–100; 23, 24, 7; 25, 8; 26, 134–136]. Therefore, the condition of the subject matter of the license agreement can be considered as an undertaking of the licensor to grant the licensee the right to use a particular trademark, as a result of which the licensee has the right to use the trademark in accordance with the terms and conditions of the license agreement.

License to use a trademark, which may be part of the license agreement, by its types is divided into exclusive, single, non-exclusive, as well as other types that do not contradict the law (parts 2, 3 of Clause 1108 of the Civil Code of Ukraine). At the same time, Part 3 of Clause 1109 of the Civil Code of Ukraine refers the type of license to the conditions defined in the license agreement. The law presumes that a non-exclusive license is granted under license agreement, unless otherwise specified in the agreement (Part 4 of Clause 1109 of the Civil Code of Ukraine). The Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services (paragraph 8 of Clause 16) does not include the type of license into the conditions that shall be contained in license agreement. In view of this, there is a widespread opinion among researchers that because of the dispositive nature of the law, the type of license is not a material condition of license agreement [11, 112–113; 14, 34]. However, it is necessary to pay attention to the relationship of this condition with the subject matter of license agreement. If we consider the subject matter of license agreement as a nominate contract, the subject matter of nominate contract shall include the actions defined in the legal definition of the license agreement. In view of this, the type of license to use trademark shall be attributed to the subject matter of the agreement, because unless the scope of rights to use the trademark transferred under the license agreement are clearly determined, we cannot talk about granting the licensee any permission (right) to use a specific object of intellectual property right. This conclusion is confirmed by the provisions of Part 6 of Clause 1109 of the Civil Code of Ukraine, according to which the rights to use the object of intellectual property rights, which are not defined in the license agreement, are deemed not transferred to the licensee. Accordingly, regardless of whether the text of license agreement contains the condition on the type of license or not (in its absence, the type of license is determined by law), the type of license is not interpreted as a separate material condition

of license agreement for trademark use, and is a constituent of the subject matter of the specified agreement.

The next condition of the license agreement to pay attention to is the scope of use of the object of intellectual property rights (specific rights granted under the agreement, ways of using the specified object, territory and term for which the rights are granted, etc.). It is seen that in this issue, we may share the opinion of I. Koval and G. Tkachuk, who reasonably point out that in the legislation on intellectual property, term “scope of use” is not defined, and its disclosure in Part 3 of Clause 1109 of the Civil Code of Ukraine in parentheses among the inexhaustible list of conditions (specific rights granted under the agreement, ways of using the specified object, territory and term for which the rights are granted, etc.) is unsuccessful. According to the researchers, it is impractical to distinguish “rights granted under the agreement” as material condition (it is enough to define “the right to use” as subject matter of the agreement and “the ways to use the trademark”) [14, 34–35]. Therefore, since term “scope” of the intellectual property object is in fact absorbed by the other specified terms of license agreement, the scope of applicability is not a material condition of trademark license agreement.

Regarding the condition on the ways of using the trademark, the list of which is given in paragraph 4 of Clause 16 of the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services, the following shall be noted. The method of exercising subjective civil law in the scholarly research literature is defined as an action or set of actions to use the opportunities given in civil subjective law, indicating by what means, in what order, and in relation to which tangible or intangible objects the law is realized [27, 27; 28, 93]. In the case of a trademark, such methods may be divided into separate categories of goods (services), indicating the ICCT classes for which the trademark is registered. Therefore, in this case we should proceed from the absence of dispositive rules in the law, if there is no such

condition in the license agreement, and refer to the provisions of Part 6 of Clause 1109 of the Civil Code of Ukraine, which establish that ways of using intellectual property, which are not defined in the license agreement shall be deemed unspecified and to paragraph 3 of Clause 16 of the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services. Accordingly, the ways of using the trademark shall be specified in the text of the license agreement, however, like in the case of the type of license, this condition is not a separate material condition of the agreement. It is part of the subject matter of the license agreement, as it has been noted by the researchers [14, 35; 29].

The opinions of the scholars concerning the condition of the territory to which the granted rights to use the trademark apply are also different. Most of them do not consider such a condition material [11, 113; 13, 128; 14, 35; 30, 159], because of the dispositive rules of Part 7 of Clause 1109 of the Civil Code of Ukraine for a license agreement, the territory is not a material condition, since in the case of it is not mentioned in the agreement, the right to use the trademark extends to Ukraine (Part 7 of Clause 1109 of the Civil Code of Ukraine). Others completely disagree with the above opinion [17, 812; 31, 630].

One can see that, because of the fact that these dispositive provisions of the law are designed by the legislator for the license agreement as a universal design, which applies to both copyright and industrial property, solving this problem should be based on the provisions of paragraph 8 Clause 16 of the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services as amended by the Law of Ukraine on Amendments to Certain Legislative Acts of Ukraine on Strengthening the Protection of Rights to Trademarks and Industrial Designs and Combating the Abuse of Patents dated July 21, 2020 No. 815-IX [19] and paragraph 2.3.2 of the Instructions [18]. Given the established norms of the legislation, it is seen that the condition of the territory to which the granted rights to use the trademark apply is

a material condition of the license agreement for the use of the trademark.

The situation with the condition for the term for which the use of the trademark is allowed is also interesting. Clause 631 of the Civil Code of Ukraine defines the term of the agreement as the time during which the parties may exercise their rights and perform their obligations under the agreement, and Part 1 of Clause 110 of the Civil Code of Ukraine establishes that the license agreement is made for a term as established by the agreement, which shall expire at latest on the date of expiration of the exclusive property right to the object of intellectual property rights specified in the agreement. However, if the term of agreement is not specified in the license agreement for the use of the object of intellectual property, by virtue of the dispositive rule of law, the license agreement is made for the period remaining until the expiration of the exclusive property right to the object of intellectual property, but for five years at most (Part 3 of Clause 1110 of the Civil Code of Ukraine). In turn, by virtue of the provisions of the commercial law, the condition on the term of contract is a material one (Part 7 of Clause 179, Part 3 of Clause 180 of the Commercial Code of Ukraine), and paragraph 2.3.2 of the Instructions [18] requires to specify the term of the license agreement. As a consequence, the views of the scholars on this issue differ. Some of them consider this condition not material [13, 128; 11, 108; 32, 178], while others, on the contrary, believe it material [33, 21], or material in terms of economic relations and not material in terms of civil relations [14, 35].

It seems necessary to emphasize that, given the provisions of Clauses 1109, 1110 of the Civil Code of Ukraine, Part 3 of Clause 180 of the Commercial Code of Ukraine, paragraph 8 of Clause 16 of the Law of Ukraine on the Protection of Trademarks for Goods and Services, paragraph 2.2.3 of the Instructions [18], it may be concluded that the condition of the term for which the use of the trademark is allowed is a material condition of the license agreement for the use of the trademark.

Whether the license consideration is a material condition of license agreement for the use of a trademark or not is also debatable among the scholars. According to some of them, the conditions regarding the amount, procedure, and terms of payment for the use of the object of intellectual property rights are material conditions of license agreement [33, 21; 13, 129; 11, 113], whereas other researchers do not deem these conditions material, as they admit of the gratuitousness of license agreement [34, 237; 35, 100; 36, 84]; some scholars determine whether this condition is material or not, depending on the affiliation of the license agreement – if it is a civil agreement, it may be both remunerative and gratuitous, while if the agreement is commercial, by virtue of Part 3 of Clause 180 of the Commercial Code of Ukraine this condition is referred to the material ones [14, 35–36] or, by virtue of the principle of freedom of contract, allow making an unnamed contract that provides for one party giving the other party the right to use the object of intellectual property free of charge, which is governed by the relevant part of the license agreement [21, 284]. This state of scientific thought is objectively caused by the fact that such a feature as payment is established: a) neither in the legal definition of the license agreement (Part 1 of Clause 1109 of the Civil Code of Ukraine), although the paid character of the license agreement is indirectly indicated in Parts 3, 8 of Clause 1109 of the Civil Code of Ukraine; b) nor among the conditions of the license agreement for the use of the trademark established in the second subparagraph of paragraph 8, Clause 16 of the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services, and accordingly, in the Instructions [18]. As a result, the existing case law in Ukraine is based on the legal position that the law of Ukraine does not provide for the granting of permission to use the mark for goods and services only on a paid basis. Accordingly, the license agreement, including that made between the subjects of economic entities, may provide for free transfer of the right to use the object of intellectual property to

the licensee [37, 38, 5.3]. It should be noted that the conditions regarding the procedure and term of payment under the license agreement are not material, as they may be determined, in particular, by law (Part 2 of Clause 530, Clauses 1087, 1088 of the Civil Code of Ukraine), bank rules and business practice. In general, this state of legal regulation of the terms of payment under license agreement for the use of the trademark is unsatisfactory and contains signs of legal uncertainty. In the presence of provisions of the law, which may nullify the conditions of license agreement, which contradict the provisions of the Civil Code of Ukraine (Part 9 of Clause 1109 of the Civil Code of Ukraine), this situation poses a potential threat to parties of relevant civil and commercial relations. In our opinion that is based on the dispositive principles of the civil law in the Civil Code of Ukraine, it would be appropriate to make changes aiming at eliminating the above shortcomings of the law, namely: to legally establish the presumption of paid basis of the license agreement, however, allowing the parties to parties to specify a gratuitous transfer in the conditions of license agreement; to establish that if the conditions of license agreement neither directly establish its gratuitousness, nor contain any agreed condition on the amount of payment or the procedure for its determination, it shall be deemed unconcluded.

Particular attention should also be paid to the requirement of the law that the license agreement for the use of the trademark shall contain the condition that the quality of goods and services manufactured or provided under the license agreement shall not be lower than the quality of goods and services of the license holder who shall monitor the compliance with this requirement (paragraph 8 of Clause 16 of the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services). The opinions of the scholars about the materiality of this condition differ significantly. Some researchers believe that this condition is material [12, 43; 39, 20], while others disagree with them [11, 113; 14, 36; 40, 156]. Paragraph 68 of the Resolution of the Plenum of the Supreme

Commercial Court of Ukraine dated 17.10.2012, No. 12 on Some Issues of Dispute Resolution Practices Related to the Protection of Intellectual Property Rights clarifies that the product quality requirement is material for the license agreement [38].

It should be noted that, in Ukraine, the law does not limit the range of subjects of intellectual property rights to a trademark (Clause 493 of the Civil Code of Ukraine), which does not contradict the norms of the Paris Convention for the Protection of Industrial Property of March 20, 1883 [41]. In view of the above, under a license agreement, a licensee may be either a corporate entity or an individual. Even the mere fact that an individual has the status of an individual entrepreneur does not mean that he/she personally uses the trademark, because according to the law, the use of a trademark by another person under the control of license holder is among the reasons for refusal of early termination because of backlog of license (paragraph 4, Clause 18 of the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services). It should be noted that this approach in this matter is typical not only for the Ukrainian law, but also for the EU law, according to which the use of the EU trademark with the consent of the owner is considered the use of this trademark by its owner (Part 2, Clause 18 of the Regulation of the European Parliament and of the Council № 2017/1001 dated June 14, 2017, on the EU Trademark) [42]. Thus, according to the scholars, even if the license holder does not independently manufacture goods/services using a trademark, the level of their quality in relation to such a trademark may be assured by the licensee. In this case, the requirements for the quality of goods (services) to be manufactured/provided under the trademark by the licensee shall be determined by the license agreement, with the control exercised by the licensor facilitates compliance with this condition [40, 156; 14, 36].

In view of the above, the condition that the quality of goods and services manufactured or provided under the license agreement shall not be lower than the quality of goods and services of the

license holder, and that the license holder shall monitor compliance with this condition is material only for the license agreement under which the licensee is the license holder that manufactures goods or provides services using a trademark. So, the mentioned provision of paragraph 8 of Clause 16 of the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services is imperfect, and is such that needs its improvement.

Conclusions. The subject of the license agreement is the actions of the licensor to grant the licensee exclusive or non-exclusive right (license) to use a particular trademark in the ways as specified in the agreement. The material conditions of the license agreement for the use of trademark are the subject matter of the agreement, the term and territory for which the use of the trademark is allowed, and the condition on the quality control of goods and services.

Summarizing the above, we believe it appropriate to propose the following amendments and modifications to the law of Ukraine: a) to exclude from Part 3 of Cl. 1109 of the Civil Code of Ukraine the provisions on the amount, procedure and terms of payment for the use of the object of intellectual property rights; b) to amend Part 3 of Cl. 1109 of the Civil Code of Ukraine with the provisions of the following content, “under the license agreement, the licensee undertakes to pay a license consideration to the licensor as established by the agreement, unless otherwise provided by the agreement. If there is no condition on the amount of license consideration or the procedure for its determination in the license agreement on the paid basis, the license agreement shall be deemed uncompleted. If the license agreement does not explicitly established gratuitous, and does not establish the condition of the amount of license consideration or the procedure for its determination, such agreement shall be deemed uncompleted; c) to formulate the second subparagraph, paragraph 8 of Clause 16 of the Law of Ukraine on the Protection of Rights to Trademarks for Goods and Services as follows, “Material conditions of the license agreement are the subject matter of ag-

reement, the term for which the right to use the trademark is granted, the territory to which these rights apply, and the provision that the quality of goods and services manufactured or provided under the license agreement shall not be lower than the quality of goods and services of the license holder, and the license holder shall monitor com-

pliance with this condition. If the license holder does not manufacture or provide goods (services) using a trademark, the condition regarding the quality of goods (services) to be manufactured or provided by other entity using a trademark shall apply, and the license holder shall monitor compliance with this condition of agreement.

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ІСТОТНІ УМОВИ ЛІЦЕНЗІЙНОГО ДОГОВОРУ НА ВИКОРИСТАННЯ ТОРГОВЕЛЬНОЇ МАРКИ ЗА ЦИВІЛЬНИМ ЗАКОНОДАВСТВОМ УКРАЇНИ

Вступ. Цивільний кодекс України закріплює універсальну конструкцію ліцензійного договору, який застосовується до всіх об'єктів права інтелектуальної власності, а також встановлює універсальний підхід щодо визначення умов ліцензійного договору.

Проблематика. Відсутність у Цивільному кодексі України та Законі України «Про охорону прав на знаки для товарів і послуг» повноти та вичерпності істотних умов ліцензійного договору на використання торговельної марки не повною мірою забезпечує інтереси правовласників і користувачів та не розв'язує проблеми у правозастосовчій практиці через ризики визнання такого договору неукладеним з підстав неузгодження сторонами всіх його істотних умов.

Мета. Теоретико-правове дослідження істотних умов ліцензійного договору на використання торговельної марки.

Матеріали й методи. Теоретичним підґрунтям дослідження слугували наукові праці у галузі цивільного права, права інтелектуальної власності й договірної права. Здійснювали дослідження Цивільного кодексу України та законодавства України з інтелектуальної власності з використанням методу аналізу і синтезу, формально-юридичного методу та методу системного аналізу.

Результати. Проаналізовані положення Глави 75 Цивільного кодексу України та Закону України «Про охорону прав на знаки для товарів і послуг», а також роботи вчених-цивілістів з цивільного права, проблем договірної права та права інтелектуальної власності, й останні публікації з цих питань у науковій літературі показали, що зазначене питання наразі залишається дискусійним та потребує законодавчого врегулювання.

Висновки. Визнано, що істотними умовами ліцензійного договору на використання торговельної марки є предмет договору, строк та територія, на який дозволено використання торговельної марки, та умова про контроль якості товарів і послуг. Запропоновано відповідні зміни до законодавства.

Ключові слова: істотні умови, ліцензійний договір, торговельна марка, знак для товарів і послуг, об'єкт інтелектуальної власності, винагорода.