








Offshore Energy Law

Intellectual property: 7 common misconceptions

Intellectual property is key to a successful offshore LNG project, such as FLNG or FRSU, but is often misunderstood.

Below are seven common misconceptions about intellectual property in offshore LNG:

-  "Our technology is protected by a worldwide patent"
-  "The law governing any intellectual property rights is entirely dictated by the flag of the vessel"
-  "We commissioned the FEED so we own all of the intellectual property rights in the FEED"
-  "We have made three, four, five changes to the original technology. This is sufficient to avoid patent infringement"
-  "We have a warranty from the FEED Contractor, the EPIC Contractor, etc. so we are covered and any IP issue will not affect us"
-  "We have a patent for the technology therefore we can use the technology without risk of infringement"
-  "We commissioned/constructed a previous work to this design so we can produce a new work to the same design without infringing IP rights"

1. "Our technology is protected by a worldwide patent"

There is no such thing as a "worldwide patent". Patents are national rights and therefore the scope of protection of each patent is limited to the country granting the patent. It is possible to apply via the Worldwide Intellectual Property Organization for a bundle of national patent rights. However, this is simply an administrative process resulting in the grant of a number of national patent rights. It is financially unviable to have worldwide protection and therefore careful consideration should be given to which country it protects.

2. "The law governing any intellectual property rights is entirely dictated by the flag of the vessel"

If the LNG facility is registered as a vessel, the flag of the vessel does dictate the law to be applied. Therefore, the territorial scope of intellectual property rights

registered in the country of the flag will extend to the vessel. However, if the vessel is within the territorial waters, or even exclusive economic zone, of another country then you will also need to comply with the intellectual property rights of that jurisdiction.

3. "We commissioned the FEED so we own all of the intellectual property rights in the FEED"

The original owner of the intellectual property will be the person that created it (the FEED Contractor) not the commissioner (the EPIC Contractor or the Company). In order for the commissioner to own the intellectual property, it will need to be assigned to them in writing and signed by the person that created it.

4. “We have made three, four, five changes to the original technology. This is sufficient to avoid patent infringement”

When it comes to patent infringement the number of changes that have been made to the original technology is irrelevant. What is important is whether the revised technology still falls within the patent claims. Patent claims are purposefully drafted to capture obvious modifications and, generally speaking, extend the scope of protection far wider than the way the technology is actually being used by the patent owner.

5. “We have a warranty from the FEED Contractor, the EPIC Contractor, etc. so we are covered and any IP issue will not affect us”

An intellectual property warranty is a contractual assurance from one party to the other that certain facts in relation to IP are true. When it comes to IP warranties, breaches tend to involve the unauthorised use of third party intellectual property. This means that separate infringement claims can be commenced by the third party against anyone that is using the intellectual property, regardless of whether that party has the benefit of a warranty. Injunctions can also be granted ceasing the entire project until the claim is resolved.

6. “We have a patent for the technology therefore we can use the technology without risk of infringement”

A patent gives you the right to exclude others from using your invention. It does not mean that your use of your invention does not infringe any third party rights. This is particularly relevant if your invention is an improvement over existing technology. Whilst you may have a patent over the technology, you may still need to use third party technology in order to utilise your own protected technology.

7. “We commissioned/constructed a previous work to this design so we can produce a new work to the same design without infringing IP rights”

Just because you have commissioned/constructed a previous work to the same design, does not necessarily mean that you have the right to create a second work to the same design. It will depend on who owns the intellectual property. It might be that you were given an express or implied license to use the intellectual property in the first work. However, that does not automatically mean that you can use the intellectual property in the second work. The contractual provisions between you and the intellectual property owner will be key in this regard.



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