



TEAMWORK IN DIGITALISATION: AVOIDING AN INTELLECTUAL PROPERTY HEADACHE

Collaboration is fundamental to energy projects, but particular care is needed where digitalisation is concerned. Intellectual property rights issues may arise from the early brainstorming stage through to implementation and even afterwards. These need consideration from a legal and contractual perspective.

“Lead from the back – and let others believe they are in front.”

Nelson Mandela

The energy industry is well behind other industries in digitalisation and companies are racing to catch up. But if you are still formulating a digitalisation strategy, you will have the chance to plan, avoid pitfalls and learn lessons from those further ahead.

Enthusiasm about engaging with providers of cutting-edge technology and sharing ideas with them is understandable. However, these providers are in the business of devising and marketing technological solutions to problems shared by you and your competitors. Intellectual property rights are important in this business and technology providers dedicate expertise and money to protecting and enhancing those rights. Time and care is therefore needed in negotiating contracts with them.

“Creativity comes from a conflict of ideas.” *Donatella Versace*

Planning for digitalisation will inspire creative thinking. This is therefore a good time to review contractual confidentiality, data and intellectual property (IP) provisions, taking into consideration the governing law of the contract and local law.

Today’s employees and consultants could be tomorrow’s competitors.

Appropriate contractual terms must be in place before employees, consultants and contractors begin work, however preliminary. Otherwise, you may receive a claim for payment if you abandon discussions – or more alarmingly, a claim that the unsuccessful provider’s IP has been shared with a successful provider.

You will also want to check that the solution being offered to you is based on IP your provider is entitled to offer to address the pain point you have identified.

“... They are not to be touched without contamination...”

Thomas Jefferson

Digitalisation is likely to involve outsiders understanding your processes in minute detail and talking in depth to those involved in your current operations. These might be companies unfamiliar to you and your team.

There may be commercial sensitivity: where will the consultant or contractor go next? What information will be shared? You may want to prevent your information, the solutions developed for you or the ideas you have contributed coming into the hands of a competitor.

Where you have more than one provider working on projects at the same time - especially where your own teams are not ring-fenced – a provider may claim that your IP was its own or that you have shared its IP with competitors working on other projects.

Also consider what support you may need from the technology provider following implementation, including if and when you wish to enhance the technology in future or change supplier.

“Creativity is just connecting things.” *Steve Jobs*

Before implementation of a digitalisation project:

- establish the range of possible participants in the project
- identify the information and people they will need to connect with during implementation
- consider their likely connections afterwards
- form a team of legal, information technology and operational technology experts to establish the contractual, IP and other strategies and policies required in the places where the technology is to be developed and used.

Taking these steps will help you achieve the objectives of your project without costly intellectual property disputes in the future.



This follows our briefing Digital Transformation of Operations but not Contracts on 29 July 2021¹ and FPSO Digitalisation: time to ask questions on 27 September 2021².

Diana France and her partners and colleagues in the Energy and Resources group at HFW have extensive experience of leading and working in cross-functional teams, to ensure that contracts address the complex issues which arise in the industry.

For further information, please contact:



DIANA FRANCE

Partner, London

T +44 (0)20 7264 8103

E diana.france@hfw.com

¹ <https://www.hfw.com/Digital-transformation-of-operations-but-not-contracts-July-2021>

² <https://www.hfw.com/downloads/003327-HFW-Time-to-ask-questions-FPSO-Digitalisation-Sept-2021.pdf>

HFW has over 600 lawyers working in offices across the Americas, Europe, the Middle East and Asia Pacific. For further information about our shipping capabilities, please visit www.hfw.com/Energy.

hfw.com

© 2021 Holman Fenwick Willan LLP. All rights reserved. Ref: 003371

Whilst every care has been taken to ensure the accuracy of this information at the time of publication, the information is intended as guidance only. It should not be considered as legal advice. Holman Fenwick Willan LLP is the Data Controller for any data that it holds about you. To correct your personal details or change your mailing preferences please email hfwenquiries@hfw.com

Americas | Europe | Middle East | Asia Pacific