
2017
LAWASIA INTERNATIONAL MOOT COMPETITION

Asamura International Development Co., Ltd.

(Claimant)

v.

Shwe Pwint Thone Co., Ltd.

(Respondent)

MEMORIAL FOR RESPONDENT

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STATEMENT OF JURISDICTION

Shwe Pwint Thone Co., Ltd. has agreed in writing to submit the dispute to arbitration.

It has been also agreed that the dispute is resolved in accordance with the Kuala Lumpur Regional Centre for Arbitration i-Arbitration Rules (“**i-Arbitration Rules**”) under the auspices of Kuala Lumpur Regional Centre for Arbitration (“**KLIRCA**”).

At the request of Asamura International Development Co., Ltd., the Party has agreed that the arbitration is held in Tokyo, Japan.

The Party does not question the validity and enforceability of the arbitration agreement. Any awards rendered by the Arbitral Tribunal are acknowledged to be final and binding upon the Parties as per Rule 12(7) of i-Arbitration Rules.

The Arbitral Tribunal must pursuant to Myanmar laws in proceedings.

This Tribunal is requested to decide the issues submitted and will not decide the determination of damages.

QUESTIONS PRESENTED

1. Whether the agreement between SPT and AID was legitimate under the law of the Golden Land of Myanmar.
2. Whether the termination of the agreement made by SPT was valid to end the partnership with AID.
3. Whether the statement of Dr. Fiona Lum to the interview about their views on the plea of the Rohingya minority in the Rakhine state was harmful to national interest and solidarity of Myanmar and, if so, whether this constituted a breach of AID's obligation under the agreement.
4. Whether SPT had the ownership over jade-mining machinery, equipment.
5. Whether SPT or AID had the authority of subsistence and ownership of rights in the JADEYE software.

STATEMENT OF FACTS

The case involves the dispute arising between Asamura International Development Co., Ltd (“*AID*”) and Shwe Pwint Thone Co., Ltd. (“*SPT*”). *AID* was invited by *SPT* to be in partnership in term of jadeite venture. Subsequently, on 9 September 2008, leaders of the two companies eventually signed an agreement, with profits sharing of 65% going to *SPT* and 35% going to *AID*. According to the agreement, both *AID* and *SPT* will always prioritize the employees and students.

AID purchased second hand machinery and equipment in Japan and reconditioned them. *SPT*, in January 2009, imported those machinery and equipment into Myanmar and handled all the permits and requirements to do jadeite business and all related matters with Myanmar government. Moreover, *SPT* also obtained mining equipment and jade mining permits from the government. The granted permits would expire on 31 March 2019.

In March 2009, leader of *AID* Dr. Yugi Asamura suggested that *AID* and *SPT* jointly create capital contributions, with the amount of USD 1.5 million and USD 2.5 million respectively.

According to arrangement, *SPT* was in charge of providing visa and accommodation for *AID*’s employees and playing primary role in processing and selling the jade while *AID* was in charge of extracting and cutting in the sites. However, the majority of commercial quality jades were sold to major jade production in Myanmar right after they leaved Hpakant jade mines. Even Dr. Fiona Lum, Dr. Yugi Asamura’s wife, also distributed and sold rough jades imported from Myanmar to her friends in Japan through her personal capacity.

After the information of Joe Yamashita about the success of developing *JADEYE* software, Dr. Yugi Asamura determined to install this software on all computers and equipments on the sites.

U Thein Kyaw, leader of *SPT*, offered USD 18000 to buy *JADEDY* but Joe Yamashita refused the offer on the ground that *JADEDY* was “for benefits of all of us”.

On 4 January 2013, Joe Yamashita resigned from *AID* but the source code of software was stored in a hard disk driver and handed to Head of Finance of *AID*.

In an interview with Asian Influencers Magazine, Dr. Fiona Lum answered that “Everyone must work together to end the persecution of the Rohingyas, and the new Myanmar government under the leadership of Daw Su must end the problem immediately, especially the ethnic cleansing. They should not be deprived of their basic human rights. We will continue to champion for their rights.”

In September 2016, the interview was published. SPT’s workers were extremely angry because they believed that Dr. Fiona Lum’s statement implied that Myanmar government was involved in ethnic cleansing. Her statement violated the term of respect the national interest and solidarity of each other in the agreement and the couple had neither apology nor any actions.

In October 2016, the US lifted its trade sanction on Myanmar. Moreover, on August 2016, Myanmar government also declared that “it would not issue any new permits or renew any existing permits for jade mining and mining equipment until a new legal reformed were implement”.

On November 2016, AID and Hashimoto Co., Ltd (hereinafter HCL had entered into USD 1.2 million contract with the consent of U Thein Kyaw. AID thereby would supply jades to HCL for the next year.

On 21 November 2016, Patrick Green wanted to become a trading partner with SPT as to jade business, whilst the workers and students with AID have lost the respect for Japanese counterpart.

On 10 January 2017, U Thein Kyaw met Dr. Yugi Asamura and informed him about the decision to end their partnership. According to their agreement, the party caused the end of partnership must pay compensation.

U Thein Kyaw then offered to have SPT bear relocation cost for AID’s employees but Dr Asamura did not agree. Both men also argued about the ownership of machinery, equipment and especially JADEYE. Besides, Dr Yugi Asamura persistently refused to provide source code of JADEYE, U Thein Kyaw said they would reverse engineer or create their own JADEYE.

Subsequently, AID and SPT agreed to arbitrate in Tokyo using the KLRCA i-Arbitration Rules.

SUMMARY OF PLEADINGS

- I. The partnership agreement between AID and SPT is invalid. It is pointed out that an agreement considered as a contract if both parties intended to create legal binding effect from the agreement. In this case, AID and SPT made up a partnership agreement without any legal intervene. For the lack of legal procedural, the partnership agreement is definitely not legitimate.
- II. The termination of SPT is valid in accordance with the laws of Myanmar. The termination is based on the invalidity of the partnership agreement. Also, the Claimant does not fulfill their obligations under the agreement through the action of Dr. Fiona Lum and the inaction of Dr. Yugi Asamura. In addition, the Respondent gives the Claimant a proper compensation to make the termination legally.
- III. The statement of Dr. Fiona Lum to the interview about the views on the plea of the Rohingya minority in the Rakhine state was absolutely harmful to national interest and solidarity of Myanmar. Dr. Fiona Lum is a non-executive director of AID. The statement of her seriously affects to SPT's students and employees. It, therefore, makes the Claimant to violate the agreement between AID and SPT.
- IV. The Respondent has ownership of all jade-mining machinery and equipment under Myanmar Law. The Respondent has been named as the importer of all the equipment and they are impliedly authorized to be owner of the machinery by AID.
- V. SPT has ownership of rights over JADEYE software. The creator of the software – Joe Yamashita admitted the joint ownership of both AID and SPT to use it. Joe Yamashita does not also stop the Respondent from using or reproducing the software. Therefore, the Respondent has right to use the JADEYE software.

PLEADINGS

COUNT 1: THE TERMINATION OF THE AGREEMENT BY RESPONDENT IS VALID

The termination of the Agreement by the Respondent does not violate the law of Myanmar. Accordingly, SPT definitely has the right to terminate the agreement, the Respondent offers a proper compensation.

I. SPT has the right to termination the Agreement

1. The Agreement is invalid

One of the criteria for an agreement to be granted as contract is that both parties intended to create legal binding effect from the agreement, otherwise the agreement cannot become a binding contract in the eye of law.¹

In *Balfour v Balfour*, the defendant has agreed to pay for the daily life maintenance cost for the defendant after marriage but then they have broken up and the defendant refused to pay monthly allowance for the applicant. The court in this case decided that the agreement cannot reach to a level of contract because both parties did not intend to suffer from legal consequence. Comparing to the case at hand, the fact that AID and SPT together made up a partnership contract but they did not let lawyer or judicial settlement intervene in the contract is clearly analogous to the rule derived from the *Balfour v Balfour* case. And that is both parties did not intend to create legal obligations under the contract.

Due to shortage of intention to enter into a legal governed agreement, the partnership agreement between AID and SPT is invalid.

2. Even the Agreement is valid, the termination is still legitimate based on the non-performance of the obligations of the Claimant

According to Article 39 of the Myanmar Contract Act, a party to a contract has refused to perform, or disabled himself from performing his promise in its entirety, the promisee may

¹*Balfour v Balfour Court of Appeal* [1919] 571

terminate the contract, unless he has signified, by words or conduct, his acquiescence in its continuance.

Where one of party refuses to go on with the contract, giving no reason for this refusal or the wrong or an inadequate reason, the action can still be justified if the other party had at the time committed a breach of contract which would have provided a good reason.²

In this case, the Claimant failed to perform their obligations without any warranty to fulfill their obligation.

2.1.Dr. Fiona Lum is the member of AID

A non-executive director has no operational or functional responsibility, but she is no less accountable, no less liable than an executive director.³ It is believed that the non-executive who adds significant value has much greater influence with other directors.⁴ The role of non-executive director includes ensuring that the company has the appropriate resources in place to meet its strategy, the two most important being human and financial; and there is appropriate corporate governance and a high standard of investor relations.⁵ Dr. Fiona Lum does not hold any share in AID but she is a non-executive director of AID.⁶

Thus, Dr. Fiona Lum has obviously responsibility under the Agreement between AID and SPT.

2.2.Dr. Fiona Lum does not perform their obligation under Section 11.

In the Agreement, Section 11 stipulates that both AID and SPT cannot do or say anything harmful to the national interest and solidarity of each other's country.

In an interview with the Asian Influencers Magazine, Dr. Fiona Lum, when answering interview questions, referred to the "ethnic cleansing" in Myanmar.⁷This may lead to the

² J. Beatson, A. Burrows J. Cartwright, Anson's *Law of Contract* (29th Edn, 2010, Oxford University Press), p. 537.

³ John Smithson, *the Role of the Non-Executive Director in the Small to Medium-Sized Business* (1st Edn 2004, Palgrave Macmillan), p. 14.

⁴Glynis D. Morris and Professor Patrick Dunne, *Non-Executive Director's Handbook* (2nd Edn 2008, CIMA), p. 7.

⁵*Supra*, note 5.

⁶ Clarifications 2017

⁷ Moot Problem, para 29

internal splitting and affecting to solidarity of Myanmar. After being published, the interview also made employees and students of SPT very upset.

2.3. The couple does not respect SPT's employees and workers in accordance with Section 5.

Herein, after the interview of Dr. Yugi Asamura and Dr. Fiona Lum, SPT's workers went on strike and requested the couple to issue an apology and to retract the statement.⁸ Neither does the couple have any action to stabilize the situation nor apologize SPT's employees.⁹ Hence, Dr. Yugi Asamura and his wife do not perform their obligation in the stipulation of Section 5.

Therefore, the Respondent made the termination with the Claimant for the non-performance of the obligations.

3. The Agreement must be terminated for the illegality under the Myanmar Investment Law

According to Article 41 of the Myanmar Partnership Act, a partnership firm is dissolved by the happening of any event which makes the business of the firm unlawful to be carried on or for the partners to carry it on.¹⁰

The investment businesses which manufacture goods or provide services that are prohibited under the applicable laws are banned.¹¹ It is stipulated in Notification 26/2016 of Myanmar that prospecting, exploration and production of jade/gem stones is one of the economic activities under prohibition for foreign investors.¹²

Article 65 of the Myanmar Investment Law stipulates that the investor shall abide the terms and conditions, stipulations of special licenses, permits such as notifications.

In this case, the jadeite venture between AID and SPT is major in four main business activities including (i) exploration and extraction; (ii) breaking and cutting; (iii) processing

⁸ Moot Problem, para 27

⁹ Moot Problem, para 30

¹⁰ Myanmar Partnership Act, Art 41(b).

¹¹ Myanmar Investment Law 2016, Article 41(f).

¹² *Classification of type of Economic Activities*, Myanmar Investment Commission Notification 26/2016 (2016)

and production; (iv) distribution and sales.¹³ The business is definitely prohibited under Myanmar law.

Thus, the Agreement is illegal under the Myanmar Investment Law. AID and SPT have to put an end to the Agreement.

4. The termination is based on the intention of SPT's employees and students in accordance Section 5.

After the interview with the Asian Influencers, SPT's persons did not continue cooperating with AID's ones. They kept their morale at an all-time low and they had lost respect for their Japanese counterparts.¹⁴

II. The Respondent offers a proper compensation in the stipulation of Section 8

It is stipulated in Article 74 of the Contract Act of Myanmar that if a sum is named in the contract as the amount to be paid in case the contract has been broken, the party suffering by such breach is entitled to receive from the party breaking the contract reasonable compensation.

Herein, Section 8 of the Agreement also provides that the party causing the end of partnership must pay compensation.

The Respondent offered to bear all relocation costs for AID's employees currently seconded to Myanmar.¹⁵

A fair and adequate compensation shall be designed as an equivalent to the market value prevailing at the time of expropriation of the investment. That designation shall be based on a fair consideration of public and private investor's interest, and also take into account the present and past conditions of investment, the reason and the purpose for expropriation of the business, the fair market value of the investment, the profits required by the investor and the duration of the investment.¹⁶

¹³ Moot problem, para 19

¹⁴ Moot Problem, para 36

¹⁵ Moot problem, para 41

¹⁶ Myanmar Investment Law 2016, Art 53.

The Claimant may argue that the termination of the Agreement causes the loss interests related to the USD 1.2-million-contract between AID and HCL.¹⁷ However, according to Article 73 of the Contract Act of Myanmar, the compensation is not to give for any remote and indirect loss or damage sustained by reason of the breach. The loss of AID in relation with HCL does not involve in the Agreement between AID and SPT.¹⁸ Thus, SPT does not compensate for AID for any loss or damage.

In addition, according to Article 65 of the Myanmar Investment Law, the investor shall close and discontinue the investment only after payment of compensation to employees in accordance with applicable laws for any breach of closure of investment or discontinuation of investment.¹⁹

In this case, U Thein Kyaw offered to have SPT bear all relocation costs for AID's employees currently seconded to Myanmar. Therefore, SPT has a proper compensation for employees.

In conclusion, the termination of the Agreement by the Respondent is definitely valid under the Myanmar law.

III. Even in case SPT has no right to terminate the partnership, the partnership still could be canceled by the court

According to article 44, the Partnership Act 1932, it stipulates that: "At the suit of a partner, the court may dissolve a firm on the grounds, namely: (d) that a partner, other than the partner suing, willfully or persistently commits breach of agreements relating to the management of the affairs of the firm or the conduct of its business, or otherwise so conducts himself in matters relating to the business that it is not reasonably practicable for the other partners to carry on the business in partnership with him"²⁰

¹⁷ Moot problem, para 35

¹⁸ Moot problem, paras 34, 35

¹⁹ Myanmar Investment Law, Art. 65(i).

²⁰ Myanmar Partnership Act 1932, art 44 (d)

In order to terminate or dissolve the partnership on the ground of this rule, three requirements must be cumulatively satisfied. Firstly, a partner must persistently or willfully commit breach of the agreement. Secondly, such breaches must be categorized as matters relating to management the affair or the firm or the conduct of business or other reasonable practice which affected adversely the conduct of business of other partners. In this case, we argue that all requirements are satisfied.

1. The act of AID is willful or persistent.

1.1 The breach of AID is willful:

The term willful breaches can be defined as “*knowing or intentional breaches*”.²¹ In this case, Mr. Yugi and Ms. Fiona were in the interview with the Asian Influencers Magazine for its 2016 edition²² and she has intentionally condemned government of Myanmar for not ending the problem of ethnic cleansing.²³ Furthermore, after being protested by workers and students working in the partnership, neither did Mr Yugi and his wife apologize nor give any explanation. Not to mention the fact that in the Partnership Agreement, both parties agreed not to say or do anything harmful to the national interest and solidarity of Myanmar.²⁴ Therefore, this act is willful.

1.2 The act of AID is persistent:

Although under the partnership agreement, it is clear that AID cannot do or say anything harmful to the reputation as well as solidarity of Myanmar.²⁵ After criticizing Myanmar government for not handling with problems of ethnic cleansing, Dr. Yugi Asamura and his

²¹William S. Dodge, *The Case for Punitive Damages in Contracts*, 48 DuKE L.J. 629, 651-52 (1999). Cf. Richard Craswell, When is a willful breach “willful”? The link between Definition and Damages, *vol 107 issue 8 (Michigan Law Review 2009)*, p 1502

²² Moot problem, para 27

²³ Moot problem, para 28

²⁴ Partnership Agreement, art 11

²⁵ *ibid*

wife did not give any explanation and apology toward the SPT and their students. Even after students and workers have protested and urged them to do so.²⁶ Therefore, the breach of AID is persistent.

2. AID has committed breach which affected the management of affair and conduct of business of partnership

Because AID has caused harm to reputation and solidarity of Myanmar, students and workers has protested and stopped working to oppose the false accusation of Dr. Yugi Asamura and his wife. The protest and dissatisfaction of workers toward AID has severely affected the management of affair and conduct of business in partnership.

²⁶ Moot problem, para 29

COUNT 2: SPT SHALL HAVE OWNERSHIP OVER THE MACHINERY AND EQUIPMENT THAT THEY HAVE IMPORTED

I. The machineries and equipment is the joint venture between AID and SPT.

Section 14, Myanmar Partnership Act about the property of the firm²⁷, provided that: *“Subject to contract between the partners, the property of the firm includes all property and rights and interest in property originally brought into the stock of the firm, or acquired, by purchase or otherwise, by or for the firm for the purposes and in the course of the business of the firm, and includes also the goodwill of the business. Unless the contrary intention appears, property and rights and interest in property acquired with money belonging to the firm are deemed to have been acquired for the firm.”* According to the Partnership agreement, *“AID will buy and provide all equipment required, and provide technical expertise for the term of the agreement.”*²⁸

This indicates that machineries and equipment mentioned in the case²⁹ would be provided by AID and be added into the partnership agreement as the property of the contract.

With the regulation on the property of the firm which includes all property brought into the stock of the firm, those machineries and equipment provided by AID at the very beginning of the partnership could be understood as a part of the joint venture of both parties to the contract.

II. Whether jade-mining machinery and equipment are SPT's property.

1. SPT shall be granted the ownership over such machinery and equipment under the agreement between 2 parties:

1.1. SPT has been named as the importer of such technology due to the manifestation of AID:

1.1.1. AID has transferred those machineries and equipment to SPT:

Under the agreement between both sides, AID is mandated to buy and provide machineries and equipment served for the partnership. Consequently, AID has agreed to transfer

²⁷ The Partnership Act, 1932 (Act No. IX of 1932), art 14

²⁸ Partnership Agreement, Annex I art 4

²⁹ Partnership Agreement, Annex I, art 5

the technology to SPT for the term of carrying out their joint business. This act made by AID could be understood as an intentional act which lets SPT have these machineries and equipment.

1.1.2. AID has agreed to train the SPT's people:

AID's employees imparted technical knowledge to SPT's employees and students. SPT's employees and students were trained on how to operate and maintain the jade-mining equipment and machinery.³⁰

Along with the provision of machineries and equipment, AID also trains people of Myanmar to operate and maintain the technology. This could be implicitly understood that because AID has considered the technology as SPT property, AID wants to help SPT to maintain the work of these machineries and equipment.

Therefore, the machinery and equipment is SPT's property following the intention and manifestation of AID.

2. *SPT is the owner of the technology in Myanmar:*

SPT obtained the necessary jade mining and equipment permit from the government to ensure the smooth flow of works at the jade field.³¹ Furthermore, bore the cost of the shipping of the machineries from Japan to Myanmar. It could be concluded that SPT is the only legal entity who is responsible for the machineries and equipment and it could be illustrated that SPT is the only one who is liable for the technology.

Consequently, within the territory of Myanmar, it is the owner of the jade-mining equipment and machinery.

3. *Jade-mining machineries and equipment are SPT's property under Myanmar law.*

3.1. *SPT imported these machineries and equipment legally.*

Under Article 5, The Export and Import Law: "*No person shall export or import restricted, prohibited and banned goods.*"³² Under Sea Customs Act of Myanmar, it has

³⁰ Moot problem, para 16

³¹ Moot problem [18]

³² Art.5 The Export and Import Law (The PyidaungsuHluttaw Law No. 17/2012)

stipulated the lists of prohibited import stuffs. However, in this case, machinery and equipment are not included in the lists of prohibited import stuffs.

Therefore, this SPT's technology importation is legal under the rules of Sea Customs Act and Myanmar law.

3.2. SPT is deemed as the owner of machineries and equipment after the importation.

According to the Sea customs Act, "when any person is expressly or impliedly authorized by the owner of any goods to be his agent in respect of such goods for all or any of the purposes of this Act, and such authorization is approved by the Customs-collector, such person shall, for such purposes, be deemed to be the owner of such goods."³³

To apply this provision into this case, SPT must satisfy 3 requirements:

3.2.1. SPT is expressly authorized by AID to be the agent in respect of such goods.

In the partnership, both sides agree that: SPT is in charge of obtaining and settling all the permits and requirements to do the jade-mining business and all related matters with the government of Myanmar.³⁴ This means AID has agreed that SPT is the agent of these machineries and equipment exported from Japan by AID.

3.2.2. The machineries and equipment are for all or any purposes of this Act.

Comparing these machineries and equipment to these goods where listed in article 18, Sea customs Act that shall not be brought into the Union of Burma³⁵, the importation of SPT is legal and does not go against the prohibition and restriction of the mentioned article.

3.3. The authorization is approved by Customs-collector.

"Customs-collector" means a Customs-collector as defined in the Sea Customs Act, or a Collector of Land Customs appointed under the Land Customs Act;³⁶

³³Sea Customs Act No. 8 of 1878, as amended up to 1960

³⁴ Partnership Agreement, art 3

³⁵Sea Customs Act No. 8 of 1878, as amended up to 1960,art 18

³⁶The control of imports and exports (Temporary) Act. * [BURMA ACT LVI, 1947.] (30th September, 1947.)

According to Additional Clarifications, SPT has Bill of Lading that addresses that SPT is a consignee/endorsee for the machineries and equipment.³⁷ In the moot problem, such machinery and equipment were then imported into Myanmar by SPT in January 2009³⁸ and SPT is named as the importer of the equipment and machinery³⁹ which can be understood that the authorization of importation is approved by Customs-collector.

In conclusion, SPT is qualified as the owner of such goods which are machineries and equipment transferred from Japan by AID.

³⁷ Additional Clarification of Moot Problem, Q 25

³⁸ Moot problem, para 16

³⁹ Additional Clarification of Moot Problem, Q 8

COUNT 3: SPT SHALL HAVE THE OWNERSHIP OF RIGHTS OF JADEYE SOFTWARE

I. JADEYE software has not been protected in Myanmar

1. *JADEYE software cannot be protected as copyright in Myanmar*

Although Myanmar has progressively improved its legal system of Intellectual Property Law, Myanmar did not provide a clear protection with regard to computer program.⁴⁰ However, under Myanmar Copy Right Act, "literary work" includes maps, charts, plans, tables, and compilations.⁴¹

The fact is that despite being member of TRIPS Agreement, Myanmar has not still recognized the protection of copyright as to computer software in its national law. Furthermore, because Myanmar is not member of Berne Convention, computer software will not be automatically protected without registration of copyright in the authority of Myanmar.

Thus, there is no ground to protect computer software as copyright without registration in Myanmar.

2. *JADEYE software cannot be protected under patent right in Myanmar*

In order to be protected in Myanmar as patent, intellectual property needs to be registered in the authority before it is being operated.

2.1. *Whether JADEYE software has registered patent rights in Burma or anywhere else?*

In this case, JADEYE software has not been registered in anywhere, including Japan and Myanmar. Thus, the non-registration of JADEYE software has illustrated that JADEYE software was not protected under the law of Burma.

2.2. *Whether JADEYE software has automatically been granted protection?*

Because Myanmar is not among member to any treaties that make the automatic protection of intellectual property which has been granted protection by any members' states,

⁴⁰ World Intellectual Property Organization, *TRIPS Agreement Implications, annual survey of comparative law*, vol 4 [1997], Iss.1, Art. 4, 27

⁴¹ Myanmar Copy Right Act, Part III: Supplemental Provisions, art 35.

JADEYE software cannot be automatically protected in Myanmar. Due to the non-registration of JADEYE software, AID cannot claim to protect JADEYE software in the Myanmar.

Because JADEYE software has not been registered in Myanmar, JADEYE software cannot be protected under patent right law.

2.3. *AID has not filed declaration of ownership in Myanmar*

One of compulsory documents for recognition of owner of a patent is to file declaration of ownership under the law of Myanmar.⁴² Moreover, it is additionally required to be certified by notary public.

However, in this case, neither creator of JADEYE software, Joe Yamashita, nor AID has made any declaration of ownership in Myanmar. Therefore, AID cannot be considered as the owner of JADEYE software in Myanmar.

II. SPT shall have ownership of rights over JADEYE software

1. *When Joe Yamashita was working for AID, JADEYE Software does not belong to AID*

Under the case of *Spencer Industries Pty Ltd v Collins*, *the mere relationship between employee and employer does not give the employer the rights of ownership over the employee's invention. In its holding, because "it was no part of the employee's ongoing duties to invent products for the employer"*, the court has given the sale manager working for a small company the ownership over his invention, even though the invention was directly relevant to the business of the employer."⁴³ *"Even if the employee is engaged to perform research, this may not be sufficient if the invention is not sufficiently related to the particular fields in which they have been engaged to conduct research."*⁴⁴ Moreover, the general rule of common law is that if employee is hired to do some works which are not related to what he has concocted in the course of relationship, any inventions shall belong to employee regardless of whether it is relevant to employer's business or not.⁴⁵

⁴² Myanmar registration act 1908.

⁴³*Spencer Industries Pty Ltd v Collins* [2003] FCA 542 at para 79.

⁴⁴*Victoria University of Technology v Wilson* [2004] VSC 33 at para 115.

⁴⁵ Freibrun Law, *Right to invention: Employers v. Employees* (1995), available at <http://www.freibrun.com/rights-inventions-employers-v-employees/> (lasted visit August 2nd 2017, 9:42 pm (GMT +7))

In this case, Joe Yamashita is AID's finance executive but his works is not relevant to create or make any company software for AID. Nor AID provided any instructions for Joe Yamashita so as to come up with JADEYE software. Only after Joe Yamashita has invented JADEYE software successfully, Dr. Yugi Asamura has ordered to apply this software to mining process. Moreover, JADEYE software was mainly created and used in Myanmar. Because of the independence in initiating and creating the software, Joe Yamashita shall have the ownership over JADEYE software.

2. Joe Yamashita has had no intention of restricting SPT from the rights to use of JADEYE software.

Under article 11 ter of Berne Convention, author of literary work shall enjoy exclusive rights of authorizing the public recitation of their works, including such public recitation by any means or process.⁴⁶ Moreover, under technology transfer law, it also allows author to grant the right to use Technology to the person for free of charge.⁴⁷

In this case, Joe Yamashita, author of JADEYE software has no intention of prevention his work from being used by SPT. Not only did Joe Yamashita refuse to sell the software for SPT, but also claimed that the software was for benefit all of us. Therefore, Joe Yamashita has implied that the SPT can also use and reproduce the work.

However, AID may argue that because Joe Yamashita worked for AID, his creation belongs to AID. In this case, during his work, Joe Yamashita has developed computer software to increase the efficiency of jade mining production process but he created it independently. Therefore, there is no ground that AID could claim the ownership over the invention of Joe Yamashita. Nor did Joe Yamashita ban SPT from the right to use his invention.

⁴⁶ Berne Convention for the Protection of Literary and Artistic works (1886), art 11ter

⁴⁷ Science and Technology Development Law, State law and Order Restoration Council Law No.5/94 Transfer of Technology (7 June 1994), Art 10(a).

3. Even in case Joe Yamashita does not expressly assign SPT the right to use his invention, JADEYE software shall belongs to both companies, not just belong to AID.

In general rule, inventor shall retain his ownership over his invention unless he has voluntarily assigned the ownership to the employer.⁴⁸

In this case, Joe Yamashita, by claiming that JADEYE software is for benefits of all of us, has voluntarily assigned the ownership of such software to both companies. Moreover, he also refused the offer of purchasing JADEYE software's patent from SPT. Therefore, JADEYE software shall belong to SPT as well as AID.

⁴⁸William P. Hovell, *Patent ownership: An employer's rights to his employee's invention*, Notre Dame Law Review, volume 58, issue 4 (January 4th 1983), 864; *Marshall v. Colgate-Palmolive-Peet Co.*, 175 F.2d 215, 217 (3dCir. 1949); *New Jersey Zinc Co. v. Singmaster*, 71 F.2d 277, 278 (2dCir.), *cert. denied*, 293 U.S. 591(1934); *National Dev. Co. v. Gray*, 316 Mass. 240, 246, 55 N.E.2d 783, 787 (1944); *A & C Eng'g Co. v. Atherholt*, 355 Mich. 677, 685, 95 N.W.2d 871, 875, *cert. denied*, 361 U.S. 824 (1959).

PRAYER FOR RELIEF

For the foregoing reasons, the Applicants respectfully request this Honorable Court to adjudge and declare that:

1. The termination of the agreement by SPT is invalid;
2. AID is the ownership of the jade-mining machinery and equipment;
3. AID has the ownership of rights in the JADEYE software