

Working Guidelines

by Jochen E. BÜHLING, Reporter General
Dariusz SZLEPER and Thierry CALAME, Deputy Reporters General
Nicolai LINDGREEN, Nicola DAGG and Shoichi OKUYAMA
Assistants to the Reporter General

Question Q194

The Impact of Co-ownership of Intellectual Property Rights on their Exploitation

Introduction

During the EXCO 2007 in Singapore, the question Q 194 : "The impact of co-ownership of intellectual property rights on their exploitation" gave place to the adoption of the resolution which treated several issues discussed in the working guidelines and in national group reports in relation to this question.

And some harmonised positions have been achieved on the issues like:

- the freedom to organise the co-ownership of intellectual property rights,
- the role of the legal rules applicable to co-ownership,
- the regulations of the right to exploit the co-owned IP rights by the co-owners
- and the right to start a legal action to enforce those rights.

The resolution also gave the recommendations in relation to the renewal or maintaining of co-owned IP rights.

However, several other questions which were also discussed in the initial working guidelines, as well as in the group reports, seemed to be too complicated to achieve a consensus within the AIPPI.

And therefore, the Working Committee proposed to the EXCO to continue the study on other aspects of the co-ownership of IP rights.

The objective of the present working guidelines is to, without necessary repeating the issues which were already resolved in the group reports answering the previous first working guidelines of November 2006, open the discussion on the questions which were not initially tackled or which were not discussed in the previous working guidelines or the Groups reports in sufficient detail.

As usual, the present working guidelines are divided into two parts:

- the first one is intended to present the scope of the current rules in various countries,
- and the second contains the questions related to the eventual future harmonisation.

Discussion and Questions

I) Analysis of the current substantive law

1) The regulation of co-ownership may depend on the origin of co-ownership.

It may be considered that, in case the object of an intellectual right (esthetical, technical or commercial) is jointly created by two or more persons, the rules applicable to such a situation may be different from those applicable in the situation when the co-ownership results from the division of the same right among different persons as the consequence, for example, of heritage or a division of a company.

Also, there may be the situations where the co-ownership is imposed in fact by one party on the other in case of some technical creation (for example in case of the improvement or modification of the previous creations which not always may result in the independent right).

Therefore, the groups are invited to indicate if, in their national laws, the rules related to the co-ownership of IP Rights make any distinction in the applicable rules to the co-ownership of an IP Right in case the origin of the co-ownership rights is not voluntary but results from other situations, including the division of a right in case of a heritage.

In this context the Groups may also indicate if there are any legal definitions of co-ownership of the IP Rights adopted in their countries and what these definitions are.

2) A large debate, during the Singapore EXCO, took place with regard to the notion of the exploitation of an IP right.

More specifically, the groups were highly divided on the issue of outsourcing or subcontracting the exploitation of an IP right.

This question, particularly important in case of patents, relates particularly to the problem of subcontracting when a co-owner of the patent who, in principle, and at least according to the position expressed by AIPPI in its 2007 Singapore Resolution, has the personal right to exploit his own part of the patent, specifically by manufacturing and selling the goods or processes covered by the patent, needs to subcontract partially or totally the manufacturing of the product covered by the patent.

No common position could be achieved by the Singapore EXCO in 2007 on the question if the right to exploit the patent should also cover the right to subcontract, specifically the manufacturing of all or part of the invention being the subject matter of the patent.

Therefore, the groups are invited to present the solutions of their national laws on this specific point.

3) The working guidelines established for the Singapore EXCO contained also the question related to the possibility of the co-owner of an IP right to licence this right to third parties.

No distinction was, however, made in this context between a non-exclusive and an exclusive licence.

No differentiation was also made on the number of licences which could be given by one co-owner in case the non-exclusive licence would be permitted by the national law.

And if the AIPPI adopted a resolution on the conditions of granting the licence, it also appeared during the discussion at the EXCO that some different or more precise solutions could have been obtained if the Working Committee had made a distinction between the nature of the licence.

Therefore, in order to improve the work of the EXCO, the groups are invited to specify how the differences in the nature of licenses (non-exclusive or exclusive) influence the solution of their national laws in respect of the right to grant the licence by a co-owner of an IP Right.

4) One of the most difficult question which appeared during the discussion at the Singapore EXCO was the possibility to transfer or assign a co-owned share of an IP right.

And the problem seemed so complicated that finally the Working Committee decided to withdraw its proposal for a resolution on this point.

In fact, the discussion showed that the solutions concerning the right to transfer or assign may vary since there is a huge variety of situations related to the transfers of the co-owned share.

Notably, one could imagine that the transfer is operated on the whole share of the co-owned IP right, but it also could be simply an assignment of a part of the co-owned share, creating therefore an additional co-owner of an IP right.

And such transfer of a part of a share of an IP Right could be used to overcome the limitation which could exist on the granting of licences by the co-owners.

The Groups are therefore invited to precise their position on the question of the transfer or assignment of a share of the co-owned IP Right, taking into the consideration the different situations which may occur (the transfer of the whole share of a co-owned IP Right or the transfer only of the part of the share of the co-owned IP Right).

5) The exercise of an IP right co-owned by two or more co-owners each of whom has in principle the right to exploit the co-owned right, may also raise difficulties from the point of view of competition rules.

The co-owned IP Rights may give the co-owners the dominant position on the market and their agreement on the co-owned IP Rights (when for example it prohibits the licensing) may also be seen as eliminating the competitors from the market.

The groups are therefore invited to explain if their national laws had to treat such situations and what were the solutions adopted in those cases.

6) The groups are invited to investigate once more the question of the applicable law that could be used to govern the co-ownership of various rights coexisting in different countries.

This point was left for further study by the paragraph 9 of the resolution adopted in Singapore.

And more specifically the Groups are requested to indicate if their national laws accept that the co-ownership of an IP Right, even if there is no contractual agreement between the co-owners, may be ruled by the national law of the country which presents the closest connections with the IP Right.

If this is the case, what in the opinion of the Groups would then be the elements to take into the consideration to assess this connection?

The Groups of the EU Countries are in this context asked to indicate if they consider that Council Regulation of June 17, 2008 (No 593/2008), so called "Rome I" may be applicable to the Co-Ownership agreements.

7) Finally, the groups are also invited to present all other issues which appear to be relevant to the question and which were not discussed neither in these working guidelines, nor in the previous ones for the 2007 EXCO in Singapore.

II) Proposal for the future harmonisation

The groups are invited to present any recommendation that can be followed in the view of the further harmonisation of national laws in the context of co-ownership, specifically on the points raised by the working guidelines above in relation to the current state of their national laws. \$

Note:

It will be helpful and appreciated if the Groups follow the order of the questions in their Reports and use the questions and numbers for each answer.