

Ownership and Co-Ownership of the Invention

from claiming an interest in a share to
managing a jointly owned patent

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Summary

- 1. Claiming an interest in a Share**
- 2. Joint Ownership –Applicable rules**
- 3. The Management of the Jointly Owned Patent**
- 4. The Rules of Management of the Joint Ownership**

Parte I

Claiming an Interest in a Share



Art. 118 Industrial Property Code

1. Art. 118 IPC deals with the action for determining the right to patent brought by the entitled party against the non entitled registered owner.
2. After two years from grant, the right to bring such action by the entitled party is forfeited and an action for revocation can be instituted by any third party

Claiming a Proprietary Interest in a Share of a Patent

The registered proprietor is not an 'usurper', but – at least – one of the entitled parties

1. Question I: is the right to claim ownership forfeited after two years?
2. Question II: Can third parties seek the revocation after two years?

Claiming a Proprietary Interest in a Share of a Patent

1. Answer I: Yes, no precedent, but no reason to treat the co-entitled better than the sole entitled
2. Answer II: No, revocation does not apply
 - Art 118 is drafted and must be construed in the light of its focus «*on the usurper of the patent, so that, intuitively, it is clear that the revocation is an excessive and unacceptable sanction for the mere exclusion of one of the entitled parties*»
 - Art. 6 1bis Industrial Property Code

Parte II

Joint Ownership –Applicable rules



Art. 6 Industrial Property Code

1. Reference to the rules of the Civil Code on joint ownership
2. Individual standing to apply, prosecute and maintain patents and patent application
 - Exception to the majority rule
 - But what about the relation among co-owners?
3. What if the majority does not wish to file a patent application?

Civil Code Rules (Art. 1100 – 1116)

1. Applicable to patents in «so far as compatible»
2. Conceived for property rights on tangible goods
3. Ill suited to intangibles
4. Perhaps not «incompatible», but at the origin of much uncertainty
5. Each party may apply for the dissolution at any time, but sale is the only option for dissolution

Parte III

The Management of the Jointly Owned Patent



Working the patented invention

- According to Art. 6 IPC, each co-owner is entitled to apply, prosecute and maintain a patent, but nothing is said about working the invention other than by reference to the rules of the Civil Code
 - Can each co-owner work the patented invention without the other co-owners' consent? or
 - Is it necessary a majority decision?

Working the patented invention

- Art. 1102 c.c. «Each co-owner may use the jointly owned property, to the extent that its destination is unchanged and it does not prevent the other co-owners to use it according to their right».
- Thus each co-owner can work the patent individually... Or not?

Working the patented invention

- The working of the patent by one co-owner means that all others lose their right to make exclusive use of the invention
- Working the patent requires a majority decision.
 - Simple (art. 1105 c.c.) or qualified (art. 1108 c.c.)?

Working the patented invention

- Ordinary administration → simple majority
- Extraordinary administration → Qualified majority (two-thirds)
- To work the patent the prevailing opinion is - art. 1108 c.c.- (two-thirds majority)

Licenses

License (and any other grant of the right to use the patent). What makes a difference?

- Exclusive: all co-owners lose the right to use the patent
- Non-exclusive: all co-owners lose the right to use the patent exclusively
- Duration + or – than 9 years (art. 1108 c.c.)

License

- Exclusive: decision by consensus
- Non exclusive & less than 9 years: qualified majority (two-thirds)
- Non exclusive & more than 9 years: decision by consensus

Compensation for the other co-owners

If the patented invention is worked or licensed by one of the co-owners

- The other co-owners have the right to their share of profit, unless otherwise agreed
- In case of unauthorized use or grant of license, damages are at least = share of profit

Parte IV

The Rules of Management of the Joint Ownership



Nature of the Joint Ownership Regulation

- It is not a contract if it
 - supplements the rules of the civil code without replacing them
 - relates to the ordinary administration and
 - is adopted by way of a majority deliberation
- In such case, it is binding upon the successors in title by operation of law (art. 1107, II para. c.c.)

Nature of the Joint Ownership Regulation

- It is a contract if it replaces the rules of the civil code. Consensus is required.
- In such case, it is binding only upon the parties to the contract and not to the successors in title, unless they agree to be bound

Drafting a contractual regulation

- Appointment of the trustee(s)
 - Extent of the powers (i.e., authority to use and/or grant licenses)
 - Matters to be decided by the co-owners meetings and majorities required
 - Compensations paid to the co-owners
 - Sharing of costs
 - Standing to enforce the patent

Drafting a contractual regulation

- Dissolution of the joint ownership
 - Agreement not to dissolve the joint ownership for a certain period of time (max 10 years)
 - Process to approve the dissolution
 - Sale of all shares of the patent (drag along)
 - Right to buy the shares by one co-owners (and obligation to sell for the others)

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