Questions

1) What forms of property right do IP rights take in your country?


The acquisition of the right varies depending on the asset to be protected. Hence the protection of inventions, plant varieties and designs by registering them with the Spanish Patents and Trade Marks Office is constitutive in nature, while the Patent Act, although it lays down the general principle of the constitutive nature of trade mark rights, establishes certain exceptions to this rule. Unlike industrial property rights, copyrights, known in Spain as intellectual property rights, are acknowledged as originating from the creation itself.

The IP rights regulated by the Act are mainly characterised by the owner’s right to prevent third parties from making use of the assets that are the object of their industrial and intellectual property for a period of time that may be limited (inventions, designs, plant varieties and copyrights) or unlimited (trade marks and trade names). In a positive sense regarding third parties, this ius prohibendi is manifested in the ability to transfer the asset, whether partially (through a licence) or fully (through assignment), as well as the ability to carry out legal business with them as recognised by the law (mortgages and guarantees, etc.).

One characteristic aspect of some IP rights is that it is not possible to carry out a future assignment of rights that have not yet come into being. According to Spanish law, neither inventors nor authors may be forced to waive their rights over inventions or works that do not exist at the time of acceptance of assignment to third parties (article 19.2 LP and 43.3 LPI).
The Patent Act (articles 10 and 72), the Trade Mark Act (article 46.1), the Industrial Design Act (article 58) and the Plant Variety Act (article 10) recognise the possibility of joint ownership of registered rights. These four regulations (the last one indirectly) refer the regulation of joint ownership to the system of joint ownership arrangements laid down in the Civil Code. Joint owners are entitled to exercise the rights of first refusal and a pre-emptive option if any of the joint owners decide to transfer their share in the joint ownership of the assets. Licences must be granted either by a majority decision by the joint owners (Trade Mark Act and the Industrial Design Act) or by unanimity (Patent Act). They are also entitled to make use of the IP right they jointly own themselves, or bring the relevant civil or criminal proceedings to protect that right. The law recognises that the general rules applicable to the system of joint ownership may be replaced with any specific agreements the joint owners may enter into.

The Patent Act (article 75), the Trade Mark Act (article 79), the Industrial Design Act (article 59) and the Plant Variety Act (articles 20 and 23) recognise the possibility of rights created through each form of compulsory registration being transferred or licensed, provided as security or mortgaged. The Patent Act explicitly states that patents and utility models may be subject to usufruct and the Trade Mark Act and Industrial Design Act state that, notwithstanding other possible legal business, registered rights may be the object of other in rem rights, call options, seizures or other measures.

The IP over a literary, artistic or scientific work, made up of personal and property rights, grants the author full rights of disposal and the exclusive right to make use of it by the simple fact of having created it. The fact that the author of the work is recognised as owning it and that registration of it, which is optional, is not constitutive in effect, makes copyright different in nature to industrial property rights. Personal rights are non-transferable, while property rights may be wholly or partially assigned.

The assignment of intellectual property rights is not known as a ‘licence’ in Spanish law in the way it is in other states, but rather as ‘assignment’.

2) Is it required to register an assignment or licence of IP rights in order for it to be effective a) between the parties and

b) against third parties?

Assignments and licences for inventions, trade marks, trade names and industrial designs may only be enforced against third parties acting in good faith once they have been registered in the appropriate registry of the Spanish Patents and Trade Marks Office (article 79.2 LP, article 46.3 LM and article 59 LDI). The Patent Act states that in order for assignment and licensing of the rights it regulates to be considered valid they must be carried out in writing (article 74.2 LP). It also states that in order to be registered, assignments and licences must be granted in a public deed.

None of the applicable laws envisages the need for licences or assignments of a copyright to be registered in order for them to have effect between the parties.

The Intellectual Property Act states that the formalities of any assignment must be carried out in writing (article 45 TRLPI). However, the registration of such a contract in the General Intellectual Property Registry is voluntary.

Meanwhile, the Plant Variety Protection Act stipulates that licence agreements must be entered into in writing and are not enforceable against third parties until they have been duly registered (article 23.3 LPOV).
3) Does the
   a) exclusive and
   b) non–exclusive licensee of an IP right have a right to bring proceedings for infringement,
   and if so, what conditions must be satisfied for right to arise?

Both the Patent Act (article 124.1) and the Trade Mark Act (Additional Provision 1 of which
refers to article 124 LP) recognise that, unless otherwise agreed, an exclusive licensee may
bring all the action in its own name that the legal system makes available to the owner of the
patent, utility model, trade mark or trade name to protect itself against third parties that
infringe its right.

As far as a non–exclusive licensee and an exclusive licensee deprived by contract of the right
to bring legal action are concerned, the Patent Act (article 124.2) and the Trade Mark Act
(Additional Provision 1) recognise them as being able to bring action in a manner subsidiary
to the owner itself. So before they can bring legal action, the regulations force the licensee to
order the owner of the right through a notary public to bring the relevant legal action. Only if
the latter refuses or does not bring the action within three months may the licensee bring it in
its own name, in which case it must attach the order made to the claim.

In exceptional circumstances, in cases of urgent interim injunctions, article 124.2 of the Patent
Act exempts a non–exclusive licensee or a licensee deprived by contract of the right to bring
legal action from having to wait the aforementioned three–month term to bring action, but not
from issuing the order in a recorded manner.

Lastly, exclusive and non–exclusive licensees must notify the owner of the right of any legal
action that is brought so that it may appear and take part in the proceedings (article 124.3 LP).

As far as industrial designs are concerned, unless otherwise stated in the licence agreement,
both exclusive licensees and non–exclusive licensees may only bring action that the design’s
owner is entitled to bring in their own name if they are expressly authorised to do so by the
owner (article 61.1 LDI). Unless expressly authorised, an exclusive licensee may only bring
action if, after ordering the design’s owner to bring the relevant legal action through a notary
public, the owner refuses or does not bring the action within three months. In that case, the
order issued must be attached to the claim. In this case too, the act exempts the licensee from
said three–month term (if it submits proof of the order having been issued) in the event of it
seeking the adoption of urgent interim injunctions.

The Industrial Design Act places both licensors and licensees in general under an obligation
to notify one another of legal action being brought, in order to ensure that the former may
appear and take part in proceedings brought by the latter (article 61.2 LDI). Likewise, the act
authorises exclusive and non–exclusive licensees to take part in proceedings brought by the
licensor in order to claim compensation for damages.

The Intellectual Property Act recognises exclusive licensees as being entitled to bring legal
action in their own name against infringements that affect their rights under their licence
(article 48 TRLPI). The act states nothing about non–exclusive assignees, although from the
way in which article 50 is worded it may be interpreted as meaning that they are authorised
to bring such action if so agreed in the assignment contract. With regard to the rights of
phonogram producers, the Intellectual Property Act recognises assignees of such rights in
general as being entitled to bring legal action, without distinguishing between exclusive and
non–exclusive assignees (article 118).
4) **Is a licence transferable**
   a) by the licensor and
   b) by the licensee?

   As for the question of whether a licence can be transferred by the licensee, the Patent Act (article 75.3), the Industrial Design Act (article 60.6) and the Trade Mark Act (article 48.3) all state that the licensee may not assign the licence to third parties unless otherwise agreed, without distinguishing between exclusive and non-exclusive licensees. The licensee should thus only be regarded as able to assign the licence if it is expressly authorised to do so.

   Moreover, the Intellectual Property Act states that an exclusive assignee may transfer its right with the express consent of the assignor (article 49 LPI, paragraph 1), unless the transfer is carried out as a result of the dissolution of the assignee company or a change in its ownership, in which case the assignor’s consent is not required (article 49 LPI, paragraph 3). In the event of such consent not being expressly given, the assignees are jointly and severally liable (article 49 LPI, paragraph 2).

   The act also stipulates that non-exclusive assignees’ rights are non-transferable, except in the case of the dissolution of the assignee company or a change in its ownership, in other words the same system as for exclusive licensees (article 50.1 LPI). Lastly, non-exclusive authorisations granted by management companies are non-transferable in any case (article 50.2 LPI).

   The act states nothing about whether the licensor may transfer a licence, so whatever may be stated in the contract will apply.

5) **What is the effect on an assignment or licence of the invalidity of the underlying IP right?**

   The invalidity of an IP right results in the termination of the right plus the cancellation of any assignment or licence that has been granted. In other words it implies the termination of the contract itself, since the assignor or licensor is in a situation in which it is impossible for it to meet its contractual obligations.

   If a right is declared invalid due to failing to meet the requirements for validity, the effects of this take place “ex tunc”; i.e. the right is considered never to have been valid. The assignment or licence contract is considered likewise terminated. However, if the right is invalid due to expiry, the effects of termination apply from the time the cause of the expiry takes place.

   For industrial property contracts there is an exception to the retroactive effect of revocation or expiry. For the sake of legal certainty, revocation only affects contracts entered into beforehand as of the date of revocation (article 54.2 LM, article 114.2 LP and article 68.2 LDI). Therefore, such contracts last up until the date on which they are declared cancelled. It is possible to claim reimbursement of amounts paid under the contract for reasons of fairness. Compensation for damages may only be requested if the licensor or assignor acted in bad faith.

   If the industrial property right is invalid due to expiry, its cancellation takes effect from the time when the reason for expiry applies and once it has been so declared by a court (article 116.2 LP, article 55.2 LM and article 72.1 LDI). As far as trade marks and industrial designs are concerned, it expressly states that the retroactive effect of expiry on contracts is governed in the same terms as revocation.

6) **Can IP rights be used to provide security? If so what formalities are required?**

   IP rights may be used to provide security. While industrial property rights may also be seized, only the fruits or products of copyrights may, not the right to make use of them.
Article 12 of the Chattel Mortgage and Pledge without Transfer of Possession Act of 16 December 1954 states: “Only the following may be mortgaged: 5. Intellectual and industrial property”. In other words, both copyrights and industrial property are included within the limits of objects that may be provided as security in a mortgage. It is worth pointing out that mortgages are characterised by the fact that registration is constitutive in effect. Therefore, they may only be enforced against third parties once they have been registered in the relevant public registry, in particular in Section Four of the Chattel Registry. In order to maximise the publicity given to such mortgages, both the Trade Mark Act and the Industrial Design Act state that they must be registered in the Spanish Patents and Trade Marks Office, not for constitutive purposes, but for merely informative purposes.

In order for a mortgage to be created, it must be registered in the registry of chattel mortgages and pledges without transfer of possession after being granted in a public deed. Once the mortgage has been registered, the Spanish Patents and Trade Marks Office or the Intellectual Property Registry must be notified. Since a mortgage cannot be set up on assets that are already mortgaged, pledged or seized, a preventive note is added to the Chattel Mortgage Registry for assets on which a chattel mortgage may be set up.

In the case of copyrights, both the original owner of the rights (the author) and the owner of the rights as a result of mortis causa transfer without prohibitions on disposal may mortgage their usage right. In the event of an exclusive assignee, it must be authorised by the assignor and in the case of a non-exclusive assignee, it may not mortgage its right. There is no requirement for the assignor’s consent in order to mortgage an assigned usage right in the specific case of a mortgage over a cinematographic work to which special regulations apply in Spain. Another specific feature of copyrights springs from the independent nature of usage rights, as in this case the mortgaging of a principal right does not involve mortgaging the right of adaptation, reworking, translation, reprinting, new editions or addition unless otherwise agreed.

7) Does the bankruptcy law explicitly provide for the effect of bankruptcy on IP rights and contracts concerning them?

The Insolvency Act 22/2003 of 9 July does not expressly regulate the effect of insolvency on IP rights.

Furthermore, it does not expressly mention contracts specifically related to IP, although it does contain a reference to contracts in general. Article 61(2) of the act stipulates that the mere fact of being declared insolvent does not affect the validity of contracts with reciprocal obligations pending performance, whether the insolvent party’s or the other party’s obligations. This means that, in principle, neither the existence of contracts nor their effects are influenced or altered by the initiation of insolvency proceedings.

However, the receiver in the case of receivership, or the insolvent party in the event of it going into administration, may request that the contract be terminated if they deem it appropriate as far as the insolvency is concerned. In these cases, if the parties and the receiver mutually agree, the judge will declare the contract terminated. If the parties do not agree, the differences are settled as an insolvency event and the judge decides on whether the contract will be terminated and decides, if applicable, on the appropriate reimbursement as well as the compensation payable from the insolvency assets.

In order to strengthen the rule whereby being declared insolvent does not in itself affect the validity of contracts, article 61 section 3 stipulates that clauses that lay down the right to terminate or cancel a contract merely due to either of the parties being declared insolvent shall be regarded as if they did not exist. However, one must take into account this rule’s scope of application, as it only applies in insolvency proceedings in Spain to contracts that are subject to Spanish law, either at the choice of the parties or by application of the rules on conflicts of law. For the avoidance of doubt regarding this, article 63(2) of the Act itself states...
that the rule laid down by article 61 does not affect the application of laws that stipulate or expressly allow termination of the contract to be agreed in cases of insolvency events or either of the parties going into administration. In other words, if the law applicable to the contract – even when the parties have so agreed – allows contractual termination clauses in the event of insolvency being declared, it will be valid. The same can be said if there is a special law that does allow the contract to be terminated due to insolvency, such as the Agency Contract Act 12/1992 (article 26(1)(b)).

8) Do all intellectual property rights form part of a bankruptcy, or are some exempted?

According to the Insolvency Act, the insolvency assets are made up of all of the assets and rights included in the debtor’s equity. The only exceptions to this rule are assets and rights that, despite being part of the equity, cannot be legally seized. For example, copyrights, since according to article 53 of the Re-enacted Text of the Intellectual Property Act (Legislative Royal Decree 1/1992 of 12 April) “The author’s usage rights may not be seized, but only their fruits or products, which are regarded like salaries both with regard to the ranking for seizure and withholding or the part that cannot be seized”.

9) What is the effect of the insolvency or bankruptcy of the licensor and the licensee on a contract regarding intellectual property?

a) Does one party have a right to terminate on the insolvency of the other?

As stated in the answer to Question 7, merely being declared insolvent does not authorise the other party to terminate the contract early. However, if one of the parties breaches any of its contractual obligations after insolvency is declared, the other may terminate the contract (article 62(1) of the Insolvency Act). In this case termination action must be brought before the insolvency judge and will be judged through the insolvency event procedure.

It is worth mentioning again that, according to article 61(2) of the Insolvency Act, it is possible that the judge may declare the contract terminated if it deems it appropriate as far as the interests of the insolvency are concerned and, when appropriate, may order the applicable reimbursement or compensation to be paid from the insolvency assets.

However, there is a special feature that affects assets and rights that belong to the insolvent party and are in another state’s territory. In that case, according to article 201 of the Insolvency Act, the law of that state must be followed rather than Spanish law in settling the matter. This provision applies even in the case of any agreement reserving ownership for the Spanish insolvent party, so if the asset or right is in another state at the time the party is declared insolvent, the agreement to reserve ownership will not by itself be a reason for terminating or cancelling the sale, and therefore will not prevent the purchaser from acquiring ownership.

b) Can the insolvent party assign the rights concerned?

In order to answer this question one should bear in mind that the Insolvency Act distinguishes between two different kinds of insolvency: involuntary insolvency and voluntary insolvency. Insolvency is regarded as voluntary when the initial application for insolvency is made by the debtor itself; in other cases the insolvency is considered involuntary.

According to article 40 of the Insolvency Act, in the event of voluntary insolvency, the debtor keeps its rights of administration and disposal over its equity. The exercising of these rights is subject to the receivers’ authorisation or agreement. On the other hand, in the case of involuntary insolvency, the debtor is suspended from administering and disposing of its assets, and the receivers take its place in terms of exercising these rights.
Therefore, in answer to the question, we can state that the insolvent party can only assign the affected rights if so authorised and decided by the receivers, and the other general conditions that apply to assignments of rights are met.

Furthermore, according to article 71 of the Insolvency Act, once a company has been declared insolvent, any actions carried out by the debtor in the two years leading up to insolvency being declared that are harmful to the insolvency assets may be cancelled. This possibility of cancellation does not depend on there being any intention to defraud. The act lays down a set of presumptions, some “juris et de jure” and others “juris tantum”, of actions (contracts) that are considered harmful per se and therefore may be cancelled through the process described in the Insolvency Act.

c) **What effect do express contractual terms have in this situation?**

If the insolvency takes place under Spanish jurisdiction and the contract is governed by Spanish law, express contractual terms are invalid since article 61(3) of the Insolvency Act states that clauses stipulating that the contract can be terminated or cancelled merely due to either of the parties being declared insolvent are regarded as if they did not exist.

We think it would be appropriate to mention again that the Insolvency Act itself (article 63(2) allows for the possibility that such an explicit contractual condition may be valid due to law other than Spanish law applying to the contract. It is also worth highlighting that article 63(1) of the Act does not prevent the application of special positive regulations that expressly allow termination merely due to either of the parties being declared insolvent. This is allowed for agency contracts (legal provision laid down in article 26(1)(b) of the Agency Contract Act 12/1992 of 27 May) or, in particular, public contracts. It is worth highlighting that Spanish public authorities are entitled to unilaterally terminate agreements merely due to insolvency of any kind being declared (as laid down in article 111(b) of the Public Authority Contract Act, approved by Legislative Royal Decree 2/2000 of 16 June). This right is modulated by the public authority’s right to continue the contract if the contracting party provides sufficient guarantees to carry it out.

10) **Is there any statutory or other protection for a licensee/licensor in the event of the insolvency of a licensor/licensor?**

No special statutory protection applies to these particular cases. The general insolvency system must be followed. However, we should point out the following cases in this general system, which protect the licensor or licensee against the other party being insolvent:

1) The possibility of the licensor/licensee opposing a request by the insolvent licensee/licensor or the receiver, as the case may be, to terminate the agreement, and appear in the subsequent insolvency event, all according to article 61(2) of the Insolvency Act.

2) The licensor/licensee is authorised to bring action for termination before the insolvency judge, through the insolvency event procedure, according to article 62 of the Insolvency Act in cases of breach of contract by the insolvent licensee/licensor.

3) The possibility of the licensor/licensee, as a creditor, calling upon the receiver to carry out the cancellation envisaged in article 71 of the Insolvency Act, and even being authorised to directly bring a claim for cancellation in the terms of article 72 of the Insolvency Act, if the receiver does not bring it within two months of being called upon to do so.
Summary

The only post-grant amendment of the claims of a patent contemplated in the current Spanish patent legislation is annulment – within the framework of a court proceeding – or waiver – within the framework of an administrative proceeding before the Spanish Patent Office and of the claim in its entirety. Not contemplated, in particular, is the possibility of amending the claim wording. With a view to substantive harmonisation, the Spanish Group considers that post-grant amendment of the claims should be allowed, conditional on not involving an extension of the protection conferred by the patent, that no new matter be introduced and that the amendment be based on the description. Such amendment could be carried out on application by the patentee in an administrative proceeding before the Spanish Patent Office or during a court proceeding for nullity of the patent.

Résumé

L’unique modification des revendications du brevet après la délivrance, considérée dans la législation espagnole actuelle des brevets, est l’annulation –dans le cadre d’une procédure judiciaire–, ou bien la renonciation –dans le cadre d’une procédure administrative par-devant l’Office des Brevets espagnol–, à une revendication complète. En particulier, la possibilité de modifier la rédaction des modifications n’est pas considérée. Face à une harmonisation substantielle, le Groupe Espagnol considère qu’on devrait permettre la modification des revendications après la délivrance, à condition que ne soit pas impliquée une extension de la protection donnée au brevet, que ne soit pas introduite une nouvelle matière et qu’elle soit fondée dans le mémoire. Cette modification pourrait être réalisée dans une procédure administrative par-devant l’Office des Brevets espagnol, sur demande du titulaire du brevet ou au cours d’une procédure judiciaire de nullité du brevet.

Zusammenfassung

Die spanischen Gesetze zum Schutz des geistigen Eigentums erkennen eine mögliche Mitinhaberschaft der von ihnen regulierten Rechte an. Alle diese Gesetze anerkennen die Möglichkeit, dass die Rechte übertragen, lizenziert oder verpfändet werden, oder dass eine Mobiliarhypothek auf sie aufgenommen werden kann.


Geistige Eigentumsrechte können nach den entsprechenden Gesetzen als Garantie benutzt werden. Als Formalitäten wird die notarielle Beurkundung der Hypothek und ihre Eintragung in die entsprechenden Register vorgeschrieben.
Die spanische Konkursgesetzgebung enthält keine spezifische Regelung hinsichtlich der Wirkung des Konkurses auf die geistigen Eigentumsrechte. Sie bezieht sich nur im allgemeinen auf ihre Wirkungen auf die Verträge. Die reine Erklärung eines Insolvenzzustandes rechtfertigt keine vorzeitige Vertragsauflösung. Ausserdem ist ausdrücklich vorgeschrieben, dass die Klauseln, die eine Befugnis zur Auflösung oder Beendigung des Vertrags aufgrund der blossen Konkurserklärung einer beliebigen Vertragspartei vorsehen, als nicht geschrieben gelten. Der Konkursschuldner kann die betroffenen Rechte nur mit Genehmigung der Konkursverwaltung abtreten und nur dann, wenn nach der Erklärung des Konkurses alle für die Konkursmasse schädlichen Akte ungültig gemacht werden können, die in den beiden Jahren vor der Konkurserklärung vom Schuldner unternommen wurden.