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

Questions

I) The current substantive law

1) Groups are invited to indicate whether, in their countries, the statute of co-ownership of IP rights is uniformly organised or if each IP right has its own regulation concerning co-ownership, particularly as far as their exploitation is concerned.

German special IP laws include only few provisions that deal expressly with the legal relations among co-owners of IP rights.

A comparatively detailed provision is only contained in Copyright Law where § 8 Copyright Act (UrhG) stipulates individual exploitation rights, namely, inter alia, the rights of co-authors to publish, exploit and edit their work. Such (co-)authors’ exploitation rights may be restricted, as the case may be, by conflicting personality rights of an author.

In Patent and Design Model Law, on the other hand, § 6 sentence 2 Patents Act (PatGl) and § 7 (1) sentence 2 Designs Act (GeschMG) merely provide that the right to the patent or the design is held by the co-inventors or designers collectively. Both do not stipulate the legal consequences of joint legal competence (gemeinschaftliche Rechtszuständigkeit). The Trademark Law does not provide for any special provisions regarding co-owners.

Therefore, the legal relations between collective owners of patents, designs and trademarks are primarily governed by the general civil law as laid down in the German Civil Code (BGB). While special IP-laws deal mainly with origination, content and nullification of IP rights. Conflicts and legal issues arising among several owners – under German law – is in principle not covered by the regulatory scope of such special laws. In the German understanding, these “personal” legal relations can only be explained on the basis of the law governing personal associations.

Generally, such legal relationship creates a community of part- or co-owners (Bruchteilsgemeinschaft) in accordance with §§ 741 et seq. BGB which is a comparatively loose connection between those involved: The part-owners may freely dispose of their shares in the

1 For details see below. On principle, the German law distinguishes between an author’s exploitation rights and an author’s personality rights. A similar distinction exists in the law governing inventions, but its reach is not as deep.

2 Due to § 13 (3) GebUrMol, this provision also applies to utility models held collectively. All statements on the law governing patents are directly transferable to the law governing utility models, and so we will refrain from dealing with that IP right hereinafter.

joint right (§ 747 sentence 1 BGB), there are individual rights of access to the joint right (§ 743 (2)) BGB, and the decision–making powers within the community are based on a tiered model (for details see Question 8 below).

However, this regulatory complex may be widely modified by agreement of varying intensity. Such agreements shape the basic model, they modify it or virtually reverse the scope of mutual commitments into the opposite of the basic statutory provisions. The latter, for instance, is the case if the part–owners have undertaken by contract to pursue a shared purpose (for instance, to exploit an invention collectively), that is, when their interests are, not only by chance, in parallel. In that event, the part–owners cannot dispose of their shares in the joint right separately (§§ 719 BGB), and unless otherwise agreed, any decisions concerning exploitation must generally be made unanimously (§§ 709 BGB).

Consequently, except for the community of authors, the essential issues of all of the different legal communities are governed by the same legal regulatory models of general civil law. This does not mean, however, that the respective standards be always construed in the same manner. Depending on the character of the collectively held right, they may rather be construed individually.

What options are left for co–owners to regulate their co–ownership relationship: are the statutory rules mandatory, or do they apply only in case of the absence of a contractual regulation of co–ownership between the parties?

Most of the referenced provisions of the general civil law may be contracted out. This applies both to the nature of the legal relationship itself and to the content of the legal relationship. Individual provisions may be stipulated by agreement for all issues concerning exploitation (namely, by unanimous vote of those involved) on a level governed by the law of obligations. In case of a civil law association among those involved, the articles of association itself often govern the individual rights of exploitation.

The members of this Group, therefore, interpret the following individual questions as referring exclusively to the statutory basic concept that is applicable in the lack of an agreement regarding exploitation made by the parties involved. This is a condition for answering the questions with general meaning. Hence, our replies always base on a community of part– or co–owners if that model is not modified by special law – as in the copyright law.

2) Groups are invited to explain who has the right to exploit an IP right which is co–owned by two or more persons: may each co–owner exploit the right freely and without any consent from the other co–owners or is this exploitation subject to conditions?

Here, one must differentiate:

In Copyright Law, there is a special legal provision similar to a community of joint owners (Gesamthandsgemeinschaft). § 8 (2) UrhG prohibits any individual exploitation; the publication and exploitation of the work is only admissible with the consent of all co–authors, such consent may not be withheld in bad faith (wider Treu und Glauben). Whether consent can be withheld is determined considering in particular whether rights of personality of the co–authors concerned are affected as well as the objects and purposes the co–authors pursued when jointly creating the work.

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4 This creates what is called a community of part–owners (Gesamthandsgemeinschaft), which occurs specifically if the part–owners are associated by partnership.

5 Under German law, one must strictly distinguish between the legal position governing the right in rem and the legal position under the law of obligations. These may diverge. For instance, the disposition (in rem) of a collective right is only effective if consummated jointly by all co–owners. A dissenting minority of part–owner, however, might be obliged (under the law of obligations) to participate in a specific disposition. Strictly speaking, the foregoing sentence according to which individual regulations are possible only applies to the relationship among the part–owners under the law of obligations.

6 See for instance Higher Regional Court in Frankfurt, OLGZ 107, 16 – Taschenbuch für Wehrfragen. If the work was meant for publication from the onset, a co–author may oppose publication only on very strict conditions.
All other IP rights are governed by §§ 743 (2) BGB according to which the part-owners are authorized to use the collective object to the extent that joint use by the other part-owners is not affected. According to the case law on the general civil law, this is based exclusively on cases of actual impairment\(^7\). Hypothetical impairments existing – for instance if a co-owner of a thing is not present with the factual consequence that his right cannot be impaired – are disregarded and do not restrict the individual right of use.

This specific question, however, has often led to uncertainties and dispute concerning IP rights: When does the use of a patent, a trademark and so forth “impair” the other part-owners? In patent law, it is an established result that part-owners are generally free in using the invention in their own operations and in offering the products developed during such use. For the law governing trademarks and design models, this question has not yet been resolved. It has been considered in the legal reading to deviate from the principle of individual rights of use because such one-sided use encroached upon the “trademark core right” (protection against risk of confusion)\(^8\). Even if this exploitation by only one co-owner is permitted by the national law, shall the co-owner who exploits a right pay any compensation to the other co-owners.

Finally, in case compensation is required by the legal rule, how is the amount of compensation determined? So far, this question has only been decided with regard to communities of part-owners of patents. According to the majority in the legal reading a financial compensation claim arises among the part-owners if a patented invention is used one-sidedly\(^9\). The Federal Supreme Court (BGH) denied this question, however, at least in a first step\(^10\): As long as the part-owners of a collective patent have neither reached an agreement nor resolved on this, a co-inventor using the invention within the framework of §§ 743 (2) BGB “on a permitted basis” (that is, in a “non-impairing” way) cannot be required to pay a prorata share towards the advantages of use.

In the same judgment, however, the Supreme Court showed some kind of a “second path” that a non-using part-owner could take to claim financial compensation payment: The non-using part-owner could invoke § 745 (2) BGB according to which every part-owner may demand that the patent be managed and used in accordance with the interests of all part-owners as appears just. The court tends towards presuming that the statutory claim may also include compensatory payments\(^11\).

The conditions for and the amounts of such compensatory payments are currently absolutely open under German law, and the national discussion on this has only just begun\(^12\). According to the cited judgment of the Federal Supreme Court, it is only certain that any financial compensatory claim arises not ipso facto but has to be “sought as relief” and negotiated by the respective part-owner.

\(^7\) BGH NJW 1966, 1707, 1708.
\(^8\) Haedicke, GRUR 2007, 23, 26.
\(^9\) Krasser, Patentrecht, 354 et seq.; Chakrabarty/Tilmann, FS-König, 63, 75 et seq; Henke, Erfindungsgemeinschaft, at 1036 and 1063 et seq.
\(^11\) Most recently, also Higher Regional Court in Düsseldorf, GRUR-RR 2006, 118, 119.
\(^12\) Kasper, Mitt. 2005, 488; Henke, GRUR 2007, 85.
3) The Groups are also invited to give an overview of their national Law in relation to the benefits which may result from the exploitation of an IP right which is co-owned.

In particular, the Groups are invited to indicate if their national Law provides any kind of obligation for a co-owner who exploits personally its share of an IP right to pay any benefits to the other co-owner wherever the second exploits or no the same IP right.

If there is such an obligation, how the amount of money that should be paid to another co-owner is determined?

Generally, all part-owners of IP rights must share in the proceeds ("usufruct") of the exploitation of an IP right in accordance with their respective shares. As for copyright law, this is a direct consequence of § 8 (3) UrhG; for any other IP rights this is concluded from § 743 (1) BGB. The importance of this provision is firstly that the provision (in conjunction with § 745 (3) Sentence 2 BGB) stipulates a statutory framework for administrative decisions: The majority of the part-owners of an IP right may not resolve on an uneven distribution of the proceeds.

The proceeds to be shared included particularly any proceeds generated from licensing the joint IP right but do not include the use being subject to one’s own right of use pursuant to §743 (2) BGB. Unlike the copyright law which does not provide for any individual rights of exploitation, the application of §743 (2) BGB on a case by case basis gives rise to the question whether and when individual “shares” are exploited in the first place. This question has a close connection to the problem discussed in Question 2 above whether individual acts of use of IP rights may “impair” the other part-owners.

Generally, the following applies: “Impairing” acts of use may not be done by the part-owners individually and might give rise to financial compensation claims. Non-“impairing” acts of use are done for one’s own account and individual benefit.

4) The Groups are also invited to indicate if the co-owner may grant a licence to third parties without any authorisation from other co-owners, or if the granting of such a licence is subject to certain conditions?

If such conditions exist, the Groups will have to specify their content.

The requirement of unanimity established in §8 (2) Copyright Act regarding the exploitation of copyrighted works includes the right to confer a right of use on others. Copyrighted licences, therefore, may only be conferred unanimously but not by single co-authors.

In the patents law, one has to distinguish two complex issues:

On the one hand, the question arises which part-owner quorum is authorised to make a collective licensing decision. As against outside parties, contribution by all part-owners is required for licensing an IP right. There is no consensus, however, whether a majority decision by the part-owners is sufficient internally, that is, whether a dissenting part-owner minority may be forced to grant the licence. This question has not yet been decided by the highest court, and in the legal reading one can find statements in support of both of the dissenting opinions (unanimity or majority resolutions).

On the other hand, it is uncertain whether and to what extent individual part-owners have the further option to transfer their right of use to others. Whereas it has been partly denied specifically in legal reading of senior date that such “individual licences” are legally possible
in the first place\textsuperscript{17}, the majority in today's legal reading affirms their admissibility\textsuperscript{18}. The debate is complicated by the fact that the licensing of IP right shares, from a legal viewpoint, is to be located between the disposition of shares and acts of use. Eventually, one will have to say that a clear path has not been found as yet.

Corresponding debates in the\textbf{ law governing trademarks and design models} have not yet taken place.

5) \textbf{The question of the exploitation of an IP right interferes with the possibility of transferring such an IP right to third parties.}

The Groups should indicate the solution in their countries relating to the possibility of transferring a share of co-ownership of an IP right to third parties: may such a transfer (by assignment) be carried out freely without any conditions or must it be offered firstly to the other co-owners or is it specifically subject to the agreement of the other co-owners?\textsuperscript{5}

The Groups are invited to indicate the conditions to which such a transfer is subject.

As far as \textbf{copyright law} is concerned, it is clear that separate shares cannot be transferred\textsuperscript{19}. This, however, is not to be attributed to the special rules on co-ownership but rather is a result of the general principle of non-transferability of copyrights as such (cf. § 29 Abs. 1 UrhG [Copyright Act]). Yet it remains possible that individual co-owners waive their shares of co-ownership, which then according to § 8 Abs. 4 sentence 3 will devolve to the remaining co-owners in the copyright.

To \textbf{other IP–rights} § 747 BGB (German Civil Code) on the community of part–owners applies: According to this provision, each joint proprietor of the co–owner community may dispose of his share independently. He can both transfer his share to other co-owners or to third parties. It cannot be doubted that this rule similarly applies to the IP–rights under consideration (of course, as mentioned above with the exception of copyrights)\textsuperscript{20}. In fact the question at hand appears to be the sole question within the entire complex for which a clear–cut answer on the legal situation under German law can be provided.

Of course, legal doctrine has in various instances demonstrated that this possibility of unrestricted transfer of shares may in a particular case lead to inequitable results. In particular, investments which individual joint proprietors may have made relying on the constancy of the former ownership community may be frustrated by such independent disposal.

However, the solutions presented to remedy this dilemma are hardly convincing, as they cannot resolve the underlying problem. First, German law does not provide for a right of pre–emption of the other joint proprietors. Second, a restriction to dispose of a share could only be derived from general principles of private law in case they can be justified by further attendant circumstances of the particular case. For example, nondisclosure is of major importance prior to the filing of a patent application\textsuperscript{21} and, in consequence, the assignment of a share may not be performed for the sole purpose of consciously damaging the other joint proprietors\textsuperscript{22}. It therefore may be argued that the offer of another joint proprietor to acquire the share subject to the same conditions offered to a third party may not be rejected in such circumstances.

\textsuperscript{17} Lüdecke, Erfindungsgemeinschaften, 228; Wunderlich, Die gemeinschaftliche Erfindung, 122; but also Busse/Keukenschrijver, § 6, at 42.
\textsuperscript{18} In support of "exclusive" licences within that meaning, where the licensing part-owner himself loses his right of use, see for instance: Krasser, Patentrecht, 357, in support of "ordinary" licences: Chakraborty/Tilmann, FS–König, 77; Henke, GRUR 2007, 95. Dissenting: Benkard/Melullis, § 6, at 35e.
\textsuperscript{19} Schricker/Löwenheim, § 8 Rn. 11; Wandtke–Bullinger/Thum, § 8, § 23.
\textsuperscript{20} BOH GRUR 2001, 226, 227 Rollenantriebsgericht; BGH GRUR 1979, S40, S41 – Biedermeiermanschetten; regarding designs, see Eichmann/von Falckenstein, GeschG, § 7, Rn. 10.
\textsuperscript{21} Busse/Keukenschrijver, PatG, § 6 Rd.Nr. 41.
\textsuperscript{22} Krasser, Patentrecht, Seite 356.
6) IP rights may also serve as a guarantee for the investment which is necessary for their exploitation.

The question then arises of whether a share in co–ownership of an IP right can be used as such a guarantee and under what conditions.

Is it necessary to obtain agreement from all the co–owners in order to secure an IP right or can each co–owner freely secure his own share of an IP right without seeking the consent of the other co–owners?

The Groups are invited to describe their legal systems on this question.

The special statutes on IP–rights only in part explicitly mention that IP–rights can be utilized as a means of security. But even beyond this scope the same result may be inferred from the application of the general rules of private law. The only requirement is that the respective right is transferable by legal transaction inter vivos. Thus the same answer may be given in this respect as has been set out above with regard to question 5: In general the joint proprietors can deploy their share as a means of security whenever such share is transferable by the individual joint proprietor. As far as they are not transferable – which of course primarily concerns rights of use in copyrights – neither a pledge nor a security assignment may take place, a usufruct may not be granted.

With regard to the details on these three different possibilities to utilize IP–rights as means of security we refer to the report of the German AIPPI Group on Q 190, no. 6.

7) The enforcement of IP rights plays an important role in their exploitation.

Such enforcement is mainly achieved by means of legal proceedings that may be filed by the owner of an IP right in order to penalise the infringement of his right by third parties.

The question arises of whether such a legal action must be filed by all of the co–owners of an IP right or whether it can be filed by only one of the co–owners.

The Groups are therefore invited to specify the legal solutions and procedural exigences in their countries in relation to the possibility of one of the co–owners of an IP right filing an infringement action.

All joint proprietors of an IP–right can on the basis of their respective share enforce the common IP–right by means of infringement proceedings autonomously and independent of each other. As far as copyright law is concerned this is clearly set out in § 8 section 2 sentence 3 UrhG (Copyright Act. With regard to other IP–rights it may be derived from the general rules of private law applicable to co–ownership. Under § 1011 BGB (German Civil Code) each joint owner of a thing can enforce the rights with regard to the entire thing against any third party. That this rule is similarly applicable to IP–rights is generally accepted23. However, the action for infringement instituted by the separate joint proprietor must as a remedy claim performance to all joint proprietors24.

Independent of whether the law suit is successful or fails the judgement will not have any res judicata effect vis–à–vis the other joint proprietors unless they have participated in the proceedings25. With regard to a judgement dismissing the claim this can lead to the result, that a third party sued for infringement without justification will have to repeatedly defend itself for the purported infringement – in fact against each separate joint co–owner.

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23 Vgl. Schulte/Kühnen, § 139, Rd.Nr. 14; Busse/Kuekenschrijver, § 6, Rd.Nr. 38.
24 This, as well is regulated in § 8 para. 2 sentence 3 UrhG and recognized for other IP–rights, as well.
25 Regarding general civil law, see BGHZ 92, 351, 354. Critical in this respect: K. Schmidt, MüKo BGB 4. A., § 1011 Rn. 8. It seems there is no decision of the BGH regarding IP–rights. It might be necessary to differentiate between claims for injunctions and damages, since a single co–owner may not be able to determine the mode of calculation of damages for all proprietors.
This rule is altered in case the other joint proprietors have consented to the filing of the action by one of the joint proprietors. In this case the res judicata effect of the judgement dismissing the claim will be extended to all these joint proprietors. In addition the party sued for infringement by one of the joint proprietors has the possibility to file a counterclaim for negative declaratory relief against all the joint proprietors. Thereby all joint proprietors will be parties to the infringement proceedings and thus bound by its outcome, with the effect that the purported infringer can avoid another co-owner to file a further infringement action.

The general rules set out above only apply as far as the co-owners are co-owners by undivided shares. If by contrast they form a civil-law-partnership and if further that partnership itself is the owner of the IP-rights, for instance of a trade mark, then the question who may enforce the rights with respect to an infringement of such IP-rights must be decided according to the internal arrangement concerning the administration of the partnership.

8) The exploitation of the IP rights depends also upon the existence of these rights and, more specifically, upon the capacity of their owner to ensure the continuity of the existence of these rights.

Now, the decision on maintaining patents or trademarks by the payment of the renewal fee, may vary according to the legal system of organization of co-ownership.

The Groups are therefore invited to tell how the question of the decision making process of the maintaining or renunciation of the patents or trademarks is organized in their national law.

The decision making process under German general private law rules is a staged process. As a general rule all co-owners are jointly entitled to the administration of the common property. However, we have to differentiate as follows:

Administrative measures which are necessary in order to maintain the common property can be executed by each single joint proprietor without asking the consent of the other joint proprietors, § 744 section 2 BGB (German Civil Code). On the other hand the joint proprietors can by means of a majority of votes decide on the “orderly administration and use consistent with the nature of the object held in co-ownership”. The majority decision in this case will be limited as far as a “substantial alteration of the object” should be decided on or in case the decision has an impact on the rights of use attributed to the individual joint proprietor, § 745 section 3 BGB.

There is hardly any case law on the question if at all – and if so, in how far – these general rules are similarly applicable to IP-rights. But it is acknowledged for instance that a jointly owned protected right (such as a patent), which is attacked by a third party, can be defended by each of the joint proprietors, for instance by filing a response to an action for nullification. This may be regarded as a “necessary act of maintenance” in the meaning of § 744 section 2 BGB. The same reasoning should apply to the problem of payment of the renewal fee focused on in question 8: The payment of the annual renewal fee is a measure of imminent importance to ensure the continuity of the protected right. Accordingly, it may be performed by any of the joint proprietors. There is less need to protect the other joint proprietors in this respect, because they are free to assign their share to other joint proprietors if they do not agree with such measure (see supra question 5).

Beyond the scope of the present question the German AIPPI group holds that the issue of the initial patent-application is of major importance, i.e. who may file an application and in which way. It appears to be problematic, because at this early stage no protected right is yet in existence, which could be the object of measures to ensure the continuity. Rather at this point of time it is necessary to decide on the basic strategy that will be of imminent importance for the entire future exploitation of the invention (patent application, non-disclosure or revelation of the invention).

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26 BGH NJW 1985, 2825
27 RGZ 76, 298, 299.
German law at present does not provide for any solution to this question – which at the same
time is of extraordinary relevance. The German Reichsgericht has long since decided that the
patent application is a measure to ensure continuity in the meaning of § 744 section 2 and
thereby has declared the individual joint proprietor entitled to take the respective measures.28
However, this ruling has ever since been a matter of dispute in legal doctrine.29
In fact a further distinction seems to be more appropriate: The individual competence of each
individual co-inventor to file a patent application should only be acknowledged in case there
is a concrete danger that a competitor has made a similar invention and may similarly intend
to file a patent application. This aside the general rule however should be that the competence
to file the application is a matter for a majority decision of the co-inventors or even that such
decision has to be taken unanimously. The first solution, i.e. an application by a majority vote,
appears to be favourable in order not to vest the individual co-inventor with a power of veto
against a patent application. The second solution, however, better takes into account that both
the application and reasons of substance call for participation of all co-inventors. Otherwise
there may be a danger that some aspects of the overall invention would be neglected and in
consequence some of the contributions of the individual co-owners would not be appropriately
reflected by the scope of protection of the patent applied for.

9) The Groups are also invited to describe their national rules of international private law in
relation to conflicts of law relating to the co-ownership of the IP rights and conflicts of
jurisdiction in order to enforce these rights.

More specifically, the Groups are requested to indicate if their international private law rules
accept that the statute of ownership of an IP right co-owned in different countries be regulated
by one law.

In this case, what law is applicable for determining the statute of co-ownership?

What is the criteria for seeking the proper jurisdiction in cases of conflict between the co-
owners concerning their rights?

According to German international private law the community of part-owners is governed by
the law applicable to the object held in common.30 Thus, the law governing the community
and the law applicable to the object are in parallel.

The fact that according to German doctrine with respect to a legal transaction concerning
IP-rights holds that the applicable law may be freely chosen by the parties both with regard
to the obligatory aspects and to the transfer of ownership31 does not per se have any impact
on the law applicable to the internal relationship of the co-owners of an IP-right. Whether
these rules may be extended to the internal relationship, therefore, is a matter of uncertainty.

If we apply the general rules stated above, i.e. that the law governing the internal relationship
accords to the law governing the object itself, to the community of part-owners in a patent,
we can infer that the community of co-inventors in a German patent or the German part of
an international patent is by definition governed by German law, namely §§ 741 ff. Civil
Code. The respective applicable conflict of law rule may be found in Art. 41 section. 1
EGBGB (Introductory Act to the Civil Code). With regard to patent law both the principle of
territoriality and the principle of the state of protection come under this heading.32

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28 RGZ 117, 47, 50f.
29 See Krasser, Patentrecht, S. 350f; Wunderlich, page 104; Busse/Keukenschrijver, § 6, Rd.Nr. 39, Schakraborty/
Tilmann, FS-König, Seite 74.
30 BGH NJW 1998, 1321 (regarding real property); Palandt/Sprau, § 741 Rn. 1.
31 LG Frankfurt GRUR 1998, 141, 142.
32 See Staudinger/Fezer/Kos, IntWirtschr, Rn. 864.
The parties are not free to choose the applicable law in this respect. A community of inventors holding an international patent thus under German international private law ca, for instance, not validly choose French law as the law governing the arrangement for the administration of the co-ownership as such. The right of co-ownership in the patent in fact is a bundle of co-ownerships in patents protected under the laws of different countries – and as far as the German part is concerned will be governed by German law.

The situation is somewhat different with regard to the Community Trade Mark as far as tort claims are concerned, as the decisive feature of the community trade mark is its unitary character and the entire European Community is defined as the area of protection. Insofar the restriction to freedom of choice of law does not apply. It is possible to agree of a single legal order to govern the private law aspects with regard to the community trademark. However, with respect to community trademarks for the relationship of the co-owners the German statutory provisions are mandatory, as far as German law applies (Art. 16 para. 1 and 3 CTM-regulation).

The issue of international jurisdiction for any disputes between the co-owners is governed by the general rules. As far as no specific bilateral or international agreements (such as the Brussels Regulation) claim priority the international jurisdiction will be determined according to the rules of internal jurisdiction (§§ 12 ff. Civil Procedure Code, so called principle of double functionality of the heads of jurisdiction). Which substantive law the respective court will apply will be determined according to the international private law rules of the respective court conducting the proceedings (lex fori).

10) Finally, the Groups are invited to indicate what other specific solutions or problems relating to the question of the exploitation of IP rights co-owned by two or more persons are raised in their respective countries.

A problem under German Law seems to be that according to civil law provisions (§ 749 BGB) any shareholder may claim the dissolution of the co-ownership community at any time. Such request for dissolution typically leads to the sale of the community right by way of sale of a lien (§ 753 para. 1 sentence 1 BGB). Equally as with regard to the issue of disposability of single shares it is recognised that this provision in principle applies to IP rights. According to the opinion of the Civil High Court this provision even represents the “most important aspect of the right of a community owner.” However, it goes without saying that the application of this provision may give rise to substantial problems and inequities for the other shareholders. Shareholders with little financial power are in the danger of loosing their right with respect to the IP-right in case of dissolution of the community upon request of another shareholder.

However, the Civil High Court has just recently confirmed that fraction communities regarding patents may be dissolved at any time and has pointed to an argument that had frequently been proposed in legal commentaries before: It is possible that the dissolution – if ever actually enforced – may lead to inequitable results. This legal option is, however, important since it provides a leverage for the “weaker” shareholder in contract negotiations regarding the structuring of the joint exploitation of the patent. The right for immediate dissolution plays an important role for the balance of powers within the community!

33 Staudinger/Fazzer/Xas, IntWirtschR, Rn. 944.
34 If and to which extent an auction imposed by court order is practical, there is currently not much experience. The members of the reporter team are not aware of cases in which a forced patent auction was “successful”.
36 See, GRUR 1931, S. 97; Fischer GRUR 1977, S. 318; Sefzig, GRUR 1995, S. 306; Wunderlich, Die gemeinschaftliche Erfindung, S. 137f.
37 BGH GRUR 2005, 663, 664 – Gummialastische Masse II (obiter).
38 However, we are of the opinion that there is always the danger that the patent will be re-acquired in the auction by the economically more powerfull shareholder. This makes the leverage less effective.
II) Proposals for future harmonisation

The Groups are also invited to formulate their suggestions in the framework of an eventual international harmonisation of national/regional intellectual property rights or, at least, an improvement or completion of the existing solutions.

1) In particular, the Groups are requested to indicate if they consider that the principle of freedom of contracts should apply to allow the co-owners to determine the statute of the rights and the conditions for their exercising or if the rules governing co-ownership of IP rights should be mandatory.

The legal relations between co-owners of IP-rights should, without limitation, be subject to free disposition by virtue of contractual stipulation. The circumstances of the origination of such co-ownership as well as the economical situations among the parties vary to such a degree that it seems impossible to find a statutory regulation which would in any way fit all types of such constellations equally.

However, besides the preference for free contractual disposability, it seems necessary and essential to provide for a statutory basic regulation which serves as a fair starting point for contract negotiations and which is a balanced and fair fall back position if parties to a co-ownership – for whatever reasons – are not able to reach a contractual agreement.

2) The Groups are also requested to indicate if a statutory rule should give equal rights to all co-owners to individually exploit the IP rights or, without the authorisation of others co-owners, to grant the IP rights to third parties or whether, due to the exclusive character of an IP right, such exploitation can only take place with the agreement of all co-owners.

Should this requirement of the agreement of all co-owners apply to all acts of exploitation and acts in defence of IP rights, or only to the acts of disposal of IP rights for the benefit of third parties, such as licensing or transferring to a third party?

The answer to the question depends on the nature of the IP-right in question:

In Copyright Law the author’s personality rights (droit moral) plays an important role. A publication of a work not authorised may touch upon the droit moral of individual co-authors regarding the work. Therefore, an individual and independent right to exploit the work without the consent of the other co-authors is not accepted.

It is different under Patent Law which cares less about the inventor’s personality right and which pursues a different legislative goal: The traditional patent law system enables the inventor to reward himself for his technical innovation by his economic doing. Such politically desired functionality of the Patent Law must be applied to the case of a plurality of inventors: Even if a patent is owned by several it must still fulfil its incentive and motivation function. This implies that such function should work with respect to each individual co-owner rather than as a purely collective right.

This implies that the co-owners of patents should be granted at least two essential rights: Each co-owner must be entitled to use the invention for the purpose of his own enterprise and each co-owner must have the right to sell and dispose of his share in the invention or the patent.

However, the granting of licences by individual shareholders is viewed as problematic. In favour of the admissibility of such individual licensing speaks the concept of equality of the different "channels of exploitation": It is not easy to argue that the licensing of an invention should legally be treated different than the use of the invention “by own hands” or the sale of the share: This gives rise to the question if such approach would not be to the disadvantage of such shareholders who have no industrial background but who, nevertheless, do not wish to completely abandon their share (by virtue of sale). On the other hand, there is not doubt that the uncoordinated licensing of individual shareholders may frustrate the exploitation efforts of other shareholders, especially if a license is granted to direct competitors.
A balancing solution could be to the effect that individual shareholders are only permitted to convey their right to use to just one single licensee. This would prevent a multiplication of the entitled users and the joint monopoly right would be less affected than in case of an unrestricted right to license for each individual shareholder.

A different solution could be found in a claim for financial compensation which becomes due in cases of “unilateral” actions of use. From a German perspective this would seem particularly appropriate in shareholder constellations which are characterised by a substantial unbalance of the shareholders, especially in case of a patent co-ownership among a producing industrial enterprise on the one hand and a pure research enterprise on the other hand.

3) The Groups are also invited to give their preference as to the possibility of an enforcement action for infringement being initiated by all co-owners or only by some of them.

As a consequence of the traditional patent law system providing for an individual exploitation of an invention it follows that individual shareholders have the standing to sue for infringement of the joint right. Such standing to sue is the procedural counterpart to the substantive right to use. It would not seem logical to endow the individual shareholders with individual exploitation rights but to restrict the right to defend the legal position by legal remedies.

Summary

A detailed provision dealing expressly with the legal relations among co-owners is only contained in German Copyright Law. Otherwise, it is necessary to apply the principles of general civil law. Many questions arise which have been clarified in the case law and in the literature only in part.

In Copyright Law, any individual exploitation by the co-owners is prohibited. For patents and utility models, it is clear that each co-owner is allowed to use the common invention, which does not – at least normally – lead to a financial compensation. In Patent Law, the following problems have not been solved: If and to what extent may co-owners grant licenses to third parties individually? According to which community-internal principles will decisions about the patent application be made? How can the co-owners be protected against a mistimed dissolution of the co-ownership community?

Any future harmonization of national intellectual property rights should be based on the principle of freedom of contracts. Co-owners of technical industrial property rights, which are not bound by a contract, should be at least allowed to exploit the co-owned right individually and to dispose of their shares independently.

Résumé

Seul les règles du droit d'auteur allemand traitent expressément, et dans le détail, des relations juridiques entre co-propriétaires. Pour le reste, il convient d’appliquer les principes généraux du droit civil. De nombreuses questions ont surgi; elles ont été traitées mais seulement partiellement par la jurisprudence et la doctrine.

Selon les règles du droit d’auteur, toute exploitation individuelle par les co-propriétaires est interdite. En ce qui concerne les brevets et modèles d’utilité, il est clair que chaque co-propriétaire est libre d’exploiter l’invention commune, ce qui, normalement, écarter une compensation financière. En droit des brevets, les questions suivantes n’ont cependant pas été résolues: Les co-propriétaires peuvent-ils...
accorder, indépendamment les uns des autres, des licences à des tiers? Quelles sont les règles intra–communautaires pour décider de la demande de brevet? De quelle protection bénéficient les co–propriétaires contre une dissolution malencontreuse de la co–propriété?

Une future harmonisation des droits de propriété intellectuelle devra reposer sur le principe de la liberté contractuelle. Les co–propriétaires de droits de propriété intellectuelle techniques qui n’ont pas conclu de contrat entre eux devraient, au minimum, être autorisés individuellement à exploiter le droit dont ils sont co–propriétaires et à disposer de leur part de co–propriété.

**Zusammenfassung**


Im Urheberrecht sind die Teilhaber grundsätzlich nur zur gemeinschaftlichen Verwertung berufen. Für Patente und Gebrauchsmuster steht immerhin fest, dass jeder Teilhaber ein individuelles Benutzungsrecht an der Erfindung hat, dessen Ausübung nicht – jedenfalls nicht ohne weiteres – zu finanziellen Ausgleichsansprüchen führt. Im Patentrecht ist insbesondere noch offen, ob und inwieweit die Teilhaber unabhängig voneinander Lizenzen erteilen können, nach welchen innergemeinschaftlichen Grundsätzen die Entscheidung über die Patentanmeldung zu erfolgen hat und wie die Teilhaber davor geschützt werden können, dass die Teilhabergemeinschaft zur Unzeit zur Auflösung gebracht wird.

Zukünftige Harmonisierungsbestrebungen sollten jedenfalls den Grundsatz der Vertragsfreiheit wahren. Teilhabern technischer Schutzrechte, die sich vertraglich nicht gebunden haben, sollte zumindest das Recht zur individuellen Verwertung und zur Veräußerung ihres Schutzrechtsanteils zugestanden werden.