I) Analysis of the current substantive law

1) 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 definition of co-ownership of the IP Rights adapted in their countries and what these definitions are.

There is no definition of co-ownership of the IP Rights adopted in Mexico. The only definition of co-ownership that can be found in our legislation is in the Federal Civil Code (FCC)(in connection and subsidiary to IP Rights): co-ownership exists when the thing or right is owned pro-indiviso by several persons. (938 FCC)

Our country does not have legislation, in connection with co-ownership, that governs in a uniform way the different objects of an intellectual right; therefore it is necessary to refer to general rules found in civil law(FCC) to settle the question of co-ownership. There are rules specific to certain property rights, but the principle of contractual freedom dominates the arrangement between co-owners. The regulation of co-ownership may depend on the origin of co-ownership, e.g., the resulting of an employment relationship.

Regarding trademarks it is mandatory, when filing the application, to submit the contractual agreement that will govern the co-ownership. There is not the same statute in case of patents or designs.

Regarding copyrights, and since our system accepts the moral and economic rights, it will depend, if it is a work for hire, e.g., in case of employment; in case of commissioned work; in case of
labor agreements; in case of composite works, each of them having specific rules, in case there is no contractual agreement. If previsions were not suffice and/or an issue over sighted regarding the agreement, it will be decided by the majority of the co-owners or submit the decision to a Federal Civil Court, given that some rights are determinable on the basis of the Federal Civil Code.

In case of non voluntary co-ownerships once more it is necessary to refer to general and/or specific rules found in civil law, e.g, if the co-ownership is undividable, whereas the nature of the thing (right) or by mandate of law, they are not obligated to keep it that way, and the co-owners that do not get into an agreement; will sell the right and the benefits divided among them(939-940 FCC); in case of several co-owners, if one of them is selling its quota, it is subject to certain formalities, particularly the obligation to inform the joint owners, who can profit from a right of pre-emption (975 FCC); in case of heritage, co-owners can enter a contractual agreement, and experts can assess the price for buying the shares or quotas (1767-1778 FCC).

2) The debate with regard to the notion of the exploitation of an IP Right. More specifically, the issue of outsourcing and subcontracting the exploitation of an IP right as well as if the co-owner has the personal right to exploit his own part of the patent, specifically by manufacturing and selling the good or processes covered by the patent, needs to subcontract partially or totally the manufacturing of the product covered by the patent. The groups are invited to present the solutions of their national laws on this specific point.

On first instance and in order to exploit a patent, if there is not a contractual agreements that establishes such issue, a co-owner has the right to exploit it, with the condition of sharing the benefits of such exploitation or compensate the other co-owners, in the proportion of each quota. There is no specific legislation regarding IP assets, so once more it is necessary to refer to general rules found in our Federal Civil Code. Also, if the co-owner of a patent needs to subcontract partially or totally the manufacturing of the product it is allowed. However, in case of loss or detriment of the right, the co-owner that personally exploited the patent will have to account the co-owners.

3) Question related to the possibility of a co-owner of an IP right to licence this right to third parties. In order to improve the work of the ExCo, the groups are invited to specify how the differences in the nature of licences (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.

In case there is no contractual agreement between the co-owners, and since there is no specific regulations, once more the general rules of the Federal Civil Code would be applicable. On first instance, a co-owner may not grant licences to third parties without the consent of other co-owners, regardless the case if it is a non-exclusive or exclusive licence. The grant of a licence cannot be refused by other co-owner insincerely or unjustified refused. As Mexican law states that no one is obligated to the undividable, the interested co-owner may suit for the division, and since it is undividable, might acquire, through judgment, the refusing co-owner’s quota.

4) Groups are 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 a part of the share of the co-owned IP Right).

The transfer of a quota (share) requires the agreement of all the other co-owners and it is subject to certain formalities, mainly the obligation to inform the joint owners which have a right of pre-emption and the right of “first refusal”, which must be exercised within the same time, in certain period of time. The same rule applies in case of transferring the whole share of a co-owned IP Right or the transfer only of a part of the share of the co-owned IP Right. In case of heritage, the right may be bequeathed to his/hers/its/ heirs and they can decide to maintain their co-ownership, in which then a quota of the IP Rights would have shares or, if they reject/refuse to be co-owners, to offer it for transferring to the other co-owners with the same formalities stated above.

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

Mexican legislation establishes different rules for each type of IP Right, while in trademarks it is mandatory that when filing an application to file as well the contractual agreement entered between the co-owners, that will govern the co-ownership, it will be a matter of negotiation and consent.
On the other hand there is no similar rule in case of patents and designs. In case of dispute, the solutions have been adopted depending on the particular facts of each single case and based in common law since there are no guidelines for resolving co-ownership issues concerning IP Rights. There are no general principles, and if available, they are always based on our Federal Civil Code’s general rules; therefore the rules of governing co-ownership are applied on a subsidiary basis, in the absence of contractual agreements or in case of dispute.

In connection with the point of view of competition rules, it may raise issues such as dominant position in the market, or monopoly practices which in first instance would be regulated by the Economic Competency; though a co-owner may suit the division of the IP Right and since industrial matters (patents, designs, trademarks) are considered as undividable, the result most likely would be acquiring the quotas from other co-owners.

6) 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 Rights. In this case, what in the opinion of the groups would then be the elements to take under consideration to assess this connection?

As stated before, Mexican IP legislation does not address the consequences of co-ownership of patents (which addresses it in connection with trademarks and copyrights). It simply recognizes that co-ownership is possible. The national law with closest connection with the IP Rights is our Federal Civil Code and the general rules that are established in such statute. The assessment to take under consideration this connection is mandatory, given that civil law applies, as subsidiary, to construe IP legislation, as well as when a lapse appears to be on IP legislation.

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

Other issues that must be explored are the co-ownership rules in case of granting securities, liens or encumbrances, seizing
None of these issues are established in the Mexican IP legislation; however, our civil legislation covers it with general rules and principles. Co-ownership in Mexico may be voluntary or mandatory. The principle that no one is forced/compelled to maintain ownership of indivisible things and/or rights: and due to the fact that IP Rights are considered as indivisible (except copyright because its duality); any co-owner can exercise action against joint owner to divide it, which most likely will result of acquiring quotas from other co-owners.

Also Mexican common law establishes that co-owners can encumbrance its right without informing or obtaining consent of co-owners, situation that might put in danger the existence of the right or its exploitation.

Finally, in case of bankruptcy, the order of creditors in Mexican legislation establishes that employees and taxes are preferred creditors, may also put in danger the existence of the right.

The need of general rules on IP legislation is basic to preserve the existence of rights.

**II) Proposal for the future harmonization**

The groups are invited to present any recommendation that can be followed in the view of the further harmonization 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.

1) The principle of contractual freedom must govern while establishing regulations and/or legislations of co-ownership of IP Rights; however, a legal frame work, in such contractual freedom, must include certain rules to avoid uncertainty, e.g., personal exploitation, right to licence, right to transfer, etc., which would allow co-owners to determine the ruling of rights, conditions, and legal consequences. In case of dispute, negotiations to obtain consent must be admissible before settling in court.

2) In case of patents it should be allowed to individually exploit the IP Rights without prior authorization of other co-owners, but obliged to compensate co-owners on the proportion or percentage of their shares.
In case of trademarks, it should not be allowed because it may cause the dilution or lack of distinctiveness, or cause confusion about the origin of the products or services.

In case of copyright it must not be allowed generally speaking with the exception of some cases, e.g. composite works in which individual work can be recognized, economic rights hold by a third party, etc.

Due to the above mentioned it would be desirable to visualize specific subsidiary rules governing each one of these rights

3) A co-owner cannot freely grant licences without the agreement of the others in order to preserve the existence of the right; consent is a must.
A co-owner should freely transfer his right, Pre-emption right is not necessary.

4) We should look for a fair and quick way of settlement in case the lack of a contractual agreement exists or negotiation among co-owners fails. In our jurisdiction a trial trying to settle these issues could take years, so it should be rules for expediting settlement, since timing and opportunity are crucial on the IP field.

Summary

Co-ownership of IP Rights in Mexican Law is not completely regulated. The principle of contractual freedom prevails; however, in case of dispute, it should be settled on the basis of Civil Law.
Patents and designs may be exploited personally but in case of licences or assignments co-owners require the consent of the other co-owners.
Trademarks and copyrights have specific regulations, but in case of dispute, common law is the statute for settlement.
Co-ownership requires as mandatory a “first refusal right” as well as a pre-emption right, if such are not informed and offered to co-owners, agreements are deemed as void.
Co-ownership in Mexican Law requires that co-owners account to each other for all exploitation.
Mexican group considers that on all IP Rights personal exploitation would have as a consequence dilution, loss of distinctiveness as for the source.
Résumé

La copropriété des droits relatifs aux Propriété Intellectuelle dans la Loi Mexicaine n’est pas complètement réglée. Le principe de la liberté contractuelle s’impose, mais, dans le cas d’un litige, on doit faire appel à la Loi Civil.

Les Brevets et les dessins peuvent être exploites personnellement mais en ce qui concerne les permissions ou les cessions il faut le consentement des autres copropriétaires.

Les marques et les droits d’auteur ont des régulations spécifiques, mais en cas d’un litige, la loi commune c’est le moyen pour arriver à un accord.

La copropriété demande comme obligatoire un premier droit de négation ainsi qu’un droit de priorité, si ceux-ci ne sont pas rapportés et offerts aux copropriétaires, les accords sont considérés comme nuls.

La copropriété, dans la Loi Mexicaine, requiert que les copropriétaires soient en accord pour toute exploitation.

Le Groupe Mexicaine trouve que dans toute exploitation des Droits de Propriété Intellectuelle aurait comme conséquence une dilution et une perte de distinction concernant la source.

Zusammenfassung

Im Mexikanischen Gesetz ist das Recht der Teil-Inhaberschaft eines industriellen Eigentums nicht komplett reguliert. Das Prinzip der vertraglichen Freiheit herrscht vor; obwohl, im Falle eines Rechtsstreites, dieser meist durch das Zivilgericht beigelegt wird.

Patente und Geschmacksmuster konnten persoenlich ausgebeutet werden; aber im Falle, dass ein Lizenzvertrag abgeschlossen wurde oder eine Rechtsuebertragung besteht, benoetigt der Teil-Eigentuemer den Konsenz des anderen Teil-Inhabers.

Marken und Urheberrechte haben spezifische Vorschriften ; aber im Falle eines Rechtsstreites, ist dass Allgemeine Gesetz Grundlage einer Einigung.

Es ist gesetzlich vorgeschrieben, das eine Teileigentuemerchaft ein Recht auf «Erst-Ablehnung», wie auch ein “Vorkaufsrecht” besitzt, falls dieses Anrecht nicht mitgeteilt wurde und den anderen Teil-Eigentuemern nicht angeboten wurde, werden die Abkommen als nichtig angesehen.

Das mexikanische Gesetz, erwahnt unter dem Teileigentumsrecht, dass die Teilieigentumer sich gegenseitig ueber die finanzielle Ausbeutung Rechnung ablegen.

Die mexikanische Gruppe ist der Ansicht, dass die persoenliche Ausbeutung allem Industriellen Eigentumrechts die Aufloesung und den Verlust an Unverwechselbarkeit, zur Konsequenz haette.