



**Question Q194**

**National Group:** United States

**Title:** The Impact of Co-Ownership of Intellectual Property Rights on Their Exploitation

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Separate answers for patents, trademarks and copyrights are provided in this Report due to substantive differences in the law pertaining to each type of right.

**SUMMARY:**

**Patents:** Under United States law, the rights of co-owners of the patent rights are the same irrespective of the origin of co-ownership, for example, whether by means of heritage or a division of a company. A co-owner of a patent may have the invention made for itself by a third party without having to obtain the consent of the other co-owners(s) and without the duty to account to the other co-owner(s) for any economic benefit realized. In licenses drafted by United States attorneys, the grant of the right to make an invention will typically also state the right of the licensee to have the invention made for the licensee by a third party (“the right to make and have made”)

A co-owner purporting to grant a licensee an exclusive license in an invention would in fact convey no more than the exclusive right under the co-owner’s undivided interest in the invention, which would not prevent a different co-owner from giving a license to third party. No differences exist under US law with regard to the transfer of the whole share of a co-owned IP Right or the transfer only of the part of the share of the co-owned IP Right. A co-owner can transfer all or part of his co-ownership interest without the consent of any other co-owners, and can impose contractual conditions on that transfer.

The concept of “joint monopolization” under which a group of entities might be found collectively to possess monopoly power (whether due to a patent or otherwise) has generally been rejected by the United States courts. Agreements concerning patents are generally considered to be pro-competitive. However, it is possible for an agreement concerning ownership of IP rights to be challenged as anticompetitive under United States law as reflecting collusive conduct. Such agreements are examined under a "rule of reason" approach by enforcement authorities and the courts to determine whether the pro-competitive effects outweigh the anticompetitive effects, and upheld or struck down depending upon the result of that analysis.

If called upon to adjudicate an issue involving co-ownership rights in a non-U.S. patent, U.S. courts (assuming that the court found that it had jurisdiction to hear the case) would likely attempt to apply the law of the country that issued the non-U.S. patent. A contract (license) would be construed under the law of the jurisdiction stated in the contract unless the construction under such law violates a public policy of the United States.

**Trademarks:** The parties need to agree, either a priori or after the fact, which parties will derive what rights to use the trademark in a manner that does not lead to customer confusion. In one extreme case in which the parties did not agree, a US court decided to extinguish valuable trademark rights of a joint venture. If the co-owners agree, they can license freely. If they do not agree, then sublicense is not possible. Based on general principles, a co-owner may be able to transfer the rights as long as they are subject to all the obligations that the co-owner has, and that all good will accompanies the transfer. However, the consumer may expect the source of the product to be the original joint owners and lead to consumer confusion, particularly when the other co-owner objects to the transfer. Thus, the ability to transfer a trademark under US law might be subject to the “balancing” of contractual expectations and consumer perceptions.

**Copyrights:** If a work is co-authored by an independent contractor and an employee, the copyright in the resulting work might be co-owned by the employer and the independent contractor. But, the rights and responsibilities of the co-owners would be the same as if they became co-owners through other means. The right to copy under the US Copyright Act would permit either co-owner to have works produced that embody the underlying work. However, a co-owner cannot license the exclusive right to a third party without the cooperation of the other co-owner. Unlike patents, there is an obligation to account to the co-owner. Copyrights are freely transferable. The U.S. Copyright Act permits each co-owner to exploit their work without the consent of the other co-owner, which includes the right to enter into non-exclusive licenses, subject only to the duty to account to the other co-owner for their ratable share of profits. The only means by which co-owners can regulate, modify or otherwise limit exploitation of the work, is through a written agreement.

It is difficult to control a market with a copyright because others are free to market different expressions of the same idea covered by the copyright. However, it might be possible where the particular expression has been adopted as a standard. In this context, it would be highly fact-specific whether antitrust issues might arise. There are certain situations within the United States Copyright Act where licensees must obtain a compulsory license through the United States Copyright Office. One would expect U.S. courts to apply U.S. law to co-ownership issues when adjudicating U.S. copyrights. Published works are subject to protection under the U.S. Copyright Act if one or more of the authors is a national or domiciliary of the United States or a treaty party, or is a stateless person. Acts of infringement that occur outside of the United States’ jurisdiction are not actionable under the U.S. Copyright Act because U.S. Copyright laws do not have any extraterritorial operation. However, in some instances, the finding of an act of infringement in a foreign jurisdiction can form the basis for a finding of infringement when a subsequent act is committed within the jurisdiction of the United States.

## **QUESTIONS AND ANSWERS:**

### **I) Analysis of the current substantive law**

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

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

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

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

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

**ANSWER:**

#### **A. Patents**

In the United States, patents have the attributes of personal property and are subject to the general rules regarding the ownership and transfer of such property. See 35 U.S.C. § 261. As a consequence, patents and patent applications may be assigned. 35 U.S.C. § 261. The presumptive owner of a patent is the human inventor of the invention. This inventor may transfer ownership of his interest in the patent by assignment to anyone (including a corporation or other entity) and may in fact be under a legal duty to do so by virtue of a contractual or other obligation. 8 DONALD S. CHISUM, CHISUM ON PATENTS § 22.01 (1993). When two or more individuals collaborate to create the invention, the individuals have joint ownership rights in the patent. See CHISUM § 22.01. In the United States, no special legal theory exists for situations in which co-ownership results from the division of the same right among different persons as the consequence, for example, of heritage or a division of a company. That is, the rights of co-owners of the patent rights are the same irrespective of the origin of co-ownership.

In addition to the above, in situations where the invention was made using U.S. Government funding (e.g., under a government contract), the U.S. Government generally does not take an ownership position in the patent, but has a paid-up license, and may require the patent owner to license others on "reasonable terms." See 35 U.S.C. §§ 202-03. To our knowledge, the U.S.

Government has not exercised its “march in” rights. Additionally, if an employee is specifically hired by an employer to solve a specific problem, or was hired to exercise his or her “inventive faculties,” the employer may own the rights in any resulting patents, even without an assignment or employment agreement. However, it is often difficult to understand the line between this situation and one where the employee is hired generally to do research. See CHISUM § 22.03[2]. Also, the United States recognizes the “shop right” doctrine in which “an employee who uses his employer’s resources to conceive an invention or to reduce it to practice must afford to his employer a nonexclusive, royalty-free, non-transferable license to make use of the invention, even though the employee subsequently obtains a patent thereon.” CHISUM at § 22.03[3]. An employer with a shop right does not have an ownership interest in the patent. Rather, the shop right allows the employer a defense to a charge of patent infringement by the employee. See CHISUM at § 22.03[3].

## B. Trademarks

Most of the case law in the trademark area regarding joint ownership seems to result from the dissolution of an entity that previously owned the mark on its own. Examples of such dissolution include, a company split into components, the dissolution of a joint venture, or the dissolution of a marriage. When two parties agree to be joint owners of a trademark, they can agree how to split up the good will and other rights. However, when dissolution is not voluntary, it is difficult to divide up the rights in a trademark equally. If each of the parties continues to use the mark, each would “of necessity use the mark to symbolize good will different from that which the mark previously symbolized. This can lead to customer confusion and deception and to impairment of the mark itself.” McCarthy § 16:42.

The modern view is that “good will behind a mark should be treated as an indivisible asset.” McCarthy § 16:44. The parties need to agree, either a priori or after the fact, which parties will derive what rights to use the trademark in a manner that does not lead to customer confusion. Where the parties have not and cannot agree, the courts have taken different approaches. In at least one extreme case, the court decided that the unfortunate result of the parties' refusal to compromise is that the court is forced to in effect extinguish the valuable trademark rights of the joint venture. *Durango Herald, Inc. v. Riddle*, 719 F. Supp. 941, 11 U.S.P.Q.2d 1052 (D. Colo. 1988). Other cases, such as a number of different cases involving the use of a band name after the original band was split up, tend to allocate the rights to a specific party. In general, the courts may balance contractual expectations of the parties with customer perceptions. McCarthy § 16:48.

## C. Copyrights

There is a distinction between a work “made-for-hire” by an employee and a work made by an independent contractor. If a work is co-authored by an independent contractor and an employee, the copyright in the resulting work might be co-owned by the employer and the independent contractor. But, the rights and responsibilities of the co-owners would be the same as if they became co-owners through other means.

The relevant text from 17 U.S.C. § 101 defines works-made-for-hire, in part, as:

- (1) a work prepared by an employee within the scope of his or her employment; or
- (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.

Additionally, it should be noted that works prepared by the United States government are not copyrightable.

Notwithstanding the above, the writers of certain works-for-hire are still entitled to receive royalties in specific instances. For example, a composer for a television show or motion picture may sell their works as works-for-hire, but as a customary aspect of the composer's contract, the composer still can receive public performance royalties from a performing rights organization (ASCAP, BMI and SESAC in the United States).

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

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

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

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

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

ANSWER:

A. Patents

Under United States law, a co-owner of a patent may have the invention made for itself by a third party without having to obtain the consent of the other co-owners(s) and without the duty to account to the other co-owner(s) for any economic benefit realized. In licenses drafted by United States attorneys, the grant of the right to make an invention will typically also state the right of

the licensee to have the invention made for the licensee by a third party (“the right to make and have made”).

B. Trademarks

This question does not appear to be relevant to trademarks as they exist in the United States.

C. Copyrights

A copyright includes the right to copy. This right generally would permit either co-owner to have works produced that embody the underlying work.

A copyright is a bundle of rights and co-owners of a copyrighted work may license different aspects of these rights, or all of them unilaterally, provided that there is no legal agreement preventing such a license. Furthermore, such a license must be nonexclusive and is subject to a duty to account to co-owners for a ratable share of profits from the license. 1 Nimmer on Copyright §§ 6.10 & 6.11 (2006). Similarly, one joint owner may always transfer interest in the joint work to a third party, subject only to the general requirements of a valid transfer of copyright, under United States law. One joint owner does not have the power to transfer the interest of another owner without the latter’s consent. 1 Nimmer on Copyright § 6.11 (2006). Finally, any transfer of copyright ownership that transfers the interests of both joint owners must be unanimous among co-owners; an exclusive license is defined by the law as a variety of transfer of the joint interests in the copyright and therefore, must be jointly agreed. 1 Nimmer on Copyright § 6.11 (2006).

Examples of specific rights that are frequently sub-licensed include the right to reproduce the work and the right to prepare derivative works.

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

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

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

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

**Therefore, in order to improve the work of the EXCO, the groups are invited to specify how the differences in the nature of licenses (non-exclusive or exclusive) influence the**

**solution of their national laws in respect of the right to grant the licence by a co-owner of an IP Right.**

ANSWER:

A. Patents

A co-owner purporting to grant a licensee an exclusive license in an invention would in fact convey no more than the exclusive right (exclusive freedom from suit – sole license) under the co-owner’s undivided interest in the invention. *See Schering Corp. v. Roussel-UCLAF SA*, 104 F.3d 341, 344 (Fed. Cir. 1997) (“Each co-owner’s ownership rights carry with them the right to license others, a right that also does not require the consent of any other co-owner); *see also* 35 U.S.C. § 262. In effect, this is a promise by the co-owner/licensor not to sue the licensee, and a promise that the co-owner/licensor will not license other licensees, but would not prevent a different co-owner from giving a license to third parties.

B. Trademarks

If the co-owners agree, they can license freely. If they do not agree, then sublicense is not possible.

C. Copyrights

As for patents, a co-owner cannot license the exclusive right to a third party without the cooperation of the other co-owner. However, unlike patents, there is an obligation to account to the co-owner.

Rights can be granted on an exclusive or non-exclusive basis, but when granted non-exclusively, the copyright owner still retains the right to directly license the work in question. See Answer 2(c) above that also addresses this issue.

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

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

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

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

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

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

ANSWER:

A. Patents

Under 35 U.S.C. 261, patents are given “the attributes of personal property”. Section 261 states that applications for patent, patents, or any interest therein, are assignable in law by an instrument in writing, and that the applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his or her application for patent, or patents, to the whole or any specified part of the United States.

Under United States law, no differences exist with regard to the transfer of the whole share of a co-owned IP Right or the transfer only of the part of the share of the co-owned IP Right. A co-owner can transfer all or part of his co-ownership interest without the consent of any other co-owners, and can impose contractual conditions on that transfer (e.g., no right to grant licenses, etc.). *See e.g., Schering Corp. v. Roussel-UCLAF SA*, 104 F.3d 341, 344 (Fed. Cir. 1997) (“Each co-owner’s ownership rights carry with them the right to license others, a right that also does not require the consent of any other co-owner.”) and HAROLD EINHORN, PATENT LICENSING TRANSACTIONS § 1.02[1] (2008); see also 35 U.S.C. § 262. Such a transfer would be of a proportionate undivided interest in the patent.

However, the transfer of less than all of the substantial rights (i.e., the right to make, use, sell, and sue for infringement) associated with that proportionate undivided interest might well be considered to be a license, even if the transfer is termed an “assignment.” For example, the failure to transfer the right to sue for infringement with an alleged assignment might well be considered to be an indication that the parties intended to transfer less than all substantial rights in the ownership interest, and therefore result in the transfer being considered to be a license, and not an assignment. *See Waterman v. Mackenzie*, 138 U.S. 252 (1891); *Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.p.A.*, 944 F.2d 870, 20 USPQ2d 1045 (Fed. Cir. 1991).

If all of the substantial rights associated with an ownership interest are transferred, and if the obligation to refrain from licensing arises contractually, a U.S. court may well find that the parties could have, and should have, also contractually prohibited or limited the assignment of the patent right in a similar way, and that their failure to do so indicates an intent that assignability should not be limited. Moreover, general legal principles of alienability of personal property would result in any such contractual limitations being closely examined and probably strictly construed against the party asserting nonassignability. However, U.S. courts have fairly broad powers to provide equitable relief in the interest of justice, and could possibly be convinced to enjoin or limit assignability if significant overreaching by the assigning party could be shown.

## B. Trademarks

Based on general principles, a co-owner may be able to transfer the rights as long as they are subject to all the obligations that the co-owner has, and that all good will accompanies the transfer. However, the consumer may expect the source of the product to be the original joint owners and lead to consumer confusion, particularly when the other co-owner objects to the transfer. Thus, the ability to transfer might be subject to the “balancing” of contractual expectations and consumer perceptions, as discussed above.

## C. Copyrights

Rights are freely transferable. As mentioned above, the U.S. Copyright Act permits each co-owner to exploit their work without the consent of the other co-owner. This includes the right to enter into non-exclusive licenses, subject only to the duty to account to the other co-owner for their ratable share of profits. The only means by which co-owners can regulate, modify or otherwise limit exploitation of the work, is through a written agreement.

Additionally, please refer to Question 2(c) from the original Report Q194, the relevant section of which has been copied below and discusses the United States law governing termination of copyrights.

Under Section 203 of the U.S. Copyright Act, “[i]n the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under [certain] conditions, and “notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant” and such a termination will cause the terminated rights to revert to the author, authors, and other persons owning termination interests . . . including those owners who did not join in signing the notice of termination.” See U.S. Copyright Act, 17 U.S.C. § 203, available at <http://www.copyright.gov/title17/92chap2.html#203>. It should be kept in mind that the giving of notice of termination is an area requiring procedural precision (e.g., it can be exercised only 35 years from publication of the work, or 40 years from the date of grant being terminated, whichever is earlier, and compliance with other conditions), and in short, requires careful study by itself even by U.S. practitioners otherwise well versed in copyright law. Nonetheless, the primary purpose for mentioning it here is that there are specific provisions that apply to the co-authors’ exercise of termination rights in respect of grants, whether those grants are non-exclusive licenses or a transfer of a co-author’s interest. In particular, Section 203(a)(1) provides that, in the case of two co-authors, only the co-author that executed the grant, may terminate that grant; and, in the case where two or more co-authors executed a grant, the majority of the co-authors who executed the grant are required to effect a termination of that grant.

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

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

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

ANSWER:

A. Patents

The concept of “joint monopolization” under which a group of entities might be found collectively to possess monopoly power (whether due to a patent or otherwise) has generally been rejected by the United States courts. *American Tobacco v. United States*, 328 U.S. 781 (1946). However, it is possible for an agreement concerning ownership of IP rights to be challenged as anticompetitive under United States law as reflecting collusive conduct. Agreements concerning patents are considered to be pro-competitive, or at least it is considered by enforcement authorities that such agreements can have pro-competitive effects, so that they are not per se anticompetitive. Such agreements would be examined under a “rule of reason” approach by enforcement authorities and the courts to determine whether the pro-competitive effects outweigh the anticompetitive effects, and upheld or struck down depending upon the result of that analysis. For example, the mere fact that an agreement between co-owners prohibits licensing may seem anticompetitive, but pro-competitive effects (the facilitation of the co-owner's entry into the marketplace themselves to compete with other similar products) may outweigh the anticompetitive effects. Also, the assertion of a patent known to be invalid, or a patent that was acquired through knowing and wilful fraud, may be deemed to constitute attempted monopolization, regardless of whether the patent is singly or jointly owned. See, e.g., *Walker Process Equip. v. Food Mach. and Chem. Corp.*, 382 U.S. 172 (1965).

The intellectual property and antitrust laws of the United States are intended to work in tandem to promote consumer welfare and innovation. The United States has two antitrust enforcement authorities with partially overlapping authority in civil cases: 1) the Antitrust Division of the Department of Justice (“DOJ”); and 2) the Federal Trade Commission (“FTC”). Guidance on the interplay between the intellectual property and antitrust laws of the United States may be found in the joint publications of the FTC and DOJ. In 1995, the FTC and DOJ jointly issued “IP Licensing Guidelines”, available at <http://www.ftc.gov/bc/0558.pdf>. In 2007, The FTC and DOJ issued a joint report that confirmed the validity of the 1995 Guidelines (See “U.S. Dep’t of Justice & Fed. Trade Comm’n, Antitrust Enforcement and Intellectual Property Rights, Promoting Innovation and Competition”, available at <http://www.usdoj.gov/atr/public/hearings/ip/222655.pdf>).

B. Trademarks

The committee did not identify any antitrust issues specific to the law of trademarks.

### C. Copyrights

It is difficult to control a market with a copyright because others are free to market different expressions of the same idea covered by the copyright. However, it might be possible where the particular expression has been adopted as a standard. In this context, it would be highly fact-specific whether antitrust issues might arise.

There are certain situations within the United States Copyright Act where licensees must obtain a compulsory license through the United States Copyright Office. This procedure is described at the Copyright Office website, <http://www.copyright.gov/licensing/> (and the related “Circular 75: The Licensing Division of the Copyright Office,” available at <http://www.copyright.gov/circs/circ75.pdf>) and states:

The Licensing Division in the Copyright Office administers the compulsory and statutory licenses in the Copyright Act (title 17 of the *U.S. Code*). The division collects royalty fees from cable operators for retransmitting television and radio broadcasts (section 111), from satellite carriers for retransmitting “superstation” and network signals (section 119), and from importers or manufacturers for distributing digital audio recording products (see Report of Receipts). The division deducts its full operating costs from the royalty fees and invests the balance in interest-bearing securities with the U.S. Treasury for later distribution to copyright owners.

Also, it should be noted that the two main performance rights organizations in the United States, the American Society of Composers, Authors and Publishers (“ASCAP”) and Broadcast Music, Inc. (“BMI”), operate under separate consent decrees with the United States Department of Justice. ASCAP and BMI are responsible for collecting public performance royalties on behalf of their respective members and also for protecting their members’ rights.

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

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

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

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

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

ANSWER:

A. Patents

United States national laws accept that the co-ownership of an IP Right, even if there is no contractual agreement between the co-owners, may be ruled by the national law of the country which presents the closest connections with the IP Right. Under United States law, patents are jurisdictional in scope and ownership/co-ownership of a US patent would be decided in accordance with the law of individual states, provided that this does not conflict with U.S. federal law. See CHISUM at § 22.03[5]. If called upon to adjudicate an issue involving co-ownership rights in a non-U.S. patent, U.S. courts (assuming that the court found that it had jurisdiction to hear the case) would likely attempt to apply the law of the country that issued the non-U.S. patent. See CHISUM at § 21.02[1][h] (citing cases where supplemental jurisdiction was not found to hear allegations relating to infringement of a non-U.S. patent, in part because “the governing laws are different.”). A contract (license) would be construed under the law of the jurisdiction stated in the contract unless the construction under such law violates a public policy of the United States.

Ownership of a patent initially vests under the United States Patent Act in the inventor. 35 U.S.C. 101 states that “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title” Under 35 U.S.C. 116, several inventors may jointly apply for a patent even though they did not physically work together at the same time, did not make the same kind or amount of contribution, and did not each make a contribution to the technology contained in every claim of the patent application. Under Rule 37 C.F.R. 1.45(a), joint inventors must apply for a patent jointly and each must make the required oath and declaration: neither of them alone, nor less than the entire number, can apply for a patent for an invention invented by them jointly.

B. Trademarks

It seems unlikely that U.S. courts would apply foreign law to a joint ownership situation.

C. Copyrights

One would expect U.S. courts to apply U.S. law to co-ownership issues when adjudicating U.S. copyrights.

Pursuant to 17 U.S.C. § 104, all unpublished works are subject to the U.S. Copyright Act without regard to the nationality or domicile of the author. Published works are subject to protection under the U.S. Copyright Act if

- (1) on the date of first publication, one or more of the authors is a national or domiciliary of the United States, or is a national, domiciliary, or sovereign

authority of a treaty party, or is a stateless person, wherever that person may be domiciled; or

- (2) the work is first published in the United States or in a foreign nation that, on the date of first publication, is a treaty party; or
- (3) the work is a sound recording that was first fixed in a treaty party; or
- (4) the work is a pictorial, graphic, or sculptural work that is incorporated in a building or other structure, or an architectural work that is embodied in a building and the building or structure is located in the United States or a treaty party; or
- (5) the work is first published by the United Nations or any of its specialized agencies, or by the Organization of American States; or
- (6) the work comes within the scope of a Presidential proclamation. 17 U.S.C. 104.

In most instances, acts of infringement that occur outside of the United States' jurisdiction are not actionable under the U.S. Copyright Act. 4 Nimmer on Copyright, "The Territorial Limitations of the Copyright Act," Vol. 4, § 17.02 (2006). This is because U.S. Copyright laws do not have any extraterritorial operation. 4 Nimmer on § 17.02 (citing, in part, *Subafilms Ltd. V. MGM-Pathé Communications Co.*, 24 F.3d 1088, 1095 (9<sup>th</sup> Cir. 1994) (*en banc*), *Yount v. Acuff-Rose-Opryland*, 103 F.3d 830, 835 (9<sup>th</sup> Cir. 1996) and *Nintendo of Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 249 n.5 (9<sup>th</sup> Cir. 1994), *cert denied*, 132 L. Ed. 2d 263 (1995)). In some instances, the finding of an act of infringement in a foreign jurisdiction can form the basis for a finding of infringement when a subsequent act is committed within the jurisdiction of the United States. 4 Nimmer on § 17.02. One example is when a defendant's song is found to be infringing, in an English court, from plaintiff's song, it is possible that the subsequent public performance of defendant's song in the United States can then be held, by a U.S. court, to infringe plaintiff's copyright. 4 Nimmer on § 17.02 (citing *Leo Feist, Inc., v. Debmar Publishing Co.*, 232 F.Supp. 623 (E.D. Pa. 1964). *Cf. National Enquirer, Inc. v. News Group News, Ltd.*, 670 F. Supp. 962 (S.D. Fla. 1987)).

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

ANSWER:

A. Patents

There are no additional issues at this time.

B. Trademarks

The USPTO will accept applications for registration by joint owners.

### C. Copyrights

The rules governing co-ownership of copyrights differ from those governing patents. Most notably, co-owners have a duty to account to the other co-owner for their use of the copyrighted work.

#### **II) Proposal for the future harmonisation**

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

**Note:**

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