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CO-OWNERSHIP OF IP IS A COMPLEX MATTER, AS DIFFERENT COUNTRIES FOLLOW DIFFERENT SYSTEMS, AND TERMINOLOGY ALSO VARIES. LUIS C. SCHMIDT OF OLIVARES & CIA DISCUSSES THE SYSTEM WHICH MEXICO HAS DEVISED AS IT APPLIES TO COPYRIGHT AND TRADE MARKS.

Co-ownership is one of the most intriguing issues in IP law. Debate has focused on the question whether IP rights can be held as joint property. A derivative question is whether co-ownership of IP rights deserves the same treatment as co-ownership of tangible goods, following civil code or common law theories. Alternatively they might be codified in a uniform set of IP co-ownership provisions or in each of the particular IP statutes. However, having admitted that IP rights can be joint property, it is paramount to know if individual co-owners are entitled to use or exploit inventions, works-of-authorship or trade marks, or if they can dispose of the rights, or enforce or maintain them, when they just hold a share or partial interest.

CREATING OWNERSHIP

Ownership is created differently depending on the nature or characteristics of each IP right. For example, an inventor or developer gets the right to file a patent application in her name to obtain an exclusive right. That right can be assigned to the party that ultimately files the application. On the other hand, authors who create a work-of-authorship automatically obtain an exclusive right of exploitation, unless an exception applies, like a work-for-hire. In some countries works can be registered so that holders have a document that can be used as evidence in the courts. Exclusive trade mark rights originate either from the use of a mark or its registration, depending on the system. Co-ownership triggers rights in the same form as the rights of individual inventors, authors or trade mark users. The main difference is that in co-ownership two or more persons commonly share the rights. A line can be clearly drawn between being a co-inventor or co-author, and a patent, trade mark or copyright rights co-owner.

In most countries of the world co-ownership rules are disseminated in the IP statutes. Frequently, civil codes or common law can be invoked as an additional or substitute reference. Likewise, co-ownership rules are not mandatory but instead apply in the absence of an agreement. Terms and conditions for exercising IP rights vary from country to country. It can be broadly concluded that, if there is no agreement setting out rights and obligations, individual co-owners are able to freely use or enforce a patented invention, a copyrighted work or a registered or protected trade mark, without the need for consent from their fellow co-owners. On the contrary, co-owners are not entiled to license, assign or make right transmissions, without the unanimous consent of the co-owners.

Some countries follow the common law system. Others, which use the Roman law system, have made a distinction between the so-called joint tenancy or ownership and tenancy-in-common or common ownership. Terminology varies. The distinction is between co-owners who are owners of shares, portions or interests in the right — generally an equal share — and when each co-owner has a separate ownership interest. In a tenancy-in-common type of property, tenants hold distinct shares and have separate rights over their shares. These can be assigned by living participants or can be effective on their death. Certain IP rights can be considered tenancy-in-common, since they can be used or disposed of freely by each owner, without the need of consent by the rest. However, in most cases IP rights are regarded as joint ownership.

The two main statutes dealing with IP rights in Mexico are the Copyright Law and the Law on Industrial Property. They include provisions regarding co-author and ownership (copyright, co-inventor and ownership-patents) and co-registration and ownership (trade marks). Likewise, the Federal Civil Code allows provisions originally conceived in connection with tangible goods, movable and real. For certain purposes they perform as a supplemental authority to the *ad hoc* rule of the IP laws.

COPYRIGHT LAW

The Copyright Law has inserted two articles. These recognize the possibility that authors or assignees can jointly own patrimonial or even remuneration rights (in the Spanish language it is better to say joint holders or joint tenants since ownership or property are words exclusively used in connection with tangible

goods). The rules can be synthesized as follows. Articles 4DL, II and II state that works-of-authorship can be created individually, by one sole author; as a joint work ("work in collaboration"), by various authors who collaborate, in a direct or indirect fashion, as co-authors or collaborators, in a unitary and indivisible work; and as a collective work, by one entity that coordinates authors who personally participate in the production of a work, the rights of which cannot be split or divided among the authors. Under the Copyright Law a "collective work" is different from a "collection of works" or a "compilation", in which the entity that takes the initiative or gathers works from authors without participating personally in the project. A "collective work" is not a work "made-for-hire" in that the entity that coordinates the contribution of "intellectual creators" (who are under instructions and receive a payment) becomes the patrimonial rights' holder of the work from the start. Contributors participating in joint works are regarded as co-authors and additionally be co-owners of the patrimonial rights on the resulting work, if they have not transferred the right to any third party. Creators working in a collective work or in a work-for-hire cannot be regarded co-owners of rights, simply because the rights pertain to the party that coordinates.

Article 80 states that the rights in works made in co-authorship shall equally pertain to the co-authors, unless otherwise agreed upon. In addition the exploitation of the copyright work shall require consent by a majority of the co-authors. In such an event, the non- participating authors shall not be bound to make the expense, unless there is revenue from the exploitation and they claim compensation. Co-authors are allowed to exercise their rights over their contribution to the work, it that can be clearly identified. Unless otherwise agreed by the parties, a single co-owner can file an application to register the whole work. Lastly, if a co-owner dies, her share shall accumulate to the remaining authors.

From this it is clear that the Copyright Law takes a joint ownership approach in connection with joint works. Shares are equal and undivided and exploitation cannot be made freely by co-authors acting individually. The law is silent regarding whether co-authors can dispose of their shares. However, it could be concluded that licence or assignment of rights can only be made if all the authors agree. Activities that co-owners can perform without requesting authorization from the whole group are restricted to the registration of the work.

A HYBRID SYSTEM

Certain theorists in Mexico have maintained that trade mark rights should never be co-owned. Their principal argument is framed by the notion of distinctiveness. It implies that trade symbols can only be used by one singly entity in a non-fragmented form, to protect competition and consumers against confusion or deceit. Figures such as collective marks or certification marks have been designed to enable a collection of companies or persons to use a mark for particular purposes although not in strict co-ownership, without jeopardising the capacity of the mark to fulfil the legal principle of distinctiveness. The Law on Industrial Property has granted the opportunity of joint applications under the following legal structure:

Articles 96, 97 and 98, define collective marks as those that associations of industry or traders can register and which shall be used by their members. Applicants for registration are required to provide the rules of use of the collective mark. The law does not indicate what the rules shall specify. It would seem that they need to address issues such as the party's rights over the use of the mark and protection of goodwill. Any other topic, such as enforcement and maintenance, would only concern the registrant. The law stipulates that a "collective mark" shall not be assignable and that anybody but the registrant's members shall be entitled to use it.

Article 116 implicitly recognizes that regular trade mark registrations can be co-owned. The provision requires that joint applicants submit rules of use, that include, as a minimum, references in connection with the use of the mark, as well as the licensing and transmission of rights. Additional rules regarding the maintenance and enforcement of the mark can be agreed on by the parties. It is advisable that use agreements insert them too, despite the fact that the Trade Mark Office is not empowered by article 116 to request them. But most importantly, the rules of use should allow co-registrants to adopt a joint tenancy or tenancy-in-common regime, should they divide the shares.

These factors confirm that Mexico has adopted a hybrid or eclectic system in order to protect trade mark registrations in co-ownership. By seeking the rules of use the Trade Mark Office acts as a warrantor of trade mark principles. It does not issue any registration until it has received the rules addressing the co-applicants' pacts and agreements.

The law of patents is much less exhaustive on co-ownership than the laws of copyright and trade marks. Some of the provisions in the Law on Industrial

Property can be applied to find a joint ownership of inventors' rights as well as the resulting patents. However, no substantive reference can be found in the law.

THE CIVIL CODE

The Federal Civil Code of 1932 is a necessary source that can supplement the IP laws in certain aspects, co-ownership being one of them. This is in spite of the fact that the Civil Code views matters from a tangible goods perspective. In fact, the Copyright Law states expressly that the Civil Code can be invoked as a complementary or substitute reference, in cases when the Copyright law provides a rule that can be strengthened by the more general provisions of the Civil Code. The Law on Industrial Property does not make any pronouncement in that regard. Courts might still allow arguments invoking the Civil Code as a supplemental source.

Under the Civil Code, co-property (attending to the literal translation used by the law) exists when a tangible good, or a right, pertains individually to various persons. In the absence of an agreement or *ad hoc* legal provision, co-ownership shall be ruled by the articles in the Civil Code. Distribution of benefits and costs, regarding a good or right that is co-owned shall be proportional to the shares of each participant. Participants, shall have the right to use the good or right as long as they are used as was originally intended, without prejudicing the community's interest or impeding other participants from using the good or right. All participants are required to contribute to the expenses for maintaining the good and they can only renounce the obligation by renouncing their share. Alterations to the good are prohibited. Agreements reached by the majority of participants concerning the administration of the good shall be enforceable against all co-owners. Participants are free to sell, assign or mortgage their shares over the good or right, except for a personal right. The other participants have a right of preference to acquire. Finally, participants do not have an obligation to keep a divisible good undivided. If a good owned in co-ownership cannot be divided and any of the participants acquire the shares, co-ownership shall be dissolved, the good or right sold, and the revenue distributed according to the participants' percentages.