



European IPR Helpdesk

Fact Sheet

IP joint ownership

October 2015¹

Introduction.....	1
1. IP joint ownership	2
2. Allocation of shares between joint owners in collaborative research projects	4
2.1. Background	4
2.2. IP joint ownership	4
3. Conditions of use and exploitation of the jointly owned IP.....	5
3.1. Rights of use	5
3.2. Rights of exploitation	6
3.3. Dissemination and confidentiality	7
4. Management of the jointly owned IP	8
4.1. IPR protection.....	8
4.2. IPR infringement and enforcement issues.....	9
5. Governing law and jurisdiction	9
Useful Resources	10

Introduction

Joint ownership often arises in connection with collaborative innovation and is of particular relevance to EU-funded programmes, joint ventures and more generally to any research project involving co-development of intellectual property (IP).

In these situations, collaborating partners often disregard the proper regulation of the allocation of the ownership of the intellectual property co-developed. Such

¹ This fact sheet was initially published in May 2013 and revised in October 2015.

negligence is likely to generate disputes that could bring about court litigation, with all the inconveniences linked to legal proceedings.

This fact sheet aims to highlight the most essential IP issues to be addressed contractually when handling jointly owned assets. By ensuring that the ownership, protection and defence of the generated IP are correctly allocated, collaborative projects have more chance to be efficiently implemented and litigation between partners avoided.

The examples provided in this fact sheet are merely indicative and should not be transposed verbatim within agreements. When drafting joint ownership agreements or collaborative agreements it is crucial to seek professional advice, given the complexity and technicality of the subject matters.

1. IP joint ownership

Generally speaking, joint ownership, also called co-ownership, refers to a situation in which two or more persons have proprietary shares of an asset: they co-own a property. Joint ownership of IP, in particular, frequently arises in collaborative projects when the results have been jointly generated by the partners and the share of work is not easily ascertainable².

In principle joint ownership arises by law when a work (e.g. results in EU funded projects) is jointly developed by several partners and their respective contribution to the final work cannot be ascertained, or the work (results) is by nature indivisible³. Only the "*active contribution*" to the results should be taken into account, since the mere efforts are not sufficient to create co-ownership⁴. Accordingly, the ordinary assistance and the sharing of ideas and information are also excluded. On the next place each contribution should be an indivisible element to the final result or the result itself should be indivisible by nature.

² At this point, it would be useful to explore all the issues concerning ownership, inventorship and authorship by reading the European IPR Helpdesk fact sheet on this subject matter, available in the [library](#).

³ In situations when the aforementioned conditions of joint ownership are not met, such regime of ownership can be established by way of contractual arrangements. For example a beneficiary of an EU funded project can share the property of its own results with other entities and/or persons – for instance its employees, using contractual mechanisms of a partial transfer of ownership.

⁴ See the table above to know how an "active contribution" can be discerned from a mere execution when devising an invention in an innovative process, and therefore create the conditions for a joint ownership.

Joint Inventor	Executor
Conceives the idea	Puts forward a hypothesis
Materially contributes to the development of the invention	Passively follows the instructions imparted
Provides solutions to problems	Performs routine tasks
Implements the innovation	Executes results testing

Joint ownership may arise with regard to all the forms of IP, that is to say patents, copyright, trade marks and even trade secrets.

With the proliferation of collaborative research projects, jointly created results have become ordinary. Collaboration partners should therefore agree on the terms of the resulting joint ownership in a separate agreement known as a *joint ownership agreement*. Alternatively, they can regulate the allocation of the co-developed assets through apposite clauses within a more general *collaboration agreement*⁵.

It is worth noting that if no joint ownership regime is agreed the default one will therefore apply⁶, in line with the respective national law.

To this regard exploitation rights on jointly owned assets may vary in the different jurisdictions. The right to grant licenses and/or sub-licenses by one of the joint owners is accorded at national level to a different extent, in terms of type of license and scope. In the same vein, the right of the co-owners to be compensated for not exploiting those assets can be differently regulated or even absent altogether.

Moreover, co-owners can have different rights at their disposal, depending on the nature of the IP rights. For instance, in some countries a copyright co-owner has the right to sue for third party infringement without the intervention of other co-owners, which may not be the case for patent or trade mark infringement⁷.

⁵ Although a joint collaboration agreement is a one-size-fits-all instrument that partners can choose to deal with joint ownership *inter alia*, separate joint ownership agreements are in principle more appropriate to regulate each specific joint ownership situation.

⁶ If collaboration partners do not intend to enter into joint ownerships, they should expressly state this within the collaboration agreement by allocating the sole property to one of the co-developers through transfer of ownership of IP.

⁷ The UK IP legislation is an example.

In the context transnational research consortia of joint ownership need to be carefully addressed in contractual arrangements by co-owners. Although it is not always possible to exactly predict all the results likely to be developed in a collaborative project, before any research activity is carried out, the partners should at least define their expectations in terms of results (IP) to be generated through their common effort, e.g. publications, new technology or a definite product.

Once they have defined the expected joint results, partners should deal with co-ownership taking into account the following main factors:

- Allocation of the shares between joint owners;
- Conditions of use and exploitation of the joint results (IP);
- Management of the jointly owned results (IP).

In the following paragraphs we will see how arrangements on allocation (shares), protection, enforcement, use and exploitation of the relevant IP assets can be regulated within IP joint ownership or collaboration agreements.

2. Allocation of shares between joint owners in collaborative research projects

2.1. Background

When enter in collaborative research partners need to outline what each of them will bring to the project: the so-called background⁸. The parties can identify their respective background in a separate list, which could be part of their consortium or joint ownership agreement. As it will be shown, this proves to be essential also for the modifications of and derivative works to the background, as well as for the joint results use and exploitation.

It is of particular importance to clearly define what will be considered modifications/improvements to the background. Indeed, the distinction between derivative work and new work made under collaborative effort is not always obvious. Therefore, ownership of the background modifications should be defined contractually.

2.2. IP joint ownership

As regards results (IP) generated in a collaborative project, there are several ways to allocate the respective shares of each joint owner. One of the most common options in case of joint ownership is the equal share between partners.

⁸ For a deeper analysis of all the issues related to background, you can read the fact sheet produced by the European IPR Helpdesk on "How to manage IP in Horizon 2020 – grant preparation", available in the [library](#).

OWNERSHIP OF INTELLECTUAL PROPERTY RIGHTS

1. Each Party retains exclusive property of its background.
2. The modifications to or derivative works of the Parties' background shall be the sole property of the contributing party.
3. Foreground developed in connection with the collaboration project hereof shall be jointly owned in equal shares by Parties.

[sample clauses]

Of course the partners could split the shares in proportion to their involvement of the development of the results.

3. Conditions of use and exploitation of the jointly owned IP

3.1. Rights of use

Co-ownership arrangements usually grant each party an unrestricted use of the jointly owned IP. Should, however, restrictions on one party's use be necessary due to the interests of other partners or its use in further research activities, two options can be envisaged:

Either the joint ownership regime will be maintained with the provision of mutual restrictive conditions on the joint results use;

RIGHT OF USE

1. A Party shall be entitled to use the results only as strictly necessary to [field of use];

[sample clauses]

Or one party will be assigned the property of the entire asset – hence supporting all the related costs – and grant licenses to other partners on an as-needed basis, according to the interests in the balance.

OWNERSHIP OF INTELLECTUAL PROPERTY RIGHTS

1. Results developed in connection with the collaboration project hereof shall be solely owned by Party [...], who shall bear all the costs related.

RIGHT OF USE

1. Party [...] shall grant – through a separate agreement – to the other Party a non-exclusive, royalty-free, non-transferable right to use results where necessary to enable the other Party to dispose of the result within the scope of its business activity;

[sample clauses]

Provisions on the use of background, brought to the project as part of the collaborative effort, should also be part of contractual arrangements. Each party should therefore grant access rights to the other parties to allow them to use its background in accordance with the project scope (usually royalty-free), and in their business activities (usually royalties-bearing).

Moreover, since most of the joint results will contain partner-contributed IP, such background will be the object of future contracts on the use of the results concerned. In this sense, it is advisable to provide contractual clauses stating that any subsequent contract cannot permit the use of the IP belonging to the other partners independently of the use of the joint IP.

RIGHT OF USE – background

1. Each party hereby grants to the other party the non-exclusive right to use its background free of charge, but only as strictly necessary to perform the collaboration project hereof;
2. Each party hereby grants to the other party a non-exclusive, royalty-bearing, non-transferable right to use its background, but only as strictly necessary to enable the other party to make, sell or otherwise dispose of the product within the scope of its business activity;
3. No right to use any background is granted by one party to other parties independently of the results use. Any other sub-licence or third parties agreement will oblige the parties concerned to abide by such a limitation.

[sample clauses]

3.2. Rights of exploitation

Joint ownership arrangements should also define the conditions under which each co-owner can assign, license and in general exploit jointly owned results. Such activities can be done with or without the consent of the other parties, depending on the partners' interests.

One important issue to be agreed from the outset is the compensation that the other partners will have in respect of the exploitation of the joint results.

RIGHT OF EXPLOITATION – first option [consent required]

1. A Party shall not pledge, assign, sell or otherwise dispose of its interest in the results to third parties without the other Party's prior written consent;
2. Licensing of results to third parties shall require written agreement between the Parties, setting out their respective rights and obligations, including but not limited to, the distribution of licensing costs and income.

[sample clauses]

RIGHT OF EXPLOITATION – second option [consent not required]

1. Each Party shall have the right to pledge, assign or otherwise dispose of its interest in the results to third parties as they may desire notifying its intention to the other Party [...] days prior the activity concerned;
2. Each Party shall have the right to grant [type of licenses] on the results to third parties as they may desire without accounting to the other Party;
3. The total income after deducting costs as derived from the licencing of the foreground shall be distributed [...%] to Party [...] and [...%] to Party [...]. According to the type of license granted, said distribution *ratio* may be adjusted upon written agreement by the Parties.

[sample clauses]

3.3. Dissemination and confidentiality

With regard to the dissemination of the project research results, parties can agree on the limit and means to disclose data and research materials, bearing in mind that disclosures can be an impediment to future IP rights registration (i.e. patents, utility models and industrial design).

When dissemination activities take place, careful attention should be paid to confidential information used to carry out the research⁹. More precisely, partners might want to keep secret the know-how and other knowledge related to the collaboration project. By virtue of contractual clauses, parties should therefore abide by confidentiality rules.

DISSEMINATION

1. If a Party intends to publish information and other research materials related to the collaboration project hereof, such a party shall, prior to publication, provide [...] days as examination period for the other party to verify whether the contents of such dissemination disclosed should be kept confidential. Such other party may request in writing to extend the examination period, due to the importance of the information disclosed.

CONFIDENTIALITY

2. Confidential Information shall not be disclosed, copied, reproduced, or otherwise made available to any other third party without the consent of the other Parties. Each Party agrees to use its best efforts to maintain the confidentiality and to keep data and research materials confidential until published or until corresponding patent applications are filed;
3. Confidentiality obligation shall expire at the earlier of the date when the information is publicly known or [...] years after the expiration or termination date of this Agreement. Each Party may request an extension to this term when necessary to protect confidential information relating to foreground not yet commercialised.

[sample clauses]

⁹ All the issues related to the confidentiality and how this can be protected can be explored through two fact sheets developed by the European IPR Helpdesk and available in the [library](#): "Confidential business information" and "Non-disclosure agreement: a business tool".

4. Management of the jointly owned IP

Management of the jointly owned IP refers to the protection, maintenance and defence of the results (IP) generated under the collaborative project. That is to say, contractual rules should set forth how confidential information, Intellectual property rights (IPR) filing, maintenance and infringement should be dealt with by the co-owners.

4.1. IPR protection

Starting with the assumption that the IPR protection and maintenance costs can be equally shared between joint owners, parties need also to agree on:

- How the IP generated will be protected;
- When protection is to be obtained through registration, who will file application and then follow the procedure; where the designated party might fail to, or decide not to, file an application for the granting of IP rights, contractual provision should allow other parties to take steps in place of the unfulfilling party;
- Who will bear the costs of the IP protection and maintenance.

IP APPLICATIONS FILING, PROSECUTION and COSTS – first option [shared management]

1. The Parties shall decide, by mutual agreement, whether to file, prosecute and maintain IP protection of the results. The Parties shall equally bear all costs resulting from these acts.
2. The Parties shall agree which Party shall conduct the activities thereof in the names of and on behalf of the Parties. The elected Party shall provide a copy of relevant documents relating to the activities thereof for the other Parties examination.
3. If a Party declines to bear its share of the costs associated with the activities thereof, the other Parties may conduct such activities in their own name and at their own expense. The declining Party shall retain its rights of use, but shall lose its rights of ownership and exploitation in respect of results.

[sample clauses]

IP APPLICATIONS FILING, PROSECUTION and COSTS – second option [single management]

1. Party [...] hereto agrees to file, prosecute and maintain IP rights applications of the results in a timely manner and at its own expense and after consultation with the other Parties.
2. Within [...] days of receipt of filing, Party [...] shall provide the other Parties with copies of the IP rights applications and all documents received from or filed with the relevant IP office in connection with the prosecution of such applications, for the other Parties examination.
3. If Party [...] elects not to file IP rights applications, it so informs the other Parties [...] days prior to the expiration of any applicable filing deadline, priority period or other statutory date, so that such other parties may elect to file and prosecute IP rights applications at their own expense. The declining Party shall retain its rights of use, but shall lose its rights of ownership and exploitation in respect of results.

[sample clauses]

4.2. IPR infringement and enforcement issues

Joint owners should agree who will be responsible for monitoring and policing the joint IP and pay the expenses for any infringement in connection with it. The latter can arise either because the jointly owned IP infringes third party IPR, or because it is the third party who infringes the co-owned IP.

INFRINGEMENT CLAIMS

1. Each Party shall be responsible for monitoring and defending the joint IP. Each Party will, however, notify the other Parties promptly if it has a reasonable basis for believing that the joint IP has been infringed by a third party or if the joint IP would infringe any intellectual property right of a third party.
2. The Parties shall equally bear any costs in connection with the law prosecution of third parties infringement of the joint IP. Any accorded awards will be shared in equal parts.
3. The Parties shall equally bear any costs in connection with claims that the joint IP infringes third parties' intellectual property rights.

[sample clauses]

5. Governing law and jurisdiction

The idea of choosing applicable law and jurisdiction is to allow partners to uniformly interpret their joint ownership agreement and to set common rules in case disputes among them arise. It is advisable to select law with some connection with the parties' national systems and/or the core of the agreement.

As a principle, when negotiating the selection of the applicable law, it is preferable to choose the jurisdiction that can ensure the highest degree of impartiality as well as the highest standards of protection and efficiency. However any national law can be chosen.

It is important to note that including provisions about alternative disputes resolution (ADR) mechanisms¹⁰ is also important. Indeed, ADR mechanisms are rapid and cost-effective manner of solving disputes in contractual relationships.

¹⁰ A thorough explanation of ADR mechanisms as procedures allowing parties to resolve their disputes out of court is contained in a dedicated fact sheet produced by the European IPR Helpdesk in collaboration with the World Intellectual Property Organisation (WIPO), available in the [library](#).

GOVERNING LAW

1. This agreement shall be governed by the law of [...].

ALTERNATIVE DISPUTES RESOLUTION

1. In the event of any dispute in connection with this agreement, the Parties shall negotiate and resolve such dispute amicably under principles of good faith and honesty. Where amicable settlements cannot be reached, the dispute shall be referred to arbitration in accordance with the [...] rules.

JURISDICTION

1. The parties hereto agree that in the event of any dispute in connection with this agreement that cannot be resolved by negotiation or arbitration, they shall submit the legal proceeding to the jurisdiction of [...].

[sample clauses]

To sum up, the following non-exhaustive check list identifies the essential IP issues to be addressed when handling jointly owned assets in contractual arrangements:

- Allocation of shares;
- Conditions of use of jointly owned IP;
- Conditions of exploitation of jointly owned IP;
- IP protection and maintenance;
- IP monitoring and enforcement;
- Governing law and jurisdiction.

Useful Resources

For further information on the topic please also see:

- Factsheet on "How to manage IP in Horizon 2020: grant preparation"
<https://www.iprhelphdesk.eu/Fact-Sheet-IP-Management-H2020-Grant-Preparation-Stage>
- Factsheet on "Inventorship, Authorship and Ownership":
<http://www.iprhelphdesk.eu/Fact-Sheet-Inventorship-Authorship-Ownership>
- Factsheet on "Confidential business information":
<http://www.iprhelphdesk.eu/Fact-Sheet-How-to-Manage-Confidential-Business-Information>
- Factsheet on "Non-disclosure agreement: a business tool":
<http://www.iprhelphdesk.eu/Fact-Sheet-Non-Disclosure-Agreement>

GET IN TOUCH

For comments, suggestions or further information, please contact

European IPR Helpdesk
c/o infeurope S.A.
62, rue Charles Martel
L-2134, Luxembourg

Email: service@iprhelpdesk.eu

Phone: +352 25 22 33 - 333

Fax: +352 25 22 33 - 334



©istockphoto.com/Dave White

ABOUT THE EUROPEAN IPR HELPDESK

The European IPR Helpdesk aims at raising awareness of Intellectual Property (IP) and Intellectual Property Rights (IPR) by providing information, direct advice and training on IP and IPR matters to current and potential participants of EU funded projects. In addition, the European IPR Helpdesk provides IP support to EU SMEs negotiating or concluding transnational partnership agreements, especially through the Enterprise Europe Network. All services provided are free of charge.

Helpline: The Helpline service answers your IP queries within three working days. Please contact us via registration on our website – www.iprhelpdesk.eu – phone or fax.

Website: On our website you can find extensive information and helpful documents on different aspects of IPR and IP management, especially with regard to specific IP questions in the context of EU funded programmes.

Newsletter and Bulletin: Keep track of the latest news on IP and read expert articles and case studies by subscribing to our email newsletter and Bulletin.

Training: We have designed a training catalogue consisting of nine different modules. If you are interested in planning a session with us, simply send us an email at training@iprhelpdesk.eu.

DISCLAIMER

This Fact Sheet has been initially developed under a previous edition of the European IPR Helpdesk (2011-2014). At that time the European IPR Helpdesk operated under a service contract with the European Commission.

From 2015 the European IPR Helpdesk operates as a project receiving funding from the European Union's Horizon 2020 research and innovation programme under Grant Agreement No 641474. It is managed by the European Commission's Executive Agency for Small and Medium-sized Enterprises (EASME), with policy guidance provided by the European Commission's Internal Market, Industry, Entrepreneurship and SMEs Directorate-General.

Even though this Fact Sheet has been developed with the financial support of the EU, the positions expressed are those of the authors and do not necessarily reflect the official opinion of EASME or the European Commission. Neither EASME nor the European Commission nor any person acting on behalf of the EASME or the European Commission is responsible for the use which might be made of this information.

Although the European IPR Helpdesk endeavours to deliver a high level service, no guarantee can be given on the correctness or completeness of the content of this Fact Sheet and neither the European Commission nor the European IPR Helpdesk consortium members are responsible or may be held accountable for any loss suffered as a result of reliance upon the content of this Fact Sheet.

Our complete disclaimer is available at www.iprhelpdesk.eu.

© European Union (2015)