



SONN & PARTNER
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Agreements on co-ownership

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If two or more persons are contributing to an invention, they are faced with the challenge of pursuing the right filing strategy: Should they file naming all of the inventors as applicants, or should one applicant act in the name of all the inventors? Whatever choice the inventors are making, they are well advised to conclude a written agreement on the mutual rights and obligations within the co-ownership. The same is true if several companies, or inventors plus companies, jointly apply for an IP right.

In case there is more than one applicant, a written agreement (on shares, costs, filing strategy etc.) is essential, because in times of conflict it may prove impossible to rely on a simple verbal agreement. A written agreement could also serve to avoid future conflicts.

In addition to the applicants' personal data as well as filing numbers and details of the intellectual property rights in question, a co-ownership agreement should contain a provision laying down the respective share which each of the co-owners holds in the application.

Furthermore, it is advisable to appoint, from the circle of applicants, an administrator of the IP rights portfolio. The role of the administrator would be to serve as the patent attorney's (only) contact person and correspondent address, giving instructions regarding the filing, the maintenance, and the defense of the IP rights. A definite renunciation of an IP right must, however, be left to the unanimous decision of all the co-owners.

The administrator would also bear the responsibility for the payment of the patent attorney's invoices. The co-applicants would pay to the administrator according to a pre-agreed distribution key, ideally conforming with their respective shares in the IP rights.

The administrator could also act as the co-ordinator of an arrangement regarding the use of the IP rights between the co-owners, but also between the co-owners and third parties, e.g. potential licensees. The final granting of user rights, e.g. licenses, must of course remain subject to the agreement of all the partners in the co-ownership.

It could also be of advantage to include a provision relating to the assignment of one of the co-owners' shares (or parts thereof) to a third party or to third parties. In particular, it should be laid down that all rights and obligations from the co-ownership agreement must be imposed on the assigning co-owner's successor and proof thereof must be provided to the remaining co-owners.

Furthermore, a provision could be included in the agreement relating to the dissolution of the co-ownership and the consequences of one of the co-owners leaving the co-ownership. Here, it could be advisable to oblige the leaving co-owner to unconditionally assign his share to the other co-owners in equal parts. The parties can agree on a remuneration for the leaving co-owner; if they do not reach an agreement in a given case, an arbitration clause in the contract could be helpful.

A suitable co-ownership agreement must be drafted according to the wishes and needs of each individual party to the contract. A general template of a contract can be found hereafter.

For all kinds of intellectual property rights

Agreement on co-ownership

A Name (born.... or company registration no.)
 Address
B

C

jointly own the following industrial property rights:

- exact data of the industrial property rights
-
-

In these rights, co-owner A holds a share of ... %, B holds a share of %, C holds a share of %,
(Alternatively: Each co-owner holds an equal share.)

The co-owners appoint as administrator. The administrator is Sonn & Partner's correspondent address; he provides instructions regarding the filing, the maintenance, and the defense of the intellectual property right(s); he also pays the invoices. Within 14 days after receipt of a statement of account from the administrator, the co-owners are obliged to pay their share in the invoiced amount, which corresponds to their share in the intellectual property right(s), to the administrator.

The administrator is also responsible for an arrangement between the co-owners regarding the use and exploitation of the intellectual property rights. However, the final decision on the granting of user rights is subject to the agreement of all co-owners. The same applies to a final renunciation of one of the / of the intellectual property right(s).

It could be of advantage to additionally agree on the following two clauses:

If one of the co-owners assigns his share or parts thereof to a third party / to third parties, the assignor is obliged to make the contents of this agreement binding on his successor/s and to demonstrate to the remaining co-owners that he has done so.

If a co-owner intends to withdraw from or dissolve the co-ownership, he must unconditionally assign his share to the other co-owners in equal shares. If the co-owners do not come to an understanding with regard to the separate question of whether and in what amount the assigning co-owner shall receive a payment, this question is to be settled by a court of arbitration of the Austrian Chamber of Patent Attorneys, composed of one arbitrator only, after proceedings to be held in the German language.

Place, Date

..... (Signatures plus full names of all co-owners)

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