

# IP Development and Ownership

# R&D and IP ownership in Mexico

- Labor law plays a fundamental role
  - Law includes provisions for rights of inventors
    - **Service inventions:** Understood to be automatically assigned to employer (within R&D realm)
      - Compensation could be decided by labor court!
    - **Free inventions:** Only give ROFR to employer, but originally belong to employee (outside of ordinary R&D)
- Work for hire
  - Employment law confuses “inventors” with “authors”
  - Work for hire agreement needs to exist and comply with ad-hoc regulation
- Law and courts are employee-protective

# R&D cooperations in Mexico

- Company vs. company contract not enough.
  - Dig deeper (into the other company's) R&D employee structure and contracts
  - Watch out for union and industry-wide collective bargaining agreements
- Apply due diligence as if purchasing IP (chain of title, etc)
- Joint ownership possible
  - Contract provisions mandate
  - Evaluate local enforcement carve-outs



# What are the general rules governing IP ownership in R&D Cooperations?

- EU: Block-Exemption R&D Agreements (1217/2010)
  - All parties shall have full access to results for the purposes of further research and development and exploitation
  - Limitation possible only where the parties specialise in the context of exploitation
  - Consequence: Assignment of full and unlimited ownership in results to one party might trigger anti-trust concerns

# What are the general rules governing IP ownership in R&D Cooperations?

- China: No default rule re R&D development/ownership, up to contract
  - Joint ownership generally possible, subject to certain restrictions
  - Auto-makers generally speaking have greater bargaining power and usually ask for exclusive IPR developed on parts supplier's platforms
  - Anti-trust concerns, State Administration of Industry and Commerce published long awaited *Regulations on Prohibition of Conduct Eliminating or Restricting Competition by Abusing IPR*, effective from 1 August 2015
  - License can be invalidated during insolvency proceedings

# What are the general rules governing IP ownership in R&D Cooperations?

- Brazil: No default rule re R&D development/ownership between two private entities, up to contract
  - If public entity is involved, specific regulations may apply and joint ownership may be mandatory
  - Joint ownership generally possible
  - Auto-makers generally speaking have greater bargaining power and usually ask for exclusive IPR developed on parts supplier's platforms
  - Anti-trust concerns – ANFAPE case

# What is the potential impact of joint ownership?

- EU: Subject to each Member States' jurisdiction
- E.g. Germany: Unless otherwise agreed
  - each party has a use right
  - each party may assign its share
  - unclear if each party may grant non-exclusive licenses
  - no obligation to share profits generated by exploiting joint ownership unless requested by one co-owner for the future
  - right to claim dissolution of joint ownership

# What is the potential impact of joint ownership?

- China: Contracting parties can decide parameters of joint ownership; default rules are as follows:
  - Right of co-owners to use and license (non-exclusive)
  - Disposal subject to ROFR (patent) and co-owner consent
  - Exclusive/sole license subject to co-owner consent



# What is the potential impact of joint ownership?

- Brazil: Contracting parties can decide parameters of joint ownership; default rules are as follows:
  - Right of co-owners to use and license
    - Use by co-owners do not require a license
    - Co-owner consent required for exclusive and non-exclusive licenses to third parties
  - Disposal subject to co-owner consent
  - Advisable to always previously contractually agree on exploitation and disposal rights.

# Taking a license as an alternative?

- EU: Subject to each Member States' jurisdiction
- E.g. Germany: Risk of losing license in an insolvency scenario
  - if licensor becomes insolvent, administrator may decide not to continue a license
  - exception: one time fully-paid up licenses without further contractual obligations of the parties
  - retained license approach instead of back-licenses