

Better Protection for Licensees in Germany

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Three years ago, a decision of the German Federal Supreme Court was published in this journal which had aroused extensive criticism by scholars and practitioners in Germany (15 IIC 371 (1984) - Fastening Means, comment at 376). The result of the decision was that even if a patent assignee knew that a non-exclusive license had been granted for the patent, he would acquire unrestricted property rights without being bound by a non-exclusive license previously granted by the assignor.

The Court had argued that in Sec. 33 of the Copyright Act it is expressly provided that the validity of a non-exclusive license also continues after an assignment of exclusive exploitation rights, and since the legislature had not introduced a similar clause into the revised German Patent Act of 1981, although Art. 40 (2) of the Luxembourg Patent Convention contains a similar provision, one could not read such a provision into the law against the will of the legislature.

The result of that decision was that with each assignment of a patent, even if done in bad faith, all non-exclusive licenses had to be regarded as void. The nearly unanimous criticism of this decision by legal commentators led the legislature to correct what was obviously an oversight, and a new clause was added as Sec. 15 (3) Patent Act which provides that

an assignment of the patent or the granting of a license shall not affect rights granted to third parties before the assignment

It is interesting that this amendment of the law was promulgated nearly unnoticed by the interested circles, since it was "hidden" by the legislature in the Revision Bill on Utility Models among those provisions which changed other laws as a result of the revised Utility Model Act. No public discussion had taken place on this amendment and even in the official annotations to the law which mention nearly every article, this new provision is not even referred to.

The new provision went into effect as of January 1, 1987, and it is of course satisfying that the German legislature is willing and able to correct legal deficiencies when they become apparent in a relatively short time. It also shows that the effect of constructive criticism by the interested circles must not be underestimated.

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