

Model Law on Intellectual Property

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A Proposal for German Law Reform –
Abbreviated English Edition

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Preface

Large-scale projects aiming at the codification of an entire area of law always require prior scientific analysis and preparation, which can serve as the basis of a further in-depth discussion by academics and practitioners. To initially provoke such a discussion for the German law is the main objective of this draft Code of Intellectual Property (CIP) presented herein. We believe that this purpose is best served by a detailed draft accompanied by explanatory comments. The texts do not only point out the need for reforms but at the same time summarize the present state of law even where, due to fragmented single disciplines and ministerial competences, the overall (scientific) coherence of the subjects threatens to be lost out of sight. The model law at the same time could provide food of thought for the future design of IP legislation of the European Union. However, not all issues related to intellectual property law are prone to be covered by EU legislation, as some of it naturally is – and must remain – closely linked to the set up of the competent national administrative bodies or reliant on the interaction with other national legislation, such as general private and civil procedure law. In view of these differences the English edition is abbreviated and restricted to those areas that may be relevant with regard to legislation on a European Union level. The English edition accordingly only consists of book 1 (general part) and book 10 B (employees' creations) of the German edition. In order to provide an impression of the overall project, however, the content of the other books is briefly set out in the introduction.

Whether the German legislator has the strength and disposition to develop a comprehensive legislation cannot be predicted. Yet, for individual issues of legislation such as the contractual exploitation of intellectual property rights the need for legislation is more than obvious. The draft of a code of intellectual property presented in

this work thus can serve two different purposes. First, in its entirety it provides a framework for IP legislation in Germany, which may serve as a model for major legislative projects. Second, it contains model provisions in case of amendment of specific areas of law, precisely because it makes the broader context of individual measures visible.

As mentioned above, book 1, which forms the general part, could also serve as a framework for Community law. This is even more so as it in parts already consists of rules of Community law, which are restated and applied far beyond their mandatory scope of application. And in other parts it closely adheres to the paradigms of Community law, which in particular are embodied in the Regulations on Community intellectual property rights. But it also covers areas where Community legislation is still lacking. This for instance holds true for the field of contractual exploitation. Insofar book 1 also covers areas that have – even in the context of the preparatory works for a genuine European private law – so far been omitted by Community law. Yet, it is not a utopia far from existing law that has been formulated in this book, but rather you will find solutions that have been originally developed through practice and have mainly been refined and consistently amended to a full-fledged system. This overarching concept promotes transparency and coherence; gaps in the existing rules are addressed.

By contrast, the general procedural rules of book 2 mirror the national administrative set-up and heavily rely on existing national procedural provisions. Accordingly they are only of national relevance and therefore have not been included into this abbreviated English-language edition. Quite similarly the books 3 to 9, which neither have been translated for this edition, depict how the existing German law could be restated following the systematic approach of the CIP without prejudice to the substance of the German IP protection scheme. They contain all the rules that have to be specifically regulated for the individual intellectual property rights. Accordingly they at their core maintain the content of the existing separate statutes unless the respective provisions have be-

come obsolete due to the formulation of general rules contained in books 1 and 2. Unsurprisingly the scope of the books 3 to 9 has been decreased in quantitative terms to a considerable extent as in particular all parallel provisions were replaced by the creation of common rules in the general part (book 1) and general procedural rules (book 2) that apply to all other books. The books 3 to 9 therefore contain first the substantive provisions which apply only to the respective intellectual property right, such as the scope of protection and specific limitations tailored to it, and second the procedural rules on the application procedure as far as they similarly reflect the nature and aim of protection. The books on particular intellectual property rights largely restate the existing law, although of course streamlined with regard to terminology and structure. The emphasis is on the simplified and self-explanatory structure which is made possible only because many rules could be deleted. The restatement of these unmodified parts thus primarily serves the aim of transparency and it clearly shows the benefit of the application of the new regulatory technique, i.e. extracting common rules both with regard to substance and procedure.

Book 10 is dedicated to the field of employees' inventions, an area which is the subject of an ongoing policy discussion, not only at a national but also at a European level. As reform appears to be desirable both from a national and a European perspective we have decided to include a translation of this part into this English-language edition. Book 10 first contains the German Act on Employees' Inventions as it stands and second an attempt to carefully expand it to an overarching law on employees' creations that may be of particular relevance with regard to copyrights but also to designs.

This work has originated as a private scientific project. It goes back to the initiative of *Hans-Jürgen Ahrens* and was conducted at his Osnabrück Chair of Private Law, German and European Commercial Law and International Civil Procedure with the support of a junior research group, of which *Mary-Rose McGuire* then was a member. The substantial financial support provided by the Ger-

man Association for the Protection of Intellectual Property Law (GRUR) has permitted the employment of several doctoral candidates at the University of Osnabrück, namely *Mareike Matthies*, *Bea Metelski*, *Sebastian König*, *Matthias Rabbe*, *Stephanie Rieke*, *Anna von Seth* and *Peter Wirtz*, who have worked on this team during more than three years and have contributed to the success of the project and who later were assisted by research staff at the University of Mannheim, namely *Martina Burger*, *Valerie Schweppe*, *Lea Tochtermann*, *Sofia Wagner* and *Florian Winzer*. The GRUR has also kindly covered the costs of translation, which in its better part was conducted by *Jasmin Jaenisch* (University of Mannheim).

But the support provided by GRUR was not only limited to financial aspects. Far more also the expertise of its members has contributed to it. A number of them have acted as experts and have in many ways been inspiring. Their criticism and suggestions have found their way into the present draft Code of Intellectual Property. We in particular would like to mention Prof. Dr. *Kurt Bartenbach* (lawyer), Dr. *Helmut Eichmann* (lawyer), Prof. Dr. *Willi Erdmann* (presiding judge at the Federal Court of Justice, retired), *Helmut Knoll* (presiding judge at the Federal Patent Court), Dr. *Hans-Peter Kunz-Hallstein* (lawyer), Prof. Dr. *Michael Loschelder* (lawyer), Prof. Dr. *Peter Meier-Beck* (presiding judge at the Federal Court of Justice), Prof. Dr. *Christian Osterrieth* (lawyer), *Joachim Rauch* (presiding judge at the Federal Patent Court) and Prof. Dr. *Winfried Tilmann* (lawyer) who acted as expert advisers and have both supported the process and assessed the results.

Our work – in particular with regard to the sophisticated issues related to the organisation of the administrative authorities and proceedings – was further supported by statements submitted by employees of the German Patent and Trade Mark Office and a meeting allowing an intense discussion hosted by *Cornelia Rudloff-Schäffer* (president of the GPTO) in her office. Dr. *Maximilian Häußler* (judge at the Federal Patent Court), currently head of the patent division, *Sven Holland* (assistant director), Dr. *Johannes*

Holzer (assistant director, head of the division for copyright and state supervision of collecting societies), Stephan Reich (assistant director), Christoph Schmid (head assistant director) and Michael Staats (assistant director) cooperated in this process. Their numerous scientific proposals and practical suggestions have provided cherished input and in many instances have led to a revision of the previous draft. But also as far as we did not adopt them they have provided important insight and have given rise to an intensive discussion, sometimes to a reinforcement of the arguments of our own positions.

Mannheim and Osnabrück, November 2012

*Professor Dr. Mary-Rose McGuire
Professor Dr. Hans-Jürgen Ahrens*

**Model Law on
Intellectual Property**

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Introduction

I. Subject matter of the Code

The draft Code of Intellectual Property (CIP) is a model law consisting of ten books. It aims at an overall codification on a national level. For the first time a comprehensive general part, embodied in book 1, covering all intellectual property rights, is created for the German legal system. Book 2 summarises general procedural rules that are applicable to (nearly) all intellectual property rights. They in particular align the administrative rules for registered intellectual property rights. The books 3 to 9 incorporate the existing legislative framework as far as it remains unaltered by amendments related to books 1 or 2. Book 10 A in substance contains the German Act on Employees' Inventions with regard to technical creations. Book 10 B contains the latter's possible further development towards an employees' creations law covering all types of protected achievements. As the procedural rules of book 2 heavily rely on the respective national administrative system and books 3 to 9 merely adapt the present national law to the system of the model code, only the books 1 and 10 B are reproduced in this English-language edition.

II. Objects of the Code of Intellectual Property

1. Overcoming legal fragmentation

a) National level

At present, the existing intellectual property rights (copyright, trademarks, design rights, patents, utility models, protected semi-conductors and plant varieties) are the subject of self-standing protection schemes, which accordingly are provided for by separate

statutes. These have evolved over time, been reformed at different points in time and have in varying intensity been marked by mandatory European provisions. They have also been influenced to a different extent by the model of other European pieces of legislation. These circumstances have prevented a coherent development of national legislation with regard to structure and volume and have led to disparities between the sub-disciplines, which cannot be attributed to the character of the protected achievements. These excessive differentiations are further fuelled by the fragmentation into manifold independent legal statutes. Another shortcoming of the law as it presently stands is that the solution of similar regulating problems is left to legal sources of different rank, namely in part governed by formal statutes, in part by regulations, without any apparent justification. The present state described impedes the familiarisation with the areas of IP law far beyond what would actually be necessary with regard to both procedural and substantive law.

An additional complexity of the existing law is caused by the fact that the national IP system is supplemented by genuine Community intellectual property rights (Community trade mark, Community design, Community plant variety), which are progressively gaining importance and whose further development has to be reckoned with in the future. Community law independently governs all questions related to the accrual of protection and the scope of protection. But it refers to national law with regard to other specific matters, including in particular both, the regulatory complex of contractual exploitation and of enforcement, which are of major practical importance. As the national rules insofar are applied as a supplementary source to Community intellectual property rights, these rights are indirectly affected by disparities of the national rules, even though the Community intellectual property rights themselves have a uniform structure and thus do not give cause for such a differentiation. Also on a purely national level, the structural similarities of intellectual property rights make a coherence of the legal framework concerning the conditions for protection, the

legal consequences as well as the administrative handling desirable.

A particularly striking example for this need for harmonization is the implementation of Directive 2004/48/EC on the enforcement of intellectual property rights into national law, which has been carried out in Germany by the act of July 17th, 2008. It displays an apparent lack of an adequate structure of intellectual property law, as there was no common body of rules into which the new rules on enforcement law to be enacted in the course of implementation could be integrated into. This as such should be taken as a welcome occasion to reconsider the regulatory technique of existing IP law, where each provision of the directive had to be inserted into the existing statutes separately. This resulted in the creation of a great number of parallel rules with (nearly) identical wording.

The model law avoids such confusion and puts an emphasis on the common notions of IP law. The overarching approach to all intellectual property rights permits a substantial reduction of the necessary rules, as can easily be observed from the edited – and accordingly in comparison to the presently existing statutes considerably reduced – wording of books 3 to 9.

b) Foreign examples and projects at a Community law level

With this overarching concept the model law could neither rely on examples in other legal systems nor on projects for Community legislation creating common rules for all intellectual property rights.

The French and the Italian legal system merely offer a formal summary of the pre-existing statutes on the individual intellectual property rights. Legislative efforts comparable to the CIP for the Dutch legal system dating from the 1990s have been made but finally got stuck. The Russian law has taken up the preliminary Dutch legislative considerations. After advancing them and a per-

iod of further development and adaptation, they were implemented as part IV of the Russian Civil Code in 2008. In doing so, the Russian law has summarised the common rules, which apply to all intangible rights in a general part. However, this general part is, as are the provisions for the specific intellectual property rights, reduced to such a wide-meshed legal framework, that it can not serve as an example for German law in view of the different benchmarks concerning the legislative practice and regulatory needs.

The European Union, of course, has in part harmonized national IP law and has also created genuine Community intellectual property rights, which provide for a protection scheme that applies throughout the Community. However, Community legislation as well as its academic revision still lack to identify common structures and principles. Science addresses itself to this task, but it is still a long way to go before a “*Common Frame of Reference*” for intellectual property rights may be elaborated. So far an academic project, the *Wittem Group*, has focused on the elaboration of a model for a unified copyright, i.e. on the requirements of protection and limitations of protection. But different from the present Code of Intellectual Property this proposal of a *European Copyright Code* does neither comprise rules on contractual exploitation of intellectual property rights nor on enforcement.

c) *Project evaluation*

The announcement of the elaboration of a comprehensive general part covering all intellectual property rights has been received favourably already at an early stage. At a joint conference held in November 2006 by the International Association for Copyright (INTERGU) and the Ruhr-Academy for European Private Law *Walter* has recognised it as a project that can contribute to the formation of a system of IP law, which may be of use for all EU Member States.

On November 4th, 2011 the German Federal Assembly has delivered its opinion on the Commission's Green Paper concerning the online-distribution of audiovisual works in the EU. Under point 8 of its decision it has opposed the creation of a comprehensive unitary European Copyright Code at this stage but has at the same time considered it desirable to pay political attention to the model code presented here.

2. A framework for legal transactions concerning intellectual property rights

Current law displays long-lasting regulatory gaps concerning the economically important contractual exploitation of intellectual property rights. Existing law with regard to intellectual property rights only contains rather rudimentary rules on the admissibility of a transfer of title on the one hand and of exploitation rights (licences and permissions to use) on the other, whereas a corresponding contractual framework has not yet been developed. This gap can neither be bridged by a recourse to copyright contract law because it is strongly coined by the specific restrictions of copyright. Most importantly a full transfer of title is excluded under German copyright law and the legislative framework for licence contracts is focussed on the protection of the author by means of semi-mandatory rules without developing the contract type as such. Legal practice tends to cure the lack of legislation by means of voluminous and provident contractual agreements, which do however suffer from uncertainties concerning the criteria of legal review. A leading economy that produces and transfers high-quality intellectual achievements however depends on a reliable legal framework for the contractual exploitation of such intellectual property. This is even more so as the scientific work for the creation of a common frame of reference for private law, which is being promoted by the European Union, has not picked up this regulatory task. It therefore urgently needs to be addressed by the national legislative authorities.

3. Alignment of the regulatory technique for similar regulatory tasks

The model law accordingly focuses both on the creation of rules with respect to intellectual property rights as an object of property and on the alignment of the legal consequences in case of infringement of the latter. The unification of the rules, which are currently widely dispersed throughout the IP statutes, picks up the horizontal approach emphasised in Community law (e.g. Regulation concerning product piracy, the enforcement directive 2004/48/EC and the Regulation No 1383/2003 concerning confiscation at the border as amended by Regulation No 1172/2007). It avoids the split-up into rules that are parallel with regard to their substance but nevertheless of a diverging wording. It aims at counteracting the present regulatory technique which, despite of similar regulatory tasks, generates concern about a divergence of the interpretation of the separate IP statutes. At the same time it allows to adjust the disparities between the IP statutes, which can only be explained due to legislative history of the respective statutes and the different levels of orientation towards Community law.

4. Implementation of a concept of graded protection and remedy of gaps

Merging the existing separate statutes into a coherent set of rules at the same time provides the opportunity to explicitly name the achievements eligible for protection at a prominent position and to thereby – within a consistent system of IP law – establish a graded concept of IP protection, which distinguishes between absolute intellectual property rights on the one hand and relative intellectual property positions with limited protection on the other hand. This allows for the possibility to remedy systematic deficiencies and to close existing gaps. An example for the first may be the relocation of the rules on the protection of business and trade secrets from the Act against Unfair Competition (UWG) into the model law, as this systematic arrangement better reflects the pri-

mary aim of the rules to protect the individual rightholder. The protection of the organiser of large-scale public events against recordings may serve as an example for an existing gap, which can be bridged by the model law. At the same time, the enumeration of intellectual property rights allows for the explicit designation of general principles – for instance the freedom of imitation and the prohibition of the abuse of intellectual property rights for improper purpose – thereby more firmly integrating IP law in the overall context of private law.

5. Relationship of IP law and general private law

Current IP legislation has repeatedly been criticised for the insufficient coordination with both the general private law and related areas, such as civil procedure or private international law. Key principles of the general private law – such as the adherence to the principle of the abstract nature of rights *in rem* – as well as the application of the rules of the general law of obligations have repeatedly been disputed with regard to contracts relating to intellectual property rights. Neither has the discussion on the classification of the licence agreement with regard to the system of types of contracts provided for by the BGB (German Civil Code) led to any satisfactory result. It therefore appears necessary to better link the rules for legal transactions concerning intellectual property rights and the standard provisions of the BGB. Only to the extent that the BGB lacks an adequate provision for intangible goods, new rules have to be established. They have to take account of the distinctive features of legal transactions concerning intellectual property rights as they have been carved out by jurisprudence and doctrine. Their scope of application then may, where necessary, be extended to the exploitation of relative intellectual property positions in order to bridge regulatory gaps, in particular those relating to know-how. By this means a further current problem, which has repeatedly been criticised, can be tackled. The clarification of the interplay of IP law and general private law finally could satisfy the urgent need for establishing the legal basis for the use of intellectual property rights as

credit securities and to carve out principles for a consistent treatment of intellectual property rights in case of debt enforcement and insolvency.

6. Consolidation of Private International Law and International Procedural Law

A lack of legal clarity also marks the treatment of intellectual property rights under Private International Law and International Procedural Law. The guiding principles can only be identified by the exploration of case law and by wandering to and fro between single rules contained in diverse statutes and regulations. So far Private International Law and International Civil Procedure Law in the field of intellectual property rights have either remained unregulated or are only covered by general rules, whose application to intangible rights causes difficulties. Even the provisions of the Rome I and Rome II regulation and the Brussels I regulation can only partially bridge this gap. Also the interaction of the mentioned legal acts with the special schemes provided for in the regulations on Community intellectual property rights results in a complex fabric of rules. Their application must be made easier to understand. The explicit provision on the relations between Community law and national law and on the problem of cumulation of intellectual property rights, which has repeatedly been mentioned more recently, similarly ensures greater legal clarity.

7. Employees' inventions and creations

The rules on attribution of employees' creations are at present suffering from a lack of coherence. The Employees' Inventions Act is limited to the area of technical intellectual property rights; the Copyright Act only contains rudimentary rules (§§ 43, 69b Copyright Act). Given the political opposition against past reform proposals of the Employees' Inventions Act, the CIP refrains from further developing the existing rules on the basis of such policy deci-

sions. Accordingly book 10 A reproduces the wording of the Employees' Inventions Act with minor technical amendments, which result from the integration into the model law. Book 10 B on this basis provides for an alternative scheme, which extends the scope of application to all types of achievements protected under book 1 of the CIP and thus covers all legal transactions between creative employees and their employers while consciously preserving the established structure of this particularly sensitive area of law.

8. General administrative and procedural law rules

The unification and the emphasis of joint structures of intellectual property rights are similarly recommendable in the area of general administrative and procedural law rules. The respective rules at present primarily may be found in the Patent Act and in part also in the Trademark Act. Despite this systematic position they are also applicable to utility models, designs rights, semiconductor rights and, with restrictions, to plant variety rights. But the lawyer is guided to this scope of application only by means of fairly incomprehensible references foreseen in the respective statutes. The complexity is further enhanced by the fact, that there are specific regulations, such as the Ordinance concerning the German Patent and Trade Mark Office, Patent Ordinance, Ordinance implementing the Utility Model Act, Trade Mark Ordinance, Designs and Models Ordinance, Semiconductor Ordinance, which have been enacted on the basis of similarly fragmented enabling provisions. The varying extent of the authorisations granted by the formal laws as such is incomprehensible and contrary to Art. 80 section 1 2nd sentence of the German Basic Law.

The CIP adjusts this legal fragmentation. The general procedural rules are summarised separately from the general substantive provisions in book 2 (general procedural law). This serves legal clarity and at the same time allows for a substantial reduction of the number of rules. But the CIP has not only the character of a legislative recommendation. In particular book 2 (general procedural law) is

also to be seen as a reference framework that increases the visibility of the body of existing law regarding registration matters and its need for modernisation. It further promotes its dogmatic comprehension with a view to greater consistency.

9. Specific procedural law rules

The rules of procedure for obtaining specific registered rights reflect the nature of the respective intellectual property right and the protective purpose; they are not accessible to an overarching comprehensive regulation. Therefore, the CIP has limited its claim to systemising the existing rules and to aligning them with regard to scope and density. In order to maintain the context of the intellectual property right concerned, the specific procedural rules remain placed in the individual books, but are harmonised concerning wording and structure, unless particularities of the respective intellectual property right requires a modification. To the benefit of transparency the sequential arrangement of the procedural rules follows the course of the granting procedure. The uniform terminology used reciprocally allows to easily identify remaining differences between the rules on specific intellectual property rights at first sight and highlights deliberate deviations, whose existence is justified by the specific character or needs of the field of law concerned. In addition this standardization facilitates to locate the respective relevant provisions.

10. Summary

The CIP aims to unify the current legislation on IP law in a single source of law and to increase the clarity of this complex area of law by means of an overarching systematisation. The main focus is on the following measures:

- Unification of all intellectual property rights on the basis of a graded protection concept and the closure of gaps of protection encountered in practice.

- Overcoming redundant distinctions between industrial property rights and copyrights by means of a uniform concept of intellectual property while preserving the legitimate differences that are founded on the nature of the separate intellectual property rights; both with a view to internal consistency.
- Overcoming the existing lack of legislation for the contractual exploitation of intellectual property rights.
- Uniform implementation of Directive 2004/48/EC by uniform rules relating to effective enforcement.
- Overcoming the legally fragmented treatment of Community intellectual property rights pursuant to complimentary national (private) law.
- Facilitating the application of law by regulating the interaction of Community law and national law, in particular by tackling the problems of double protection and the overlap of various intellectual property rights governed by explicit rules on cumulation and double protection.
- Strengthening uniformity of administrative procedures, increase of legibility by means of alignment of the scope and density of rules and their systematic order.
- Dissolution of confusing reference chains and allocation of rules to legal sources of different hierarchy according to uniform criteria.

III. Criteria for the content of rules

The criteria for the determination of the substance of the rules are defined by the objectives of the CIP:

1. Amendment and continuity of the current law

The CIP treats the established law carefully. The existing law is the starting point for determining the subject matters that afford regulation and serves as an example in its concrete wording and structure. The rules on procedural law in book 2 (general proce-

dural law) are, for example, closely aligned to the existing rules of both the Patent Act and the Trademark Act. The CIP maintains familiar contents and familiar terminology, unless, in particular cases, they had to make way during the review in search of the “better law” with regard to substance.

The accuracy of the existing rules has been scrutinised as regards content and has been sent back to the drawing board to introduce coherence between national law on the one hand and the legal framework of Community intellectual property rights and other Community legislation on the other. Due harmonisation relates either to the substantial content of rules or to the terminology. They are of particular importance where gaps in the current legislation had to be filled.

All measures aim at achieving compatibility with international requirements and close coordination with rules established by means of comparative law. Accordingly due account has been taken of the proposals of the International Association for the Protection of Intellectual Property (AIPPI).

The model law already has considered upcoming EU legislative measures. This includes the draft EU directive on criminal measures aimed at ensuring the enforcement of intellectual property rights as last revised on April 25th 2007, whose fate remains uncertain. Further the proposals for the harmonisation of patent law, as reflected in the Community Patent Convention, the proposal for a regulation for a Community Patent or the more recent draft of a EU Patent of March 10th, 2011 have also been integrated. As far as the last draft omits certain areas of regulation, reference is made to the regulatory proposals, which have practically remained unmodified from 1975 to 2009 and have been generally accepted, even though the legislative efforts in 2011 have progressed into a different direction. In particular with regard to contractual exploitation, the latest version, that insofar contains a self-standing substantial rule and structure, has been used. Unless otherwise mentioned, the version 2009 of the European Patent Regulation has been used.

2. Clarity of the procedural law rules

In the area of procedural law the main focus is on restructuring and introducing a more easily accessible arrangement order. Common areas of regulation are codified in the general procedural rules of book 2 (general procedural law). An effort was made to set out the organisation of all four decision-making bodies operating in the framework of registration and enforcement – the German Patent and Trade Mark Office (DPMA/GPTO), the Federal Plant Variety Office (BSA), the Federal Patent Court (BPatG) and the Federal Court of Justice (BGH) – in a clear structured form.

Yet, neither the unification of the common rules on administrative organisation and the procedural rules contained in book 2 (general procedural law) nor the revision of the specific rules for the respective intellectual property rights in books 3 to 9 intend to amend the rules of procedure with regard to substance, as they have been developed through practice and are increasingly being shaped by international and European requirements. The innovation thus confines itself to aligning the scope and density of the provisions among each other and to highlight equivalent regulatory content by use of identical wording.

IV. Dovetailing the separate IP statutes

In order to realise synergies both in applying the law in practice and with regard to future legislation the existing separate statutes on the specific protected rights – at present seven distinctive statutes, i.e. Patent Act, Trademark Act, Copyright Act etc. – are incorporated into the CIP.

The rules common to all intellectual property rights are placed at the beginning by means of the entirely new book 1 (general part) and book 2 (general procedural law). This prevents a disparity in interpretation of the separate statutes that would be alien to the overarching system. According to the concept the seven existing

statutes are maintained as books 3 (copyright), 4 (trademarks), 5 (patents), 6 (utility models), 7 (designs), 8 (plant varieties) and 9 (semiconductors). The rules of procedure heretofore contained in the respective statutes have been adapted to the scheme of the CIP. As far as they have not been absorbed into common rules to be found in book 2 they are included in the books 3 to 9 in an amended version.

The extraction of common rules from the separate statutes and their unification by means of the books 1 and 2 of course requires the revision of the respective current version of the statutes, in particular the deletion of rules which are rendered redundant by the general provisions. Apart from this adaptation no further examination of the content of the remaining rules has been conducted, the review instead is limited to the formal adjustment. The leading inspiration for this approach taken is the progressive legislative methodology, which has inter alia already been applied in a similar form in establishing the Social Security Code.

Approximately two-thirds of the rules of the model law are devoted to administrative organisation and general procedural rules. But the increase in number in this part of the model code is compensated by a reduction of existing rules heretofore contained in the separate statutes of at least the same number and length.

V. Areas covered by the rules and structure of the CIP

1. Book 1 (general part)

a) Chapter 1

A codificatory unification of the separate IP statutes has to commence with general rules, both concerning the requirements and the limitations of protection. Drawing these rules from the specific to the general part simultaneously relieves the body of specific rules from many – more or less similar – provisions concerning

the conditions of protection that are not specifically tailored to the respective intellectual property right, which is governed by books 3 to 9. A truly comprehensive regulation also affords to transfer the rules that are, until today, laid down outside the area of IP law, yet closely linked to intellectual property rights by factual context, and integrate them into the general part.

At the same time regulatory gaps encountered in practice are being bridged. From the area of the law against unfair competition this in particular concerns the supplementary protection of achievements, which heretofore is granted on the basis of § 4 No 9 Act against Unfair Competition (UWG) and the protection of trade and business secrets pursuant to § 17 Act against Unfair Competition. But also rules on commercial exploitation of moral rights and the protection of the organiser of sporting and other large-scale public events against unauthorised recordings are now included.

The rules on the accrual of protection are complemented by statutory limitations phrased in a general manner. Amongst others, they serve to clarify the relation between the protection against counterfeiting and the freedom of imitation. They further contain a general prohibition of market abuse. These general exceptions at the same time clearly show that the rules on enforcement are not self-standing. Therefore the wording of the rules on the preconditions of an infringement do not yet contain a final statement concerning the scope of the grant of protection.

b) Chapter 2

Chapter 2 is devoted to the relationship between national law and Community law as well as to the determination of the applicable law and the jurisdiction for cross-border issues. It intends to fill the gaps of (Community law) rules with regard to Private International Law and international jurisdiction. It further brings together the dispersed rules of jurisdiction provided for on a national level in manifold different statutes and by this brief – but consistent –

set-up ensures that no gaps occur at the interface between European and national law.

c) Chapter 3

The legal consequences of infringements of intellectual property rights under civil and criminal law, including the accompanying procedural arrangements, have been extracted from the separate statutes and are now jointly regulated in chapter 3. It also covers all ancillary measures such as border seizure of suspicious imported goods by the customs. Streamlining the national rules on enforcement rectifies the above-mentioned structural deficit that occurred at implementing the Enforcement Directive into German law. And it generates significant synergy effects.

d) Chapter 4

Chapter 4 claims uncharted territory. For the first time in German law, a comprehensive set of rules on contractual exploitation of intellectual property rights, including inter alia the transfer of title and the granting of licences, is provided for. At the same time the legal mechanism of transfer of rights has been modernised. The interaction with the rules of the German Civil Code is facilitated and illustrated. Nevertheless the particularities of copyright law with a view to its protection of moral rights have been taken account of. Further rules concern the commercial exploitation of intellectual property rights by their use as credit securities. In order to facilitate contractual transactions the use of the registers kept by the German Patent and Trademark Office and the Plant Varieties Office is promoted. In addition to rightholdership the registrability of the granting of a licence and the encumbrance of intellectual property rights is provided for.

2. Book 2 (general procedural law)

a) Chapter 1

Chapter 1 unifies the existing administrative rules concerning the registration and supervising authorities. This is the basis for the subsequent alignment of the proceedings for the administrative management of intellectual property rights.

b) Chapter 2

Chapter 2 relates to all administrative procedures conducted by the GPTO. It introduces general provisions applicable to all procedures before the GPTO and thus streamlines the legal framework, which in turn renders many separate procedural provisions unnecessary. This common structure provides the basis for the application procedures for the respective registered intellectual property rights according to books 4 to 9. The latter follow a consistent structure while preserving the particular characteristics of the respective intellectual property right.

The mentioned reshaping of the procedural rules however does not alter the regulatory organisation with regard to plant variety rights, which lies with the Federal Plant Variety Office and the respective responsibilities of the Federal Ministry of Food, Agriculture and Consumer Protection. Also the traditional approach of the German Plant Variety Protection Act, which with regard to the registration proceedings at many instances refers to the Code of Administrative Court Procedure – instead to the Civil Procedure Code as the rules of the GPTO – have been maintained in principle. However, prudent adjustments are made thus carefully aligning the rules to their counterpart of the rules governing the registration proceedings before the GPTO.

c) Chapter 3

Chapter 3 summarises the existing rules on judicial proceedings before the GPTO and the Federal Court of Justice (BGH). The course of procedures naturally remains unchanged. But the references to the German Code of Civil Procedure and the Judicial Courts Act – and the scope of such reference – are clarified.

d) Chapter 4

Chapter 4 highlights the common notions of administrative procedures and court proceedings. It covers general rules of procedure – which remain unchanged with regard to substance – and the heretofore highly intransparent regulation of legal aid.

e) Chapter 5

Chapter 5 includes all rules concerning the representation in proceedings regarding intellectual property rights before both administrative bodies and the civil courts, which are currently widely dispersed. It thereby at the same time emphasises the particular importance of the patent attorneys.

f) Chapter 6

A separate section, section 6, is devoted to the rules concerning the arbitration boards for employees' inventions and copyright creations. The innovation confines itself to the systematic order of arrangement, whereas it does not entail any substantive change. The effects which the suggested extension of the rules on employees' inventions to common rules on employees' creations (book 10 B) would have on the structure and proceedings of the arbitration board have not yet been taken into account.

3. Books 3 to 9 (the existing statutes on specific intellectual property rights)

Books 3 to 9 in substance correspond to the existing separate statutes, i.e. the Copyright Act, Patent Act, Trademark Act etc., as far as the latter's rules have not become redundant due to the formulation of common general provisions in book 1 (general part) and book 2 (general procedural rules). They in particular host all rules concerning the granting procedure, which are necessarily tailored to the specific intellectual property right concerned and thus cannot be covered in books 1 and 2. Nevertheless, the rules were streamlined with regard to both terminology and structure, unless existing differences were attributable to the nature of the respective intellectual property right. The rules of procedure for each of the specific intellectual property rights are accordingly reformulated and follow a common structure scheme. They are presented in a transparent way but remain integrated in the respective books replacing the existing rules of procedure. Their regulation in the context of the rules for the specific intellectual property rights on the one hand mirrors the specific necessities of the respective right concerned but at the same time highlights common notions, thereby promoting greater clarity and avoiding a large number of cross-references.

4. Employees' inventions and creations

Book 10 A at its core reproduces the existing Employees' Inventions Act, but has been relieved of the rules concerning the arbitration boards, which in line with their substance have been relocated to book 2 (general procedural law) of the CIP.

Book 10 A could be substituted by book 10 B. It sets out an alternative scheme and further develops the law on employees' inventions to a general rule for employees' creations, which would be of particular importance with regard to copyright and design law. Whereas the current legal mechanism of the transfer of rights from

the employee to the employer remains unaltered, more differentiated and detailed rules are suggested with regard to the obligation to pay an additional remuneration.

VI. Technical remarks on cross-references within the model law

In order to facilitate legibility of the code, all references in the text to other rules are supplemented by an indication of the part of the code or other act it refers to:

- Internal references to other rules of book 1 in addition to the paragraph of the rule are marked by the denomination of the book and the title of the respective rule in square brackets, e.g. § 1 book 1 [intellectual property].
- Internal references to rules of other books of the code in addition to the paragraph of the rule are marked by the number of the book, a keyword in brackets, which indicates the subject matter of the respective book, and the heading of the respective paragraph in square brackets, e.g. § 1 book 10b (employee's creations) [scope of application].
- References to other German statutory acts are indicated by their commonly used short titles in capitals, e.g. Civil Code.
- References to acts of the European Union or to international conventions are made by an abbreviation of their official title and a keyword in brackets, which either indicates the subject matter or has become the common term for the respective act, e.g. Regulation (EC) No 44/2001 (Brussels I).

Book 1:

General part

Chapter 1: Accrual of rights, limitations of protection

Title 1: Intellectual property rights

§ 1 Intellectual property

- (1) ¹Under the conditions laid down in this code, legal protection shall be granted for creative and equivalent entrepreneurial achievements. ²The protection is conferred as an absolute exclusive right (absolute intellectual property rights) or against unlawful exploitation and imitation (relative intellectual property positions).
- (2) In accordance with the books 3 to 9 (Copyright Act, Trademark Act, Patent Act, Utility Model Act, Design Act, Plant Variety Protection Act, Semiconductor Protection Act) the following achievements shall be protected as absolute intellectual property rights
 1. literary, scientific and artistic works (copyrights),
 2. computer programmes,
 3. scientific editions and posthumous works, photographs, performances of performing artists and their presentations, the achievements of the producers of sound and visual recordings, of broadcasting organisations as well as of producers of databases and of cinematographic works (related rights),
 4. designs and typographic typefaces,
 5. trademarks, commercial designations and geographical indications (marks),
 6. inventions, plant varieties and topographies (technical rights).
- (3) In accordance with title 2, this code further protects as relative intellectual property positions
 1. economic interests in personality rights,
 2. efforts of competitive originality,

3. business and trade secrets including results of research as well as
4. the organiser against recordings.

§ 2 *Numerus clausus* and freedom of imitation

- (1) The subject of a creative or equivalent achievement shall only be protected insofar and to the extent that is laid down in the provisions of this code.
- (2) The exploitation and imitation of achievements that are in the public domain according to this code shall be permitted.

§ 3 Accrual of protection

¹Without prejudice to the rules laid down in international conventions, the protection accrues through the act of making of the intellectual, commercial, artistic or entrepreneurial achievement, unless a registration in the official register is required in addition.²The granting of patents and plant variety rights and the registration of utility models, designs and formal trademarks (registered rights) shall have a constitutive effect.

§ 4 Ideal and asset-related protection

- (1) ¹The creator of an intellectual achievement pursuant to § 1(2) book 1 [intellectual property] shall be given due recognition for his achievement; he is protected in his personal relationship to the achievements (moral rights). ²The specific protection of the moral rights of a creator of literary, scientific or artistic works shall be inseparably linked to the respective exploitation rights.
- (2) ¹The rightholder or his successor in title shall have the exclusive right to commercially exploit the intellectual property right. ²The intellectual property right shall, at the same time, serve to secure an appropriate remuneration for the creator throughout the term of protection.
- (3) The respective rightholder shall be entitled to exercise the acts of exploitation covered by the intellectual property right and to prohibit unauthorised use by third parties.
- (4) Persons protected by relative intellectual property positions shall be entitled to prohibit the unauthorised use as well as the imitation or exploitation of their efforts by third parties.

§ 5 Rightholdership

- (1) Rightholders of intellectual property rights may be natural persons, legal persons under private or public law and groups of persons that have an equal self-standing legal status.
- (2) They acquire the intellectual property right for an intellectual achievement originally or derived from the creator of the intellectual achievement provided that it is transferable in whole or in part in accordance with this code.
- (3) ¹If several persons created an indivisible creative intellectual achievement jointly, they are joint rightholders of the intellectual property right deriving thereof. ²Without prejudice to the provisions on inventions by employees (book 10 A), any person who has not made a creative contribution but only provided technical, organisational or financial assistance for the process of creation shall not be deemed its creator.
- (4) ¹The entitled persons shall, in case of doubt, form a co-rightholdership by defined shares, unless otherwise stipulated in book 3 (Copyright Act). ²Unless otherwise agreed, each rightholder shall only be entitled to exercise his powers with the consent of the joint rightholders; but is entitled to independently dispose of his share and to assert claims for infringement of an intellectual property right.

§ 6 Transferability and contractual exploitation

- (1) ¹Intellectual property rights may be the object of a transfer of title. ²Exploitation further may be affected by contractual consent to the use by means of granting a usage right with third party effect (licence) or by means of a mere permission of use.
- (2) ¹By derogation from section 1, copyrights and the right in scientific editions are not transferable *inter vivos*, unless they are transferred in order to fulfil a disposition *causa mortis* or to co-heirs by way of settlement of an estate. ²The author may assign the exercise to an executor by testamentary disposition. ³§ 2210 Civil Code shall not apply.
- (3) Geographical indications shall not be subject to commercial exploitation.

- (4) ¹Relative intellectual property positions may be transferred together with the business undertaking. ²In all other cases the transferability or the possibility to permit use by third parties shall be determined in accordance with the protective purpose.

§ 7 Intellectual property and proprietorship in objects

¹An absolute intellectual property right does not depend on the ownership of a material object, in which the intellectual achievement is embodied or to which the equivalent entrepreneurial achievement relates. ²Transfer of ownership of such an object shall only convey intellectual property rights as far as determined by statutory law or by contract.

Title 2: Relative intellectual property positions

§ 8 Economic protection of the personality

- (1) ¹Any person shall be protected against unauthorised commercial exploitation of the name, the voice, the image or similar components of personality rights. ²The protection pursuant to sentence 1 shall expire ten years after the death of the rightholder of the personality rights. ³Without prejudice to the expiry date, self-standing intellectual property rights that incorporate elements of such personality rights shall remain unaffected.
- (2) ¹The holder of the personality rights may permit a third party the economic exploitation of his rights conferred by section 1. ²A permission shall be deemed to be granted if the entitled party has received a remuneration for such exploitation.
- (3) ¹After the death of the holder of the personality rights the asset-related components of the rights shall devolve to the heirs. ²The heir shall not be entitled to exercise the economic rights if they are contrary to the ideal interests of the prior holder of the personality rights. ³Relatives of the holder of the personality rights or other persons authorised by the holder of the personality rights shall be entitled to safeguard the moral interests *post-mortem*. ⁴Relatives in

the aforementioned meaning shall be the surviving spouse or unmarried partner and the children; if there is neither a spouse or unmarried partner nor children, it is the parents.

§ 9 Protection against imitation

- (1) ¹Producers of goods, providers of services and users of means of advertising, which display competitive originality, shall be protected against exploitation and imitation, insofar as their legitimate interests are violated thereby. ²The protection pursuant to sentence 1 shall not apply insofar as the entitled party has allowed the use of his protected efforts.
- (2) A violation of legitimate interests shall particularly be assumed, if
 1. the customers are avoidably deceived with regard to the corporate origin,
 2. the reputation of the imitated goods or services is unfairly exploited or damaged, or
 3. the imitator has unfairly acquired the knowledge or documents requisite for such imitation.
- (3) The protection against immediate adoption of marketable results of efforts of another person is, in particular, determined by the degree of competitive originality, the similarity and the technically possible distance to the achievement of the competitor, the extent of one's own saved investments, the period of time of the undisturbed competitive head start as well as by the public interest in the provision of the products embodying the effort.
- (4) The provisions of the Act against Unfair Competition shall remain unaffected.

§ 10 Business and trade secrets

- (1) ¹The rightholder of a business or trade secret shall be protected against disclosure, exploitation, passing on or obtaining of his secrets by third parties insofar as he has not agreed thereto. ²If the secret knowledge is separable from the person entrusted with confidential information (know-how), it can be commercially exploited.

- (2) A business and trade secret is deemed to occur, if information
 1. is secret in the sense that it is not, either as a body or in the precise configuration and assembly of its components, generally known or readily accessible to persons belonging to the circle of experts who usually deal with such information in question,
 2. has a commercial value, because it is secret and
 3. is subject to non-disclosure measures on the part of the person who legitimately controls it, provided the measures are appropriate according to the circumstances.
- (3) ¹Regardless of their commercial value, research results and the underlying research material shall be protected against unauthorised disclosure like a business or trade secret. ²The decision on the publication shall be a joint decision of the group of the participating researchers, unless legitimate interests of individual researchers or interests of the general public prevail.

§ 11 Protection of the organiser against recordings

¹Organisers of publicly accessible sporting, cultural and other events that are held for remuneration in spatially confined areas like stadiums or halls shall be protected against unauthorised recording and communication to the public. ²If a public interest in information exists with regard to the event, the limits of the exclusive coverage shall be determined according to the Interstate Broadcasting Treaty in the respectively applicable version.

Title 3: Limitations regarding content and time

Subtitle 1: Limitations regarding content for the benefit of third parties and the general public

§ 12 Exhaustion

- (1) The holder of an intellectual property right shall not have the right to prohibit use of the intellectual property right by a third party if the respective goods have been lawfully placed on the market in a Member State of the EU or the EEA by the rightholder or with his consent.

- (2) ¹Subject to renting out, the further distribution of the works protected by copyright pursuant to book 3 (Copyright Act) shall only be admissible if the original or copies of a work have been lawfully placed on the market in a Member State of the EU or the EEA by way of sale. ²Sentence 1 shall apply *mutatis mutandis* to computer programmes and related rights pursuant to book 3 (Copyright Act).
- (3) Exhaustion shall not occur, if the rightholder of the intellectual property right has legitimate reasons to oppose further marketing of the respective goods, in particular if the condition of the goods has changed or deteriorated after they were placed on the market.

§ 13 Protection of *bona fide* users of third party intellectual property rights

- (1) If the applicant to or the holder of an intellectual property right is granted reinstatement, and if, in the course of the period between the loss of the right and such reinstatement, third parties have made use of the subject matter protected by the intellectual property right, the applicant for or the rightholder of an intellectual property right shall not be entitled to assert any rights with regard to the said acts.
- (2) ¹Any person who has, in good faith, exploited the subject matter of a technical right or a design right or has made the necessary arrangements for that purpose, which, in the course of the application or registration procedure has not validly accrued or has expired and for which protection was only obtained by the applicant or the rightholder as a result of reinstatement in the status *quo ante*, shall be entitled to continue to exploit the subject matter of the intellectual property right, as far as this is necessary for his own business, in his own or in workshops of others. ²The existing entitlement pursuant to sentence 1 may only be inherited or transferred together with the business.
- (3) Any person who, in within the scope of application of the Code has in good faith exploited the subject matter of an application, which, as a result of reinstatement, claims the priority of an earlier foreign application (§ 33 book 2 (general procedural rules) [foreign priority]), in the period between the expiry of the priority period and the

re-entry into force of the priority right, or has, within that period, made the necessary arrangements for such purpose, shall have the similar entitlement as provided for in section 2.

- (4) The protection of *bona fide* users pursuant to § 12 book 5 (Patent Act), § 32 a book 7 (Design Act) as well as § 6 book 9 (Semiconductor Protection Act) shall remain unaffected.

§ 14 Private use

- (1) The effect of the protection granted pursuant to this code shall not extend to acts done privately and for non-commercial purposes.
- (2) The restrictions concerning private use pursuant to book 3 (Copyright Act) shall remain unaffected.

§ 15 Limitation by another's personality traits

¹The granting of an intellectual property right, which absorbs the name, the photograph or other elements of personality shall not entitle its rightholder to use the respective personality rights without the consent of the bearer of such rights. ²After the death of the bearer of personality rights the persons mentioned in § 8 section 3 book 1 [economic protection of the personality] shall be entitled to administrate and exploit the rights.

§ 16 Anti-competitive exercise

¹Intellectual property rights shall not entitle the rightholder to exercise these rights in an anti-competitive way contrary to the provisions of German and European anti-trust law. ²An unlawful anti-competitive execution shall particularly be assumed where the market power deriving from the intellectual property right is being abused or where the holder of the intellectual property right imposes obligations on its contracting partner exceeding the specific subject matter of the intellectual property right.

§ 17 Other limitations

¹The entitlement to exclusive use reserved to the holder of the intellectual property right shall, in the interests of public use, be restricted by limitations, which are laid down in the books 3 to 9 (Copyright Act, Trademark Act, Patent Act, Utility Model Act, Design Act, Plant Variety

Protection Act, Semiconductor Protection Act) for the respective intellectual property rights. ²Further the exercise of intellectual property rights shall be limited by the general provisions of private law.

Subtitle 2: Limitations regarding time

§ 18 Term of protection

¹The term of protection shall be determined by the provisions on the specific intellectual property rights. ²The time limit applicable to relative intellectual property positions depends on their protective purpose.

§ 19 Limitation of action

- (1) The provisions of book 1 chapter 5 of the Civil Code shall apply *mutatis mutandis* to the limitation of actions regarding claims brought under this code.
- (2) If, as a result of the infringement of an intellectual property right, the obligated party obtained something at the expense of the entitled party, then even after the claim to compensation for the damage arising from a tort is time-barred, he shall remain obliged to make restitution under the provisions of unjust enrichment law.

§ 20 Forfeiture

¹Claims for infringement of intellectual property rights may be forfeited pursuant to § 242 Civil Code if the infringer legitimately has relied on the party entitled no longer to assert its rights. ²§ 21 book 4 (Trademark Act) shall remain unaffected.

Chapter 2: Applicable law and jurisdiction

Title 1: Relation of different legal sources

§ 21 Community law and national law

- (1) ¹In the interpretation of this code heed shall be given to the provisions under European Community law in the respective version.

²Rules of this code, which are not based on harmonised law, shall, in case of doubt, similarly be interpreted in accordance with the corresponding terms of Community law.

- (2) The exercise of the rights granted pursuant to this code shall not result in unlawful market sharing or foreclosure pursuant to article 34, 36, 56 TFEU.

§ 22 Community and national intellectual property rights

- (1) If legal protection for a creation is granted by a Community intellectual property right (Community trade mark, Community design, Community plant variety rights, EU patent) as well as by national law, these intellectual property rights shall coexist and shall be independent from each other concerning the determination of their legal consequences.
- (2) As far as the parallel application of the Community right and the rules of this code would impair the effectivity of Community law, in particular the unity of Community intellectual property rights, the rules of this code shall step back.
- (3) As far as there are no overriding Community law provisions, the rules of this code shall also apply to Community intellectual property rights.

§ 23 Cumulation of intellectual property rights under national law

- (1) If a creation falls within the scope of several of the books 3 to 9 (Copyright Act, Trademark Act, Patent Act, Utility Model Act, Design Act, Plant Variety Protection Act, Semiconductor Protection Act) and multiple intellectual property rights are acquired in parallel, these intellectual property rights shall coexist and shall, subject to section 2, be independent from each other concerning the determination of their legal consequences.
- (2) As far as the right to a creation pursuant to § 6(2) book 1 [transferability and contractual exploitation] is not transferable *inter vivos* according to book 3 (Copyright Act), the application of the rules of another intellectual property right that has been granted for the same creation may not lead to a circumvention of the mandatory rules protecting the rightholder.

Title 2: Applicable law

§ 24 *Lex loci protectionis*

- (1) ¹The accrual of absolute intellectual property rights, their scope of protection and the limitation of their protection shall be governed by the law of the state for which protection is sought. ²This shall also apply to the question of admissibility of contractual exploitation of intellectual property rights including their requirements of registration.
- (2) ¹Community intellectual property rights shall be governed by the autonomous rules of the relevant regulation. ²For any question which is not provided for by the relevant Community instrument, national law shall be applied, which is to be determined in accordance with the special conflict of laws rules of the relevant regulation.
- (3) The *lex loci protectionis* pursuant to section 1 shall apply *mutatis mutandis* to relative intellectual property positions pursuant to § 1(3) book 1 [intellectual property].

§ 25 Contracts relating to intellectual property rights

- (1) ¹Contracts relating to intellectual property rights as an object of property (chapter 4 book 1) shall, in accordance with the provisions of the Regulation (EC) No 593/2008 (Rome I), be governed by the law chosen by the parties. ²The choice may be made expressly or demonstrated with sufficient certainty by the terms of the contract, the behaviour of the parties or the circumstances of the case.
- (2) If the parties have agreed that one or more courts or tribunals of a Member State shall determine existing or future disputes under the contract, it is presumed that the parties have herewith chosen the law of that Member State.
- (3) ¹Where the parties have not chosen a law, the law to be applied, in accordance with article 4(2) of Regulation (EC) No 593/2008 (Rome I) is the law of the country, where the party required to effect the characteristic performance of the contract has his habitual residence. ²The characteristic performance of the contract is, as a general rule, provided by the person, who transfers or permits the use of the intellectual property right. ³If the transfer or right of use does, by way of exception, not constitute a characteristic performance of

the contract, the law of the country with which it is most closely connected shall apply. ⁴The same shall apply, where it is clear from all the circumstances of the case that the contract is manifestly more closely connected with a country other than that indicated in sentence 1.

§ 26 Mandatory rules for the protection of the author

¹A choice of law pursuant to § 25 [contracts relating to intellectual property rights] shall not affect the indispensable rights of the author, in particular the right to an appropriate remuneration according to § 128 book 1 [author's right to appropriate remuneration] and the right to recall according to §§ 134, 135 book 1 [author's right of recall by reason of non-exercise, author's right of recall by reason of changed conviction or unreasonableness], insofar as the contract concerns acts of exploitation within the territorial scope of application of this code. ²The said rules protecting the author constitute overriding mandatory provisions in the meaning of article 9 of Regulation (EC) No 593/2008 (Rome I). ³Sentence 1 shall apply *mutatis mutandis* to contracts on related rights, in so far as they are subject to the rules on copyrights pursuant to § 123(3) book 1 [licences on copyrights, computer programmes and related rights].

§ 27 Employees' creations

- (1) With regard to employee's inventions, the law applicable to a European patent shall be determined in accordance with the law of the state in which the employee is mainly employed; if the state in which the employee is mainly employed cannot be determined, the law to be applied shall be that of the state in which the employer has the place of business to which the employee is attached.
- (2) With regard to an invention pursuant to Regulation (EC) No 2100/1994 (Community plant variety) whose breeder is an employee, the entitlement to the Community plant variety right shall be determined in accordance with article 11(4) Regulation (EC) No 2100/94 (Community plant variety) pursuant to the law applicable to the employment relationship in the context of which the variety was bred, discovered or developed.

- (3) ¹In all cases not covered by section 1 and 2 and unless otherwise agreed, the law applicable to contracts concerning absolute intellectual property rights, which relate to the activity as an employee in the course of his employment relationship, is the law applied to the employment or service relationship. ²To the extent that the law applicable to the individual employment contract has not been chosen by the parties, the contract shall, in accordance with article 8 Regulation (EC) No 593/2008 (Rome I), be governed by the law of the country in which or, failing that, from which the employee habitually carries out his work in performance of the contract. ³Where the applicable law cannot be determined pursuant to section 2, the contract shall be governed by the law of the country where the place of business through which the employee was engaged is situated. ⁴Where it appears from the circumstances as a whole that the contract is more closely connected with a country other than that indicated in sentence 2 or 3, the law of that other country shall apply.
- (4) ¹Mandatory provisions for the protection of the employee pursuant to book 10 A (employees' inventions) cannot be derogated from by choice of law. ²These rules protecting the employee constitute overriding mandatory provisions in the meaning of article 9 of Regulation (EC) No 593/2008 (Rome I).

§ 28 Infringement of intellectual property rights

- (1) In accordance with the provisions of Regulation (EC) No 864/2007 (Rome II) the law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is sought.
- (2) In the case of a non-contractual obligation arising from an infringement of a Community intellectual property right, the applicable law shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed.
- (3) The applicable law under section 1 and 2 may not be derogated from by agreement.
- (4) Sections 1 and 3 shall apply to the infringement of relative intellectual property positions *mutatis mutandis*.

Title 3: International jurisdiction

§ 29 Contracts relating to intellectual property rights

- (1) For disputes arising from contracts relating to intellectual property rights with cross-border implications between parties, one or more of whom is domiciled in a EU Member State, German courts shall have international jurisdiction in accordance with Regulation (EC) No 44/2001 (Brussels I), if
 1. the parties have agreed to confer jurisdiction to a German court pursuant to article 23 Regulation (EC) No 44/2001 (Brussels I); unless the parties have agreed otherwise, such jurisdiction shall be exclusive;
 2. the defendant is domiciled within the territorial scope of application of this code or
 3. the place where the obligation has been performed or should be performed lies within the territorial scope of application of this code.
- (2) For all other disputes arising from contracts relating to intellectual property rights, the jurisdiction of the German courts shall be determined according to the provisions of the Code of Civil Procedure.

§ 30 Unauthorised use of intellectual property rights

- (1) For claims arising from non-contractual obligations on the grounds of use of intellectual property rights governed by the books 3 to 9 (Copyright Act, Trademark Act, Patent Act, Utility Model Act, Design Act, Plant Variety Protection Act, Semiconductor Protection Act) of this code or on the grounds of interference with relative intellectual property positions, German courts shall have international jurisdiction in accordance with Regulation (EC) No 44/2001 (Brussels I)
 1. in matters relating to tort, delict or quasi-delict if the place where the harmful event occurred or may occur is within the territorial scope of application of this code,
 2. as regards a civil claim for damages or restitution which is based on an act giving rise to criminal proceedings, if the criminal proceedings are pending before a German court or

3. if at least one of the parties is domiciled in a Member State and the parties have agreed, after the dispute has arisen, pursuant to article 23 of Regulation (EC) No 44/2001 (Brussels I) that a German court shall have jurisdiction to settle the dispute.
- (2) ¹Unless otherwise agreed by the parties pursuant to article 23 of Regulation (EC) No 44/2001 (Brussels I) German courts shall have exclusive jurisdiction in infringement proceedings concerning a Community intellectual property right in accordance with Regulation (EC) No 207/2009 (Community trademark), Regulation (EC) No 6/2002 (Community design) and Regulation (EC) 2100/94 (Community plant variety), if
1. the defendant is domiciled within the territorial scope of application of this code or, if he is not domiciled in any of the Member States, has an establishment within the territorial scope of application of this code,
 2. the plaintiff is domiciled or, if he is not domiciled within the territorial scope of application of this code, has an establishment within the territory of the country and the defendant is neither domiciled nor has an establishment in any of the Member States or
 3. if the defendant has entered an appearance without objection pursuant to article 24 Regulation (EC) No 44/2001 (Brussels I).
- ²Articles 2, 4, 5 No 1, 3, 4 and 5 as well as article 31 Regulation (EC) No 44/2001 (Brussels I) shall not apply.
- (3) German courts shall also have international jurisdiction with regard to infringement proceedings concerning a Community intellectual property right, if and to the extent that the act of infringement has been committed or threatens to occur within the territorial scope of application of this code.
- (4) The courts having jurisdiction pursuant to section 2 or 3 shall also have exclusive jurisdiction in respect of counterclaims for a declaration of non-infringement, forfeiture or invalidity.
- (5) The courts having jurisdiction pursuant to section 2 shall also have jurisdiction in respect of claims for compensation in respect of acts, that were committed after the date of publication of an application

of a Community intellectual property right and that would have been prohibited after the publication of the registration on the grounds of the Community intellectual property right.

§ 31 Claims concerning the validity of registration

German courts shall have exclusive jurisdiction, regardless of the domicile of the parties, in accordance with article 22(4) Regulation (EC) No 44/2001 (Brussels I) in proceedings which have as their object the validity of a registration in the registers kept by the German Patent and Trade Mark Office irrespective of whether the issue is raised by way of an action or as a defence.

§ 32 Further heads of jurisdiction

¹Subject to prevailing provisions of European Community law, German courts shall have international jurisdiction for disputes concerning intellectual property rights valid within the territorial scope of application of this code

1. in proceedings brought against a person who is neither domiciled nor has a seat or an establishment within the territorial scope of application of this code at the place of business of the domestic representative (§ 161 book 2 (general procedural law) [domestic representative]). ²If jurisdiction is not conferred by virtue of sentence 1, jurisdiction in the alternative may be based on the place where the domestic representative has his domicile, and in the absence thereof alternatively on the place where the office that granted the intellectual property right has its seat;
2. for actions claiming the grant of a compulsory licence pursuant to § 140 book 1 [compulsory licences on copyrights] against an author or exclusive licensee, who has no place of general jurisdiction within the territorial scope of application of this code;
3. for ordering the submission or the duty to tolerate the inspection of an object by a preliminary injunction pursuant to §§ 935 to 945 Code of Civil Procedure, provided that the object affected by the submission lies within the territorial scope of application of this code.

Title 4: Competence of courts *ratione materiae* and *ratione loci*

Subtitle 1: Proceedings relating to national intellectual property rights

§ 33 Competence of courts *ratione materiae* and *ratione loci*

- (1) ¹The district courts shall have exclusive jurisdiction for all actions asserting a claim arising out of one of the legal relationships regulated under this code (litigation concerning intellectual property), regardless of the value in dispute. ²Sentence 1 shall also apply if the decision in a civil action depends, in whole or in part, on a decision to be taken pursuant to this code.
- (2) ¹Disputes relating solely to claims for the payment of assessed or determined compensation for an employees' invention, which the employer has claimed pursuant to § 6 book 10 A (employees' inventions) [claiming a service invention], are excluded from the application of section 1. ²Local recourse to labour courts and administrative courts shall remain open as far as litigation is concerned which arises from employment or service agreements and has claims to the payment of an agreed remuneration as its sole subject matter.
- (3) The local competence of a court shall, unless otherwise stipulated by Community law including a choice of court agreement based on Community law, be determined in accordance with the provisions of the Code of Civil Procedure.

§ 34 Annex competence for claims under the Act against Unfair Competition

The rules of jurisdiction for claims, which arise from a legal relationship regulated by this code, shall also apply if they are based on the provisions of the Act against Unfair Competition.

§ 35 Powers of concentration

¹The governments of the federal states shall have power to allot by statutory order all or some litigation pursuant to § 33 book 1 [competence of the courts *ratione materiae* and *ratione loci*] for the districts of several district courts to one such district. ²The governments of the

federal states may transfer these powers to the judicial authorities of the federal states. ³The federal states may also enter into an agreement transferring all or some of the duties incumbent upon the courts of one federal state to the competent court of another.

Subtitle 2: Proceedings relating to Community intellectual property rights

§ 36 Competence of Community intellectual property courts *ratione materiae*

- (1) The district courts shall have exclusive jurisdiction, regardless of the value of the dispute, for all actions concerning a Community intellectual property right for which, pursuant to the relevant regulations, a Community intellectual property court has jurisdiction.
- (2) The higher regional court in whose district the Community intellectual property court of first instance has its seat shall have jurisdiction of second instance.

§ 37 Competence of Community intellectual property courts *ratione loci*

- (1) Where Community intellectual property courts have international jurisdiction pursuant to the respective regulation, local jurisdiction shall be determined by the provisions of the Civil Procedure Code.
- (2) If the courts do not have jurisdiction under these provisions, the district in which the plaintiff has his general place of venue shall have jurisdiction.

§ 38 Powers of concentration

- (1) ¹The governments of the federal states shall have power to allot by statutory order all or some claims pursuant to § 36 book 1 [competence of Community intellectual property courts *ratione materiae*] for the districts of several district courts to one such court. ²The governments of the federal states may transfer these powers to the judicial authorities of the federal states. ³The federal states may also enter into an agreement transferring all or some of the

duties incumbent upon the courts of one federal state to the competent court of another.

- (2) Where an obligation to notify the Commission is required according to Community law, the jurisdiction of the concentrated courts shall only be established by this notification.

Title 5: *Lis pendens* and related actions

§ 39 *Lis pendens* in case of same cause of action

¹Where proceedings relating to intellectual property rights that involve the same cause of action between the same parties, are brought in the courts of different EU Member States, any court other than the court first seized shall stay its proceedings pursuant to article 27 Regulation (EC) No 44/2001 (Brussels I) until such time as the jurisdiction of the court first seized is established. ²This shall also apply in case the foreign parallel proceedings concern a declaratory relief action.

§ 40 *Lis pendens* in case of proceedings relating to legal validity of a Community intellectual property right

- (1) ¹Where proceedings concerning the infringement or the threatened infringement of a Community intellectual property right or the compensation for the use of the subject matter of an application, which has already been published, are pending before a German court that has jurisdiction pursuant to one of the regulations relating to Community intellectual property rights, the court shall, upon request or of its own motion, stay its proceedings in accordance with the provisions of the relevant regulation relating to the Community intellectual property right, if the legal validity of the Community intellectual property right has been contested by way of a counterclaim before another Community intellectual property court or if an application for declaration of forfeiture, invalidity or cancellation has already been made before the competent Community Office. ²The parties shall be heard by the court before a decision of stay of proceedings is made. ³The court may refrain from such stay in case of substantial reasons which require the continuation of the hearing.

- (2) Section 1 shall not apply if the action first brought is an action for a declaration of non-infringement.

§ 41 Stay of proceedings due to proceedings relating to legal validity of a national intellectual property right

- (1) ¹If the decision in a dispute relating to intellectual property rights depends on the decision in another pending proceeding concerning the legal validity of the intellectual property right, the court may order a stay of the hearing until the proceeding on cancellation or invalidity has been completed. ²It shall order the stay if it assumes that the intellectual property right is invalid.
- (2) If the request for cancellation or invalidity has been rejected, the court shall only be bound by such decision if it was rendered in proceedings between the same parties.

§ 42 *Lis pendens* in case of multiple protection

- (1) ¹Where proceedings concerning the infringement of a Community intellectual property right are pending before a court of another Member State pursuant to the relevant regulation and a German court is seized in respect of the same cause of action and between the same parties, the German court other than the court first seized shall also decline jurisdiction in favour of the court first seized, if the infringement or threatened infringement is based on a national intellectual property right concerning the identical subject matter of protection. ²Article 27(2) Regulation (EC) No 44/2001 (Brussels I) shall apply *mutatis mutandis*.
- (2) The German Community intellectual property court hearing an action for infringement or threatened infringement on the basis of a Community intellectual property right shall reject the action in accordance with the relevant Community intellectual property right regulation, if a final judgment on the merits has been given on the same cause of action and between the same parties on the basis of another intellectual property right concerning the identical subject matter of protection.
- (3) The Community intellectual property court hearing an action for infringement or threatened infringement on the basis of a national intellectual property right shall reject the action in accordance with

the relevant Community intellectual property right regulation, if a final judgment on the merits has been given on the same cause of action and between the same parties on the basis of a Community intellectual property right concerning the identical subject matter of protection.

§ 43 Concentration of proceedings in case of multiple national intellectual property rights

- (1) Any person who, in the event of an infringement of intellectual property rights, has brought an action for injunctive relief, abatement or compensation, may bring a further action against the defendant on account of the same act on the basis of another intellectual property right concerning the same object of protection (cumulation) only if, without fault, he was not in the position to also assert this intellectual property right in the earlier dispute.
- (2) The same shall apply to an action on account of the same or a similar act on the basis of another intellectual property right concerning a different object of protection, if the plaintiff, without fault, was not in the position to assert this intellectual property right also in the earlier dispute.

§ 44 Interim measures

The provisions of this section relating to the stay of proceedings or rejection of parallel proceedings shall be without prejudice to the powers to adopt interim measures.

Chapter 3: Infringement, enforcement

Title 1: Consequences of infringements under private law

Subtitle 1: Infringement

§ 45 Infringement of intellectual property rights

- (1) An infringement within the meaning of this act is committed by anyone who

1. infringes copyright or another right protected pursuant to book 3 (Copyright Act),
 2. uses a sign in contravention of §§ 14(2) to (4), 15(2) or (3) book 4 (Trademark Act),
 3. uses geographical indications in contravention of § 127 book 4 (Trademark Act),
 4. performs acts contrary to article 8 or 13 of Regulation (EC) No 510/2006 (geographical indications) or article 12 or 13 of Regulation (EC) No 509/2006 (guaranteed traditional specialities),
 5. uses a patented invention in contravention of §§ 9 to 13 book 5 (Patent Act),
 6. uses a utility model in contravention of §§ 11 to 13 book 6 (Utility Model Act),
 7. uses a design in contravention of § 30 book 7 (Design Act),
 8. uses in contravention of § 10 book 8 (Plant Variety Protection Act) a protected variety or variety denomination or
 9. in contravention of § 6 book 9 (Semiconductor Protection Act) a topography.
- (2) In addition, an infringement is committed by anyone who, in contravention of § 4 book 1 [ideal und asset-related protection], impairs the personal relationship of the creator with his achievement.
- (3) ¹In the cases referred to in section 1 the infringed party shall be the holder of the respective intellectual property right. ²In the cases referred to in section 2 the infringed party shall be the creator or his successor in title.

§ 46 Infringement of other relative intellectual property positions

- (1) ¹Furthermore an infringement is committed by anyone who
1. in contravention of § 8 book 1 [economic protection of the personality] commercially exploits the personality rights of the individual,
 2. in contravention of § 9 book 1 [protection against imitation] illegally exploits or imitates achievements,

3. in contravention of § 10 book 1 [business and trade secrets] discloses, passes on, exploits or obtains a business or trade secret or
 4. in contravention of § 11 book 1 [protection of the organiser against recordings] records an event.
- ²§§ 54 book 1 [moral damages], 55 book 1 [destruction, recall], 56 book 1 [substitute pecuniary compensation] and 61(2) book 1 [right to information] shall not apply in cases of infringement pursuant to the numbers 2 to 4.
- (2) In the cases referred to in section 1 the infringed party shall be the holder of personality rights or his successor in title, the competitor who is protected against imitation, the rightholder of business or trade secrets or the organiser.

§ 47 Claims arising from other statutory provisions

Claims arising from other statutory provisions shall remain unaffected.

Subtitle 2: Activities prior to grant

§ 48 Trade mark registered in the name of an agent

- (1) If, in contravention of § 11 book 4 (Trademark Act), a trademark has been applied for or registered in the name of the trademark holder's agent or representative without the authorisation of the trademark holder, the latter shall be entitled to demand the transfer of any rights conferred by such application or registration from the agent or representative.
- (2) ¹If section 1 applies, the trademark holder shall be entitled to prohibit the use of the trademark within the meaning of § 14 book 4 (Trademark Act) by the agent or representative, if the trademark holder has not authorised such use. ²Furthermore the provisions of this title shall apply *mutatis mutandis*.

§ 49 Acts prior to the grant of a patent, right of compensation

- (1) Any person who has used the subject matter of the application during the patent grant proceedings during the period between

the publication of the notification on possible access to the files of the patent application (§ 54(4) sentence 2 book 5 (Patent Act) [publication of the patent grant and the patent specification]) and the publication of the patent grant can be asserted with a right for appropriate compensation by the applicant.

- (2) In determining the appropriate compensation, all essential circumstances of the case shall be taken into account, in particular whether the user knew or should have known that the invention used by him was the subject matter of an application, the economic effects of such use for the applicant and the advantage generated by the user.
- (3) ¹The right of compensation according to section 1 shall fail if
 1. the application is withdrawn or rejected after publication of the notification on possible access to the files of the patent application (§ 54(4) sentence 2 book 5 (Patent Act) [publication of the patent grant and the patent specification]),
 2. no request for examination is filed before the expiration of the period according to § 48(1) book 5 (Patent Act) [request for examination] or the annual fee payable for the application is not paid in due time as provided for in § 17(1) book 5 (Patent Act) or
 3. the patent is revoked or declared invalid.²§ 66(2) book 5 (Patent Act) [temporal effects of revocation and nullity] shall remain unaffected.
- (4) Further claims shall be excluded.
- (5) The provision laid down in § 19 book 1 [limitation of action] shall be applicable with the provision that the claim shall not be time-barred prior to expiration of one year after the patent grant.

§ 50 Enforcement of the rights conferred by a patent application

¹If, prior to patent grant, rights based on a patent application, whose files are accessible to the public (§ 56(1) sentence 1, (2) and (3) book 5 (Patent Act) [access to files]) are claimed in court proceedings, and the decision on the action depends on whether the right under § 49(1) book 1 [acts prior to the grant of a patent, right of compensation] exists, the court may order to stay proceedings until the decision on the patent grant has been passed. ²If no request for examination pursuant

to § 47(1) book 5 (Patent Act) [subject matter of the official examination in the examination proceedings] has been filed, the court shall, at the request of the opposing party, set a time limit for filing such request of examination to the party claiming rights on the basis of the application. ³If the request for examination is not filed within the time limit, no rights deriving from the application may be claimed within the respective dispute.

§ 51 Acts prior to the grant of a plant variety right, right of compensation

- (1) Any person who during the plant variety rights granting proceedings has used the subject matter of the application between the publication of the application and the grant of the plant variety right can be asserted with a right for appropriate compensation by the applicant.
- (2) § 49(2) to (5) book 1 [acts prior to the grant of a patent, right of compensation] and § 50 sentence 1 book 1 [enforcement of the rights conferred by a patent application] shall apply *mutatis mutandis*.

Subtitle 3: Protection by rights of defence, compensation

§ 52 Forbearance, abatement

- (1) ¹In case an infringement impends for the first time or in case of risk of recurrence, the infringed party may request injunctive relief against the infringer. ²The infringed party may also request abatement with regard to any effects of infringement, as far as necessary (in order) to avoid further prejudice. ³These rights do not depend on fault or negligence of the infringer.
- (2) ¹In the cases referred to in § 45(1) No 3, 4 book 1 [infringement of intellectual property rights] the claim for injunctive relief can also be asserted by persons authorised to assert a claim pursuant to § 8(3) of the Act against Unfair Competition. ²In the cases referred to in sentence 1, §§ 55 book 1 [destruction, recall], 57 book 1 [publication of the judgement], 61 book 1 [right to information] and 62 book 1 [presentation and inspection] shall apply *mutatis mutandis*.

§ 53 Right to compensation

- (1) ¹Any party who commits such infringement, intentionally or negligently, shall be liable to compensate the infringed party for the damage suffered. ²The damage may also be assessed taking into account the unfair profits made by the infringer or at least be calculated on the basis of the amount, which the infringer would have had to pay as appropriate remuneration if he had obtained permission to use the intellectual property right in question. ³The infringed party is entitled to choose between the methods of calculation.
- (2) ¹The choice of the infringed party shall have no effect on the compensation of the remaining damages. ²This particularly applies to legal costs or the loss of an advantageous market position.
- (3) All other rights of remuneration or payment laid down in the books 3 to 9 (Copyright Act, Trademark Act, Patent Act, Utility Model Act, Design Act, Act on Plant Variety Rights, Semiconductor Protection Act) shall remain unaffected.

§ 54 Moral damages

Any person who, intentionally or negligently, infringes the personal relationship of the creator towards his creation shall be liable for compensation in money for non-pecuniary damage if and to the extent that is equitable.

§ 55 Destruction, recall

- (1) ¹Any person who commits an infringement of intellectual property rights, shall at the request of the infringed party be required to destroy all infringing goods that are in his possession or owned by him. ²Sentence 1 shall apply *mutatis mutandis* to material and devices owned by the infringer that were mainly used or determined to be used for the production of such infringing goods.
- (2) If destruction is undertaken by the infringed party itself, the necessary costs incurred have to be born by the infringer.
- (3) Without prejudice to section 1 or to any further right to compensation, the infringer may, at the request of the infringed party, be obliged to recall the infringing goods from the channels of commerce.

- (4) Instead of the measures provided in section 1, the infringed party may demand that the infringer hands over all infringing goods owned by him to the infringed party in return for payment of appropriate remuneration; the latter may not exceed the costs of production.
- (5) ¹The rights arising from sections 1 to 3 shall be precluded if the measure is disproportionate in the individual case and if the condition of the goods causing the infringement can be eliminated by other means. ²At assessing the proportionality of such measures the legitimate interests of third parties shall also be taken into account. ³Buildings and their main components in the meaning of §§ 93 and 94(2) Civil Code, shall in general not be subject to the measure provided for in section 1.

§ 56 Substitute pecuniary compensation

- (1) If the infringer acted neither intentionally nor negligently, he may pay the infringed party a pecuniary compensation in order to avert the claims arising from §§ 52 book 1 [forbearance, abatement] and 55 book 1 [destruction, recall] if execution of the measures would cause the infringer disproportionate harm and if by exception a pecuniary compensation to the injured party appears reasonably satisfactory.
- (2) ¹Compensation shall be paid in the amount that would have been reasonable as remuneration in case the right of usage had been obtained under a licence. ²Upon payment of the compensation, the infringed party's consent to exploitation shall be deemed granted to the usual extent.

§ 57 Publication of the judgement

- (1) If an action has been filed on the basis of an infringement, the successful party may, upon request and provided that such party demonstrates a legitimate interest, be awarded the authority to publish the judgement at the expense of the unsuccessful party.
- (2) ¹Form and extent of such publication shall be specified by the court. ²The right to request publication shall cease unless it is exercised within three months after the judgement has become final.

³The claim pursuant to sentence 1 shall only be provisionally enforceable by court order.

§ 58 Contributory infringement

The infringed party shall also have a right to claim injunctive relief and removal against third parties who have been adequately causally involved in the infringing activity, provided the third party should have known the legal and factual situation on the basis of a proportionate, duly performed examination and the infringed party depends on the assertion of such rights against the third party in order to obtain effective legal protection.

§ 59 Liability of several infringers

- (1) ¹If several persons have caused damage by a jointly committed infringement, each of them shall be responsible for the damage. ²The same applies insofar as it is impossible to establish which of several persons involved caused the damage by his act.
- (2) Instigators and accomplices are deemed equivalent to jointly liable infringers.

§ 60 Liability of the owner of a business undertaking

¹If an infringement is committed within a business undertaking by an employee or authorised representative, rights may also be asserted against the owner of the business undertaking pursuant to §§ 52 book 1 [forbearance, abatement] and 55 book 1 [destruction, recall]. ²Provided that the employee or authorised representative has acted intentionally or negligently the same shall apply with regard to the right to damages and to the compensation for moral damage.

Subtitle 4: Right to information, collection of evidence and measures safeguarding evidence

§ 61 Right to information

- (1) ¹Any person who commits an act of infringement in the course of trade may be required to promptly provide information on the origin of and the distribution channels for the infringing goods or ser-

vices. ²§§ 58 book 1 [contributory infringement] and 60 book 1 [liability of the owner of a business undertaking] shall apply *mutatis mutandis*.

(2) ¹In cases of obvious infringement or in cases in which the infringed party has brought an action against the infringer, the right, without prejudice to section 1, shall also exist against a person who, on a commercial scale,

1. was found in possession of the infringing goods,
2. was found to be using the infringing services,
3. was found to be providing services used in infringing activities or
4. was indicated by the person referred to in No 1 to 3 as being involved in the production, manufacture or distribution of the goods or the provision of the services,

unless the person is entitled to refuse to give evidence in proceedings against the infringer pursuant to §§ 383, 384 No 1 and 2, 385 Civil Procedure Code.

²If the right under sentence 1 is asserted in court, the court may, upon request, stay the action against the infringer until the pending dispute concerning the right to information is settled. ³The party obliged to provide information is entitled to compensation from the infringed party for the expenses necessary for furnishing information.

(3) The party obliged to provide information shall furnish details on

1. the name and address of the manufacturers, the suppliers and other previous owners of the goods and services as well as on the commercial buyers and points of sale for which they were intended, and
2. the quantity of the manufactured, delivered, received or ordered goods as well as on the prices that were paid for the goods or services in question.

(4) The rights arising from sections 1 and 2 shall be excluded if they appear disproportionate in the individual case.

(5) If the party obliged to provide information, either by intention or in a grossly negligent manner, provides false or incomplete information it shall be obliged to compensate the infringed party for the damage resulting therefrom.

- (6) Any party providing information, without being obliged to do so pursuant to section 1 or 2, shall be liable vis-à-vis third parties only if it knew that it was not obliged to provide such information.
- (7) The information obtained may only be used in criminal proceedings or proceedings under the Administrative Offenses Act conducted against the party obliged to provide information, on account of an act committed before the provision of the information, or against a relative as specified in § 52(1) Criminal Procedure Code, with the consent of the party obliged to provide information.
- (8) ¹If the information can only be provided through the use of communications traffic data (§ 3 No 30 Telecommunications Act), an advance judicial order on the permissibility of the use of such communications traffic data is required, which the infringed party shall apply for. ²The exclusive competence to issue such order lies with the district court designated as the competent infringement court for the alleged infringement of the respective intellectual property right. ³The provisions of the Act on Court Procedure in Family Matters and Non-litigious Matters shall apply *mutatis mutandis* to the proceedings. ⁴The infringed party shall bear the costs of the judicial order. ⁵An immediate appeal against the decision of the infringement court shall be admissible. ⁶It can only be based on the fact that the decision is founded on a violation of law. ⁷The higher regional court's decision cannot be appealed against. ⁸In all other respects the provisions on the protection of personal data shall remain unaffected.
- (9) The fundamental right of secrecy of telecommunications (article 10 Basic Law) is restricted by section 2 in conjunction with section 8.
- (10) Any person who designates goods or packaging with a denomination which is suitable to convey the impression that the goods are protected under this code or any person who uses a denomination of such kind in public advertisements, on signboards, business cards or similar pronouncements is obliged to supply information, upon request, to any person that has a legitimate interest in knowledge of the legal situation, on which intellectual property right or respective application for such right the usage of the denomination is based on.

§ 62 Presentation and inspection

- (1) ¹In case it is sufficiently likely that a person commits or has committed an infringement, the infringed party is entitled to assert against the alleged infringer a right to presentation of an instrument or any other document or to the inspection and examination of an object that is at his disposal or a procedure, which is the subject matter of a patent, as far as this is necessary to resolve such suspicion of infringement. ²The claim for inspection and examination shall also relate to equivalent variations and non-free adaptations. ³If infringement on a commercial scale is sufficiently likely, the right shall also cover the presentation of bank, financial or commercial documents. ⁴§§ 58 book 1 [contributory infringement] and 60 book 1 [liability of the owner of a business undertaking] shall apply *mutatis mutandis*.
- (2) ¹The examination shall be carried out by an expert, which is appointed by the court and duty-bound by law to maintain confidentiality. ²The expert may interfere with the substance of the subject matter if this is acceptable for the holder or owner. ³In so far as necessary for the purpose of the inspection the legal representative appointed pursuant to section 3 sentence 2 may be authorised, by order of the infringement court, to search the residential and business premises of the suspected infringer in order to locate the goods to be inspected.
- (3) ¹The allegedly infringed party and its legal representative may not attend the examination, if the court decides to exclude them pursuant to the reasons set out in § 172 No 2, 3 Judicature Act. ²The allegedly infringed party may obtain legal assistance of a lawyer or a patent attorney, which is appointed by the court and duty-bound by law to maintain confidentiality. ³The obligation to retain confidentiality vis-à-vis the allegedly infringed party shall cease at the time the examination report is declassified by the court.
- (4) The claim pursuant to section 1 shall be excluded if it is disproportionate in the individual case.
- (5) ¹The presentation shall be effected at the place where the documents to be presented are located. ²In case of a compelling reason each party may request the presentation to be relocated to another place. ³Risk and costs must be borne by the party demanding

presentation. ⁴The possessor may refuse presentation until the other party advances the costs and provides security for the risk.

⁵§ 61(7) book 1 [right to information] shall apply *mutatis mutandis*.

- (6) In case no infringement of rights has occurred, the alleged infringer may from the party that requested the presentation or inspection pursuant to section 1 demand compensation for the losses it has suffered as a result of such request.
- (7) The fundamental right of inviolability of the home (article 13 Basic Law) is restricted by section 1 and 2.

§ 63 Safeguarding claims for damages

- (1) ¹The infringed party may, where an infringement was committed on a commercial scale as referred to in § 53 book 1 [right to compensation], require the infringer to present banking, financial or trading documents or to provide suitable access to the corresponding documents which are under the infringer's control and which are necessary in order to assert the claim for damages, if fulfilment of such claim remains doubtful unless the respective documents are presented. ²In case the infringer asserts that the documents contain confidential information the court shall adopt the measures necessary to guarantee the protection required in the individual case.
- (2) Section 4 to 6 of § 61 book 1 [right to information] shall apply *mutatis mutandis*.

Subtitle 5: Procedural Law Enforcement

§ 64 Warning letter

- (1) ¹Parties entitled to assert a claim for injunctive relief should send a warning letter to the infringer prior to initiating court proceedings and thus give him the opportunity to settle the dispute by submitting himself to a duty to cease and desist including an appropriate contractual penalty. ²To the extent that the warning is justified, reimbursement of necessary expenses may be demanded.
- (2) Reimbursement of necessary expenses incurred for the use of services of an attorney for the initial warning shall be limited to 100 €

in non-complex cases under § 45(1) book 1 [infringement of intellectual property rights] if only a minor infringement occurred in the course of non-commercial activities.

§ 65 Interim measures

- (1) ¹The obligation to provide information may be imposed by a preliminary injunction pursuant to the provisions of the Civil Procedure Code. ²The same applies to measures safeguarding the right to compensation, provided that such right evidently exists.
- (2) ¹The court exclusively decides on the duty to perform or tolerate an inspection or the obligation to present an instrument or any other document according to § 62 book 1 [presentation and inspection] by way of a preliminary injunction pursuant to the provisions of the Civil Procedure Code (investigation of evidence court order), if the purpose of the examination so requires also without prior hearing of the opponent party. ²The court may order the seizure of samples of the goods suspected to constitute infringement as evidence. ³An order for search and seizure shall be issued without prior oral hearing of the opponent party. ⁴Evidence of suspicious activities must be credibly shown.
- (3) ¹In cases which come under section 2, an oral hearing concerning the declassification of the examination report shall be held before the court of first instance upon request of the applicant or the opponent. ²Pursuant to § 926 Civil Procedure Code the opponent may apply to the competent court to set a time-limit to the applicant for instituting infringement proceedings. ³When determining a time-limit, the prior completion of the examination reports and the execution of an oral hearing relating to such report shall be taken into account.

§ 66 Privilege of reduced value in dispute

- (1) If, in a dispute regarding intellectual property rights, the subject of which is the enforcement of one of the rights laid down in the §§ 49 to 63 [consequences of infringement under private law], a party can credibly demonstrate that the burden of costs would considerably endanger its financial position if they are calculated according to the actual value in controversy, the court may, at

the party's request, order the party's obligation to pay court costs to be adjusted according to a portion of the value in dispute which duly reflects its financial position.

- (2) ¹Such order under section 1 has as its consequence that the fees of the favoured party's attorney are likewise calculated according to the respective portion of the value in dispute. ²To the extent, that the favoured party under a court order is obliged to cover the costs of litigation or to the extent to which it assumes such costs, such party shall only be obliged to refund the respective share of court fees paid by the opposing party and of the fees of the latter's attorney. ³To the extent that the opposing party is ordered to pay costs other than court fees or assumes to pay them, the attorney of the favoured party may recover his fees from the opposing party in accordance with the value in dispute applying to the latter.
- (3) ¹The request under section 1 may be declared before and recorded at the court registrar's office. ²It shall be filed before the hearing on the merits of the case is opened. ³Thereafter, it shall only be admissible if the presumed or fixed value in dispute is later increased by the court. ⁴The opposing party shall be heard before a decision is made on such request.

Title 2: Punishable acts, administrative offences

Subtitle 1: Criminal infringement of intellectual property rights

§ 67 Punishable infringement of copyrights and related rights

A period of up to three years of imprisonment or a fine may be imposed on any person who, unlawfully and contrary to the provisions laid down in book 3 (Copyright Act)

1. reproduces, distributes or communicates in public a work protected by copyright or an adaption or transformation of such work,
2. reproduces, distributes or communicates in public a scientific edition, a photograph or an adaption or transformation of a scientific edition or photograph,

3. exploits in a tangible form or communicates in public a posthumous work or an adaption or transformation of a work,
4. records the performance of a performing artist as visual or sound recordings, reproduces or distributes such recordings or communicates the performance in public,
5. reproduces, distributes or communicates in public a sound recording,
6. forwards a broadcast, makes it available to the public, makes visual or sound recordings, takes photographs of the broadcast, reproduces or distributes such recordings or photographs, unless these acts are covered by the rental right, or makes available a broadcast to the public,
7. reproduces, distributes or communicates in public a database or a part of a database, which is substantial with regard to its nature or scale, or by such means exploits a part of a database, which with regard to its nature and scale is not substantial, provided that the exploitation takes place repeatedly and systematically and prevents the regular exploitation or affects the legitimate interests of the creator of the database to an unacceptable extent or
8. reproduces, distributes or uses the visual or sound recordings, which bear a cinematographic work, for public screening, broadcast or making it available to the public.

§ 68 Unlawful attachment of an author's designation

Any person who, contrary to the provisions of book 3 (Copyright Act)

1. attaches an author's designation to the original of an artistic work (§ 141(1) book 1 [presumption of rightholdership]) without the approval of the author or distributes an original with an author's designation attached to it without such approval,
2. attaches an author's designation to a copy, an adaption or transformation of an artistic work (§ 141(1) book 1 [presumption of rightholdership]) in a way which makes the copy, adaption or transformation appear to be an original or distributes a copy, adaption or transformation to which an author's designation is attached in such a way shall be liable to imprisonment of up to three years or to a fine if the offense does not carry more severe punishment under other provisions.

§ 69 Unlawful encroachment upon technical measures of protection and information necessary for safeguarding rights

(1) Any person who, contrary to the provisions of book 3 (Copyright Act)

1. with the intent to enable himself or a third party to access or use a protected work or another protected subject matter, circumvents an effective technical measure without the consent of the rightholder or
2. knowingly without authorisation
 - a) removes or alters information which serves the means of protection of rights provided by a rightholder if any piece of the respective information is attached to a copy of a work or of another protected subject matter or is published in connection with the communication in public of such a work or protected subject matter or
 - b) distributes, imports for distribution, broadcasts, communicates in public or makes available to the public a work or another protected subject matter from which a piece of information for the means of protection of rights has been unlawfully removed or in relation to which such a piece of information has been unlawfully altered

and thereby at least negligently causes, enables, facilitates or conceals the infringement of copyrights or related rights shall be liable to imprisonment of up to one year or to a fine, unless the offense is solely committed in the course of private use by the offender or of persons personally associated with the offender or relates to such use.

(2) Anyone who, in contravention of § 95a(3) book 3 (Copyright Act), produces, imports, distributes, sells or hires out equipment, a product or a component for business purposes shall be penalised in the same way.

§ 70 Punishable infringement of signs

(1) Any person who, contrary to the provisions laid down in book 4 (Trademark Act) or article 9(1) Regulation (EC) No 207/2009 (Community trademark), in the course of business,

1. unlawfully uses a sign, which is identical to the trademark or Community trademark in relation to goods or services, for which the trademark or the Community trademark enjoys protection or
2. unlawfully uses a sign, although a likelihood of confusion exists on the part of the general public because of its identity with or similarity to the trademark or Community trademark and the identity or similarity of the goods or services covered by the trademark or the Community trademark, including the likelihood of association between the sign and the trademark

shall be liable to imprisonment of up to three years or a fine.

- (2) ¹The same applies to any person who unlawfully uses a sign, which is identical or similar to the trademark or Community trademark in relation to goods or services that are not similar to those for which the trademark or the Community trademark enjoy protection, if the trademark has a national reputation or the Community trademark has a reputation in the Community and if the sign is used, without legitimate cause, with the intention of taking advantage of or of impairing the distinctive character or the reputation of a reputed trademark or Community trademark. ²Sentence 1 shall also apply where the sign is used in relation to goods or services, which are identical or similar to those, for which the trademark or Community trademark enjoys protection.
- (3) Any person who unlawfully uses a commercial designation or a similar sign in the course of business in a matter suited to causing confusion with the protected designation shall also be liable to imprisonment of up to three years or a fine.
- (4) The same shall apply to any person using a commercial designation, even in absence of any likelihood of confusion, if such commercial designation has a domestic reputation and the sign is used, without legitimate cause, with the intention of taking illegitimate advantage of or impairing the distinctive character or the reputation of such reputed commercial designation.

§ 71 Punishable preparation of infringement of signs

¹A period of up to three years of imprisonment or a fine shall be imposed on any person who, in the course of business unlawfully and contrary to the provisions laid down in book 4 (Trademark Act),

1. applies a sign that is identical or similar to the trademark, to the get-ups, packaging or to means of marking such as labels, tags, patches or similar,
2. offers getups, packaging or means of marking provided with a sign that is identical or similar to the trademark, places the same on the market or possesses the same for these purposes, or
3. imports or exports getups, packaging or means of marking, provided with a sign that is identical or similar to the trademark,

where third parties would be prohibited from using the sign pursuant to § 70(1) book 1 [punishable infringement of signs]. ²The same shall apply, if the use would be prohibited pursuant to § 70(2) book 1 [punishable infringement of signs] and the act is committed with the intent to take advantage of or impair the distinctive character or the reputation of a reputed trademark.

§ 72 Punishable use of geographical indications

(1) A period of up to three years of imprisonment or a fine shall be imposed on any person who, in the course of business, unlawfully and contrary to the provisions laid down in book 4 (Trademark Act),

1. uses a geographical indication for goods or services, which do not originate in the place, the area, region or country designated by the geographical indication, if the use of such names, indications or signs for goods or services of a different origin entails the risk of misleading as to the geographical origin of the goods or services,
2. uses a geographical indication that marks goods or services, which have special properties or a special quality, for goods or services of said origin, although they do not possess said properties or quality or
3. uses a geographical indication, which enjoys a special reputation, for goods or services which do not originate in the place, the area, region or country designated by the geographical indication, if the use for goods or services of a different origin is

likely, and is without legitimate reason carried out with the intention to take unfair advantage or be detrimental to the reputation or the distinctive character of the geographical indication.

- (2) Section 1 also applies where names, indications or signs are used which are similar to the protected geographical indication or where the geographical indication is used with additions if
 1. in the cases referred to in section 1 No 1 there is a risk of misleading as to the geographical origin in spite of the alteration or the addition or
 2. in the cases referred to in section 1 No 3, such use is likely to take unfair advantage of, or be detrimental to, the reputation or the distinctive character of the geographical indication in spite of the alteration or the addition.
- (3) Section 1 shall also apply to all cases, in which the Federal Ministry of Justice, in agreement with the Federal Ministry of Economics and Labour and the Federal Ministry of Consumer Protection, Food and Agriculture, has by statutory order, with the approval of the Federal Council, provided for detailed regulations concerning individual geographical indication.
- (4) Similar punishment may be imposed on any person, who, in contravention of article 13(1)(a) to (d) of Regulation (EC) No 510/2006 (geographical indications) in the course of business
 1. uses a registered name for a product referred to therein,
 2. appropriates, imitates or evokes a registered name.

§ 73 Punishable use of the term of traditional specialities guaranteed

A period of up to three years of imprisonment or a fine shall be imposed on any person who, in a matter suited to causing confusion,

1. in contravention to article 13(1) Regulation (EC) No 509/2006 (traditional specialities guaranteed) uses the term "traditional speciality guaranteed" or its abbreviation "TSG" and/or the associated Community symbol on the labelling or
2. in contravention to article 13(2) Regulation (EC) No 509/2006 (traditional specialities guaranteed) uses a name registered for traditional specialities guaranteed in labelling similar products or foodstuffs.

§ 74 Punishable patent and utility model infringement

- (1) A period of up to three years of imprisonment or a fine shall be imposed on any person who, in contravention of the provisions laid down in book 5 (Patent Act) or book 6 (Utility Model Act), unlawfully, produces or offers, puts on the market, uses or imports or possesses for these purposes a product which is the subject matter of a patent, a supplementary protection certificate or a utility model.
- (2) ¹The same applies to any person, who, unlawfully offers or supplies to persons other than those authorised to use the patented invention, means for the use of an invention, within the scope of book 5 (Patent Act), which relate to an essential element of the invention, knowing that these means are suitable and intended for using the invention. ²Sentence 1 shall apply *mutatis mutandis* for the subject matter of a utility model.
- (3) A similar sanction shall be imposed on any person, who, unlawfully, uses or offers for supply within the scope of this code a process, which is the subject matter of a patent or a supplementary protection certificate, or offers for use, places on the market, uses or either imports or possesses, for one of the mentioned reasons, a product which has been directly produced by means of such a process.
- (4) Similarly any person shall be subject to the sanction pursuant to section 1, who, unlawfully, exercises the right arising from a subsequently filed patent and thereby encroaches upon the rights conferred by a utility model already existing.

§ 75 Punishable infringement of designs

The same sanctions as set out in § 74(1) book 1 [punishable patent and utility model infringement] shall also be imposed on anyone who unlawfully uses a design in contravention of the provisions laid down in book 7 (Design Act) or a Community design in contravention of article 19(1) Regulation (EC) No 6/2002 (Community designs), in particular by making, offering for use, placing on the market, importing, exporting, using or possessing a product in which the design is incorporated or to which it is applied, for one of the mentioned reasons.

§ 76 Punishable infringement of plant variety rights

A period of up to three years of imprisonment or a fine shall be imposed on any person who unlawfully produces, propagates, conditions for propagating purposes, offers for sale, places on the market, imports, exports or stocks

1. propagating material of a variety protected under book 8 (Plant Variety Protection Act), a plant, a part of a plant or a product or
2. material of a variety protected by Community plant variety rights in contravention of article 13(1) in conjunction with section 2 sentence 1, also in conjunction with section 4 sentence 1 or section 5, of Regulation (EC) No 2100/94 (Community Plant Variety Rights).

§ 77 Punishable infringement of semiconductor protection

A period of up to three years of imprisonment or a fine shall be imposed on any person, who unlawfully reproduces a topography, or offers, places on the market, distributes or imports for such purposes a topography, or a semiconductor product incorporating the topography, in contravention to the provisions laid down in book 9 (Semiconductor Protection Act).

§ 78 Aggravated infringements of intellectual property rights

- (1) A period of up to five years of imprisonment or a fine shall be imposed on any person who commits an act referred to in §§ 67 to 77 book 1 [punishable infringements of intellectual property rights]
 1. on a commercial scale,
 2. as a member of a criminal organisation or
 3. in a manner that endangers the health or safety of other persons.
- (2) Section 1 shall apply *mutatis mutandis* if the acts constitute a serious crime in the meaning of article 3(5) of Directive No 2005/60/EC (money laundering).

§ 79 Punishable attempt

The attempt to commit such an offence shall be punishable in the cases referred to in §§ 67, 68 and 70 to 78 book 1 [punishable infringements of intellectual property rights].

§ 80 Seizure, forfeiture

- (1) ¹If an unlawful act has been committed pursuant to §§ 67 to 78 book 1 [punishable infringements of intellectual property rights] and the offender or a secondary participant has acquired proceeds from such offence or obtained anything in order to commit it, the court shall order the forfeiture of what was obtained. ²This shall not apply provided that the act has given rise to a right of the infringed party, the satisfaction of which would withdraw from the offender or secondary participant the value of what has been obtained and that the respective claim has been granted in criminal proceedings in accordance with the rules on compensation of the infringed party (§§ 403 to 406c Criminal Procedure Code). ³In all other cases, §§ 73 to 73e Criminal Code shall apply *mutatis mutandis*.
- (2) ¹Objects which the offences referred to in §§ 67 to 78 book 1 [punishable infringements of intellectual property rights] refer to may be confiscated. ²§ 74a Criminal Code shall apply. ³The confiscated objects shall be destroyed. ⁴The offender shall bear the expenses for storage and destruction of such objects. ⁵Insofar as the claims referred to in § 55 book 1 [destruction, recall] are granted in proceedings under the Criminal Procedure Code with regard to compensation of the infringed party (§§ 403 to 406c Criminal Procedure Code), the rules on confiscation shall not apply.

§ 81 Enhanced legal consequences

- (1) ¹If an offender in the course of conducting a business has committed an aggravated act in the meaning of § 78 book 1 [aggravated infringements of intellectual property rights] the court may, where appropriate, temporarily or permanently prohibit further conduct of such business. ²The prohibition may also be replaced by an order for judicial supervision.
- (2) The court may further, where appropriate, order the total or partial, permanent or temporary closure of establishments which were used for committing the infringement.
- (3) Furthermore, the court may, where appropriate, order that the offender will be totally or partially, permanently or temporarily excluded from the access to public grants and subsidies.

§ 82 Legal persons

(1) ¹A fine may be imposed, in case an infringement pursuant to § 78 book 1 [aggravated infringements of intellectual property rights] is committed by

1. an authorised body of a legal person or a member of such a body,
2. an executive board of an unincorporated association or a member of such an executive board,
3. a partner authorised to represent an incorporated partnership,
4. a chief representative, a person vested with general commercial power of representation or a person vested with full authority of a legal person or an association of persons as mentioned in No 2 or 3,
5. any other person, who acts responsibly for an establishment or a business or an association of persons as mentioned in No 2 or 3, including the supervision of the management or other top-level control functions,

and thereby infringes obligations, which bind such legal person or association of persons, or thereby unjustly enriches or plans to enrich such legal person or association of persons. ²Furthermore § 81 book 1 [enhanced legal consequences] shall apply *mutatis mutandis*.

§ 83 Demand for criminal sanctions

The acts referred to in §§ 67 to 77 book 1 [punishable infringement of intellectual property rights] shall only be prosecuted upon request unless the prosecuting authority deems that *ex-officio* prosecution is justified in view of the particular public interest.

§ 84 Publication of the judgement

¹If, in the cases referred to in §§ 67 to 71 and 74 to 78 book 1 [punishable infringement of intellectual property rights], a sanction is handed down, the court shall, at the request of the infringed party and provided the latter can demonstrate a legitimate interest, order publication of the judgement. ²The manner of the publication shall be specified in the judgement. ³In the case referred to in §§ 72 [punishable use of geographical indication] and 73 book 1 [punishable use of the term traditional specialities guaranteed], sentences 1 and 2 shall apply *mu-*

tatis mutandis, provided that the publication of the judgement appears to be necessary in the public interest.

§ 85 Access to files, inspection of evidence

- (1) ¹A lawyer acting for the infringed party may be granted access to the files that are available to the court or which would have to be submitted to the latter in case public prosecution is initiated and further may inspect all pieces of evidence officially impounded, provided that a legitimate interest in the matter can be demonstrated. ²A legitimate interest particularly exists when the access to the files and the inspection are necessary for the enforcement of civil claims for infringement. ³In the cases referred to in § 395 Criminal Procedure Code, there shall be no requirement to demonstrate a legitimate interest.
- (2) ¹Inspection of the files shall be refused if overriding interests worthy of protection, either of the accused or of other persons, constitute an obstacle thereto. ²It may be refused if the purpose of the investigation appears to be jeopardized or if the proceedings could be considerably delayed thereby.
- (3) Upon application and unless important reasons constitute an obstacle, the files and pieces of evidence may be handed over to the attorney.
- (4) § 406e section 3 to 6 Criminal Procedure Code shall apply *mutatis mutandis*.

Subtitle 2: Punishable disclosure of business secrets

§ 86 Disclosure of business and trade secrets

- (1) A period of imprisonment of up to three years or a fine may be imposed on a person who, as the employee of a business without authorisation communicates a business or trade secret with which he was entrusted, or to which he had access, during the course of the employment relationship to another person for the purpose of competition, for his personal gain, for the benefit of a third party, or with the intention to cause damage to the owner of the business.

- (2) The same shall apply to a person who, for the purpose of competition, for personal gain, for the benefit of a third party, or with the intent of causing damage to the owner of the business,
1. without authorisation acquires or secures a business or trade secret
 - a) by using technical means,
 - b) by creating a corporal reproduction of the secret or
 - c) by removing an item in which the secret is embodied or
 2. uses or communicates to anyone a business or trade secret which he acquired through one of the means referred to in section 1, or through an act of his own or of a third party pursuant to No 1, or which he has otherwise acquired or secured without authorisation.
- (3) ¹In particularly aggravated cases the sentence shall consist in imprisonment of up to five years or a fine. ²A particularly aggravated case will as a general rule exist in circumstances where the infringer
1. acts on a commercial scale,
 2. knows at the time of the communication that the secret is to be used abroad or
 3. himself effects a use pursuant to section 2, No 2, abroad.

§ 87 Exploitation of models

A period of imprisonment of up to two years or a fine may be imposed on a person who, acting without authorisation, uses or communicates to another person models or instructions of a technical nature, in particular drawings, prototypes, patterns, segments or formulas, which he was entrusted with, for the purpose of competition or for his personal gain.

§ 88 Punishable attempt

The attempt of an act described in §§ 86 [disclosure of business and trade secrets] and 87 book 1 [exploitation of models] is punishable.

§ 89 Inducing and offering disclosure

- (1) A period of imprisonment of up to two years or a fine may be imposed on a person who, for the purpose of competition or for his personal gain attempts to induce another person to commit a

criminal offence pursuant to § 86 [disclosure of business or trade secrets] or § 87 book 1 [exploitation of models] or to incite the commission of such an act.

- (2) The same applies to a person who, for the purpose of competition or, for his personal gain, offers or accepts the offer of another person, or conspires with such person, to commit, or to incite the commission of an act pursuant to § 86 [disclosure of business and trade secrets] or § 87 book 1 [exploitation of models].
- (3) § 31 Criminal Code shall apply *mutatis mutandis*.

§ 90 Demand for criminal sanctions, acts committed abroad

- (1) In the cases referred to in §§ 86, 87, 89 book 1 [disclosure of business and trade secrets; exploitation of models; inducing and offering disclosure] the act shall only be prosecuted upon request, unless the criminal prosecution authority considers that it is necessary to take *ex officio* action on account of a particular public interest in such criminal prosecution.
- (2) The provision of § 5 No 7 Criminal Code concerning acts referred to in §§ 86, 87, 89 book 1 [disclosure of business and trade secrets; exploitation of models; inducing and offering disclosure], shall apply *mutatis mutandis* to acts committed abroad, which are directed against domestic objects of legal protection.

Subtitle 3: Administrative offences

§ 91 Violation of supplementary protective measures of book 3 (Copyright Act)

- (1) An administrative offence is committed by anyone who
 1. in contravention of § 95a(3) book 3 (Copyright Act)
 - a) sells or rents out equipment, a product or a component or distributes it to anyone other than a person the infringer has a personal bond with or
 - b) for business purposes possesses equipment, a product or a component or promotes its sale or rental or renders a service in this context,

2. in contravention of § 95b(1) sentence 1 book 3 (Copyright Act) does not provide the means necessary or
 3. in contravention of § 95b(2) sentence 1 book 3 (Copyright Act) does not mark or insufficiently marks works or other protected subject matters.
- (2) In the cases referred to in subsection 1 No 1 and 2, a fine of up to 50,000 € and in the other cases of up to 10,000 € may be imposed for the administrative offence.

§ 92 Violation of supplementary protective measures of book 4 (Trademark Act)

- (1) An administrative offence is committed by anyone who, in the course of business, unlawfully uses
1. coats of arms, flags or other official emblems or coats of arms of a domestic place, association of municipalities or other municipal entities (§ 8(2) No 6 book 4 (Trademark Act)),
 2. official test or guarantee marks (§ 8(2) No 7 book 4 (Trademark Act)); or
 3. marks, seals or designations (§ 8(2) No 8 book 4 (Trademark Act))
- in an identical or imitated manner for marking goods or services.
- (2) An administrative offence is committed by anyone who, intentionally or negligently,
1. in contravention of § 134(3) book 4 (Trademark Act), also in conjunction with section 4
 - a) refuses to allow business premises, land, sales outlets or means of transport to be entered or inspected,
 - b) does not display the agricultural products or foodstuffs to be inspected in such a way that the inspection can be carried out in due form,
 - c) fails to provide the necessary assistance in the case of inspections,
 - d) does not allow samples to be taken,
 - e) does not or not completely submit business records or does not allow them to be examined or
 - f) fails to provide information or does not provide it correctly or fully or

2. contravenes a statutory order issued under § 139(1) book 4 (Trademark Act) insofar as it with regard to a specific offence refers to these rules governing fines.
- (3) The administrative offence may be punished by a fine up to 2,500 € in the cases referred to in section 1, and by a fine of up to 10,000 € in the cases referred to in section 2.
- (4) In the cases referred to in section 1, § 80 book 1 [seizure, forfeiture] shall apply *mutatis mutandis*.
- (5) In the cases referred to in section 1, the Federal Office for Justice shall be the administrative authority in the meaning of § 36(1) No 1 (Administrative Offences Act).

§ 93 Disorderly use of the term traditional specialities guaranteed

An administrative offence is committed by anyone who negligently commits one of the acts described in § 73 [punishable use of the term of traditional specialities guaranteed].

§ 94 Violation of supplementary protective measures of book 8 (Plant Variety Protection Act)

- (1) An administrative offence is committed by anyone who, intentionally or negligently,
 1. in contravention of § 14(1) book 8 (Plant Variety Protection Act), markets propagating material of a variety protected under this code and thereby does not or not in the prescribed manner state the variety denomination,
 2. in contravention of § 14(3) book 8 (Plant Variety Protection Act), uses a variety denomination protected under this code or a designation that may be confused with it for another variety or the same or of a related species or
 3. in contravention of article 17(1), also in conjunction with section 3, of Regulation (EC) No 2100/94 (Community plant variety rights), does not or not correctly, completely or in the prescribed manner use the designation of a variety protected by Community plant variety rights.
- (2) ¹For such administrative offence a fine of up to 5,000 € may be imposed. ²§ 80(2) book 1 [seizure, forfeiture] shall apply *mutatis mu-*

tandis, with the proviso that § 23 Administrative Offences Act is applied instead of § 74a Criminal Code.

- (3) The Federal Office of Plant Varieties shall be the administrative authority within the meaning of § 36(1) No 1 Administrative Offences Act.

Title 3: Measures of the customs authorities

§ 95 Seizure

- (1) ¹Infringing goods, particularly reproductions and products imported, exported or in transit, shall upon request and against security of the rightholder, underlie seizure by the customs authorities if the infringement is obvious and insofar as Regulation (EC) No 1383/2003 (border measures), is not applicable in its respective version. ²The aforesaid shall apply to the trade with other Member States of the European Union and with other Contracting States to the Agreement on the European Economic Area only insofar as controls are carried out by the customs authorities. ³With regard to geographical indications § 100 book 1 [border measures in case of infringement of geographical indications] shall apply.
- (2) ¹In case the customs authorities order a seizure, they shall inform both, the party entitled to dispose of the goods and the applicant for such measure without delay. ²The origin, quantity and place of storage of the product, along with the name and the address of the party entitled to dispose of the product, shall be communicated to the applicant. ³The secrecy of correspondence and mail (article 10 Basic Law) insofar is restricted. ⁴The applicant shall be given the opportunity to inspect the goods unless this would interfere with business or trade secrets.

§ 96 Forfeiture, opposition, lifting of seizure

- (1) Where no opposition to seizure is made, at the latest within two weeks of service of the notification under § 95(2) sentence 1 book 1 [seizure], the customs authorities shall order forfeiture of the seized goods.

- (2) ¹In case the party entitled to dispose of the seized goods opposes seizure, the customs authorities shall inform the applicant thereof without delay. ²The applicant shall be required to declare to the customs authorities, without delay, whether he maintains the request under § 95(1) book 1 [seizure] in respect of the seized goods.
- (3) ¹In case the applicant withdraws his request, the customs authority shall lift the seizure without delay. ²If the applicant maintains his request and submits an enforceable court decision, which orders the seized goods to be impounded or a limitation of disposal, the customs authorities shall take the necessary measures.
- (4) ¹Where neither of the cases referred to in section 3 is applicable, the customs authorities shall lift the seizure after the expiry of two weeks from service of the notification to the applicant under section 2. ²Where the applicant can show that a court order according to section 3 sentence 2 has been requested, but has not yet been delivered, the seizure shall be maintained for no more than two weeks.

§ 97 Competence, remedies

- (1) ¹The request under § 95(1) book 1 [seizure] is to be submitted to the Regional Finance Office and shall be effective for one year unless a shorter period of validity has been requested. ²The request may be repeated.
- (2) The cost of official acts related to the request shall be charged to the applicant in accordance with § 178 Fiscal Code.
- (3) ¹Seizure and forfeiture may be challenged by the same remedies as provided for in administrative fine proceedings under the Administrative Offences Act in respect of seizure and forfeiture. ²The applicant shall be heard in the review proceedings. ³The decision of the court of first instance may be subject to an immediate appeal. ⁴The immediate appeal shall be heard by the higher regional court.

§ 98 Compensation for unjustified seizure

If the seizure proves to have been unjustified from the beginning and if the applicant has maintained the request under § 95(1) book 1 [seizure] in respect of the seized goods or has not without delay made a declaration (§ 96(2) sentence 2 book 1 [forfeiture, opposition, lifting of

seizure]), he shall compensate the party entitled to dispose of the seized goods for the damages incurred through the seizure.

§ 99 Border measures pursuant to Regulation (EC) No 1383/2003

- (1) Should the competent customs authority in accordance with article 9 of Regulation (EC) No 1383/2003 (border measures of customs authorities) suspend the release of the infringing goods or detain them, it shall immediately inform both the rightholder and the declarant, possessor or owner of the goods.
- (2) In the event of the case described in section 1, the rightholder may apply to have the goods destroyed by means of the simplified procedure within the meaning of article 11 of Regulation (EC) No 1383/2003 (border measures) hereinafter described.
- (3) ¹The application shall be filed with the customs authority in writing within ten working days, or in case perishable goods are concerned within three working days, from receipt of the notification pursuant to section 1. ²It shall state that the goods that are the subject matter of the proceedings infringe a right protected under this code. ³The written consent of the declarant, the possessor or the owner of the goods, to their destruction must be attached. ⁴By derogation from sentence 3, the declarant, the possessor or the owner may directly submit the written declaration, whether or not he consents to destruction, to the customs authorities. ⁵Before it expires, the period referred to in sentence 1 may, at the rightholder's request, be prolonged by ten working days.
- (4) ¹The consent to destruction shall be deemed granted if the declarant, the possessor or the owner of the goods does not oppose destruction within ten working days, or within three working days in the case of perishable goods, from receipt of the notification pursuant to section 1. ²Reference shall be made to this circumstance in the notification pursuant to section 1.
- (5) The destruction of the goods shall be carried out at the expense and under the responsibility of the rightholder.
- (6) ¹The customs office may provide for organisational aspects of destruction. ²Section 5 shall remain unaffected.

- (7) The retention period pursuant to article 11(1) second indent of Regulation (EC) No 1383/2003 (border measures) is one year.
- (8) In all other cases §§ 95 to 98 book 1 [measures of the customs authorities] shall apply *mutatis mutandis*, unless Regulation (EC) No 1383/2003 (border measures) provides for rules, which operate to the contrary.

§ 100 Border measures in case of infringement of geographical indications

- (1) ¹Insofar as the infringement is obvious and Regulation (EC) No 1383/2003 (border measures) does not apply, goods which unlawfully bear a geographical indication protected under book 4 (Trademark Act) or by legislation in force in the European Union shall, on import, export or in transit, be subject to seizure for the purpose of removing the unlawful marking. ²This provision shall apply to the trade with other Member States of the European Union as well as the other Contracting States to the Agreement on the EEA only insofar as controls are carried out by the customs authorities.
- (2) ¹The seizure shall be carried out by the customs authorities. ²The customs authorities shall also order the measures necessary in order to remove the unlawful marking.
- (3) If the orders of the customs authorities are not complied with or if removal is impracticable, the customs authorities shall order confiscation of the goods.
- (4) § 97(3) book 1 [competence, remedies] shall apply *mutatis mutandis*.

Chapter 4: Intellectual property rights as objects of property

Title 1: Transfer of intellectual property rights

§ 101 Transfer of absolute intellectual property rights

- (1) Insofar as absolute intellectual property rights are transferable (§ 6 book 1 [transferability and contractual exploitation]), the transfer,

unless otherwise provided by the following rules, is governed by the provisions of the Civil Code.

- (2) If the intellectual property right belongs to an undertaking the transfer of the undertaking or of the relevant part of an undertaking shall, in case of doubt, include transfer of the respective intellectual property right.
- (3) ¹If the subject matter of the transfer is a transferable right protected pursuant to book 3 (Copyright Act) the special need for the creator's protection shall be taken into account. ²This shall not apply to computer programmes.
- (4) ¹A sign may be transferred independently from any transfer of the undertaking. ²§ 23 Commercial Code shall remain unaffected. ³A sign cannot be transferred, if such transfer to the transferee is likely to mislead the public.
- (5) In case a transfer of a trademark only pertains to some of the categories of goods and services, for which the trademark is registered for, the rules on partition of registration shall apply *mutatis mutandis*.
- (6) Contracts on the transfer of absolute intellectual property rights shall not contain any limitations exceeding the substance of the intellectual property right, which pursuant to the articles 101 and 102 TFEU are incompatible with the Common Market.
- (7) Insofar as the mandatory character does not result from the nature of the respective rule, the following provisions of this title shall be dispositive.

§ 102 Formal requirements of contractual transfer

¹Without prejudice to § 101(2) book 1 [transfer of absolute intellectual property rights], the disposition transferring an intellectual property right shall be made in writing (§ 126 Civil Code) or in an equivalent form; otherwise it shall be void. ²Additional registration requirements remain unaffected.

§ 103 Relation between the act of obligation and the act of disposition

The invalidity of the obligation to transfer does not affect the legal validity of the disposition on transfer, unless the purpose of the prohibition or the protection of the rights of the author so require.

§ 104 Warranty

- (1) ¹The transferor shall ensure that he at the time of conclusion of the contract is entitled to the intellectual property right and authorised to dispose thereof. ²The transferor shall also ensure that the intellectual property right is not encumbered by any third party rights *in rem* or licences and compulsory licences beyond what has been agreed on in the contract.
- (2) ¹The transferor shall not be liable for the protectability and the validity of the intellectual property right, provided that he neither knew nor should have known the reason for the nullity or cancellation of the intellectual property right. ²If the intellectual property right is declared null and void following the conclusion of the contract or is cancelled on other grounds with effect *ex tunc*, contractual obligations which have already been fulfilled shall remain unaffected hereof.
- (3) The transferor may not invoke an exclusion from liability for the existence of the intellectual property right, if, at the time of the conclusion of the contract, there were doubts concerning the legal validity of the intellectual property right and the transferor failed to inform the transferee thereof.
- (4) The transferor shall not be liable for the technical feasibility or the profitability of economic exploitation of the intellectual property right.
- (5) In all other cases the liability of the transferor shall be governed by the provisions of the Civil Code.

§ 105 Duties of the transferee

To the extent that the remuneration agreed upon for the transfer depends on the extent of use or the success of the latter, the provisions of § 116(1) and (3) book 1 [other duties of the licensee] concerning the

licensee's duty of exploitation and his duty to provide information shall apply *mutatis mutandis*.

§ 106 Registrability

- (1) Upon request of the transferor or the transferee, the transfer of a registered intellectual property right shall be recorded in the register.
- (2) Where necessary, the transferor shall be obliged to assist in the registration.

Title 2: Rights *in rem*, compulsory enforcement and insolvency

§ 107 Rights *in rem*

- (1) Insofar as absolute intellectual property rights, pursuant to § 6 book 1 [transferability and contractual exploitation], may be transferred *inter vivos* by means of a legal transaction, they may also be given as a security or be the subject of another right *in rem*.
- (2) If the rights in intellectual property rights referred to in section 1 relate to a registered intellectual property right such rights shall, upon request of one of the parties, be recorded in the register.

§ 108 Compulsory enforcement

- (1) Insofar as absolute intellectual property rights pursuant to § 6 book 1 [transferability and contractual exploitation], may be transferred *inter vivos* by means of a legal transaction, they may be subject to execution measures.
- (2) ¹Non-transferable absolute intellectual property rights may only be subject to compulsory enforcement insofar as the rightholder may grant licences thereon. ²When conducting compulsory enforcement against the author, the protection of the author's moral rights shall be taken into account. ³Measures of compulsory enforcement serving the fulfilment of pecuniary claims with regard to a copyright or work original shall only be admissible against the author if he agrees to such measures. ⁴The consent may not be given by the legal representative. ⁵Consent shall not be required,

1. if compulsory enforcement measures regarding the original of the work are necessary in order to carry out a compulsory enforcement measure regarding a licence in the work,
2. for compulsory enforcement measures regarding the original of a work of architecture,
3. for compulsory enforcement measures regarding the original of another artistic work if the work has been published.

⁶Compulsory enforcement against the author's successor in title or an executor of his will serving the fulfilment of pecuniary claims shall also be admissible without consent, if the work has already been published. ⁷Sentence 3 shall apply *mutatis mutandis*. ⁸In the event of compulsory enforcement against the licensee, the exploitation of copyright licences shall require the consent of the author; measures of compulsory enforcement may not affect his interests.

- (3) Equipment which is solely intended for the use of a work or achievement protected by a related right, such use being reserved to the rightholder, shall only be subject to compulsory enforcement based on pecuniary claims insofar as the creditor is entitled to use the work by means of this equipment.
- (4) The author's entitlement to further appropriate remuneration pursuant to 128(2) No 2 book 1 [author's right to appropriate remuneration] shall not be subject to compulsory enforcement measures.
- (5) If the enforcement measures relate to a registered intellectual property right, such measures shall, upon request of one of the parties, be recorded in the register, provided they are verified vis-à-vis the German Patent and Trade Mark Office.

§ 109 Insolvency proceedings

- (1) ¹Insofar as the following rules do not provide for modification, the treatment of intellectual property rights in case of insolvency is governed by the general rules on insolvency proceedings. ²The rules referred to in book 10 A (employees' inventions) on the treatment of intellectual property rights in case of the employer's insolvency shall remain unaffected.
- (2) ¹The insolvency of the rightholder shall not have any impact on the effectivity of a licence agreement entered into by the latter. ²The

licence agreement shall continue with binding effect on the insolvency estate. ³This only shall apply to auxiliary contractual obligations insofar as the compliance with these obligations is imperative in order to enable the licensee to use the intellectual property right. ⁴In the event the licence agreement displays a striking disproportion between the agreed remuneration and a regular market remuneration, the insolvency administrator shall have a right to claim adjustment of the remuneration; in this case the licensee may terminate the contract without notice.

- (3) ¹In the event of an insolvency of an author the protection of his moral rights shall be taken into account. ²Copyrights and non-transferable related rights shall only be part of in the insolvency estate insofar as they are subject to compulsory enforcement measures pursuant to § 108(2) book 1 [compulsory enforcement]. ³In the event of an insolvency of the licensee the transfer of the licence only is permitted subject to conditions laid down in § 119 book 1 [transfer of a licence] and may not impair the legitimate interests of the author.
- (4) ¹If a registered intellectual property right is affected by insolvency proceedings, this shall be entered in the register upon request of the insolvency administrator or the insolvency court. ²In the case of self-administration (§ 270 Insolvency Code) the custodian shall act in place of the insolvency administrator.

Title 3: Licensing of intellectual property rights

Subtitle 1: Licences on industrial property rights

§ 110 Principle of freedom to grant a licence

- (1) Trademarks and commercial designations, patents and supplementary protection certificates, utility models, designs, plant variety rights and semiconductor protection rights (industrial property rights) may be licensed in whole or in part for the whole or part of the territory to which this code applies.
- (2) ¹Licence contracts with respect to absolute intellectual property rights shall not lead to an unlawful market sharing or foreclosure

contrary to articles 34, 36, 56 TFEU. ²§ 16 book 1 [anti-competitive exercise] shall apply to all contractual limitations exceeding the specific subject matter of the respective intellectual property right.

- (3) Insofar as the mandatory character does not result from the nature of the respective rule, the following provisions of this title shall be dispositive.

§ 111 Essence of licence agreements

- (1) A licence agreement is a type of contract in the meaning of the Civil Code.
- (2) ¹By means of a licence agreement the licensor undertakes the duty to grant the licensee the right to use the intellectual property right for the term of contract. ²The licensee is obliged to pay the licensor the agreed licence fee.
- (3) The right to use may be granted to the licensee exclusively (exclusive licence), with reservation to the exploitation by the rightholder himself (sole licence), or with reservation to exploitation by others (non-exclusive licence).

§ 112 Written form, registrability, succession protection

- (1) The conclusion of a licence agreement which as its subject has the granting of an exclusive or sole licence shall be made in writing (§ 126 Civil Code) or an equivalent form; otherwise the licence agreement shall be null and void.
- (2) ¹The granting of a licence to a registered intellectual property right shall, at the request of one of the parties, be entered in the register. ²Where necessary, the licensor is obliged to assist in the registration.
- (3) ¹Any transfer of rights or the grant of a licence shall not affect existing licences, which have been previously granted to third parties (succession protection). ²In the case of a transfer of rights the new rightholder shall assume the rights and obligations of the licensor. ³In case a licence subsequently granted affects the rights of a licensee, which has previously concluded a licence contract regarding the intellectual property right, which is the subject of the present agreement, the latter shall insofar be null and void.

§ 113 Remuneration

- (1) ¹The licensee is obliged to pay the remuneration agreed on to the licensor. ²If the amount of remuneration is not specified, an appropriate monetary remuneration is deemed to be agreed.
- (2) The agreed remuneration shall be paid by the licensee on a quarterly basis.

§ 114 Duration, extraordinary termination

- (1) The duration of the licence agreement shall, in case of doubt, correspond to the duration of the intellectual property right.
- (2) The nullity of the intellectual property right does not affect the validity of the licence contract.
- (3) Each party shall only have the right of termination under the conditions laid down in § 314 Civil Code.
- (4) Unless otherwise agreed by the parties the licensor in particular cannot be reasonably expected to adhere to the contract if the licensee has attacked the legal validity of the intellectual property right.
- (5) The licensee in particular cannot be expected to further adhere to the licence agreement in case the intellectual property right ceases or is declared invalid and in case the exploitation of the licence is uneconomical according to the standards of § 313 Civil Code and an adjustment of the contract is either impossible or unacceptable for the licensor.

§ 115 Other duties of the licensor

- (1) The licensor shall be obligated to take necessary measures to ensure the maintenance of the intellectual property right.
- (2) ¹The licensor shall be obligated towards the licensee to defend the intellectual property right against infringements of third parties, if the infringement affects the exploitation of the intellectual property right by the licensee. ²The right of the licensee, to bring an action on his own or to assist the licensor in infringement proceedings under the conditions laid down in § 122 book 1 [licensee's right to sue in case of infringement], shall remain unaffected.

§ 116 Other duties of the licensee

- (1) The licensee is obliged to exercise the licence in accordance with the principle of good faith insofar as the licence fee is determined on the basis of the extent of the exploitation.
- (2) ¹In case of doubt, an exclusive licensee shall moreover be obligated to exercise the licence, if the use of the intellectual property right is indispensable for the continuing existence of the intellectual property right. ²The same shall apply in the event that in case of a lack of exploitation a compulsory licence may be granted. ³The extent of the duty of exploitation shall depend on the acts of use that are prescribed for the respective intellectual property right.
- (3) ¹Insofar as it is necessary for the calculation of the licence fee, the licensee shall be obligated to provide information and render accounts to the licensor. ²The provisions of § 259 Civil Code shall remain unaffected.

§ 117 Warranty

- (1) ¹The licensor shall ensure, that he at the time of conclusion of the contract is entitled to the intellectual property right and is authorized to dispose hereof. ²The licensor shall also ensure, that the licensee is not affected by any third party rights (rights *in rem*, licences, compulsory licences) when exercising the right of use granted to him.
- (2) ¹The licensor shall not be liable for the protectability and the validity of the intellectual property right, provided that he neither knew nor should have known the reason for the nullity or cancellation of the intellectual property right. ²If the intellectual property right is declared null and void following the conclusion of the contract or is cancelled on other grounds with effect *ex tunc*, contractual obligations, which have already been fulfilled, shall remain unaffected hereof. ³However, the licensee may claim repayment of licence fees that have been paid in fulfilment of the contract on grounds of equity insofar as the execution of the licence has already been affected by the impending lapse prior to that date.
- (3) The licensor may not invoke an exclusion from liability for the validity of the intellectual property right, if, at the time of the conclusion of the contract, there were doubts concerning the legal valid-

ity of the intellectual property right and the licensor failed to inform the licensee thereof.

- (4) The licensor shall not be liable for the technical feasibility or the profitability of economic exploitation of the intellectual property right.
- (5) In all other cases the warranty of the licensor shall be governed by the provisions of the Civil Code.

§ 118 Sub-licences

- (1) ¹The licensee may only grant a sub-licence to a third party with the consent of the licensor. ²The existence of the sub-licence depends on the existence of the principal licence. ³In all other respects § 112 (3) book 1 [written form, registrability, succession protection] shall apply *mutatis mutandis*.
- (2) The licensor may only refuse the sub-licensing of an exclusive licence, if it is contrary to his legitimate interests.
- (3) ¹The granting of a sub-licence on a registered intellectual property right shall, at the request of one of the parties, be entered in the register. ²Furthermore § 112(2) sentence 2 book 1 [written form, registrability, succession protection] shall apply *mutatis mutandis*.

§ 119 Transfer of a licence

- (1) ¹The licensee may only transfer a licence to a third party with the consent of the licensor. ²The transferee shall assume the rights and obligations of the licensee arising from the licence agreement.
- (2) The licensor may only refuse to grant consent to the transfer of an exclusive licence if it would be contrary to his legitimate interests.
- (3) ¹The consent of the licensor shall not be required if the licensee transfers the licence together with his undertaking. ²If the licensor has not expressly agreed to the transfer, the former licensee shall be liable for the fulfilment of the licensor's remuneration.
- (4) ¹The transfer of a licence to a registered intellectual property right shall, at the request of one of the parties, be entered in the register. ²Furthermore § 112(2) sentence 2 book 1 [written form, registrability, succession protection] shall apply *mutatis mutandis*.

§ 120 No-challenge clause

- (1) ¹A contractual provision that prohibits the licensee to challenge the legal validity of the intellectual property right shall be void. ²The validity of the remaining contract shall remain unaffected hereof.
- (2) The nullity pursuant to section 1 shall not affect an agreement that entitles the licensor to terminate the contract without notice in the event of a challenge of the intellectual property right.
- (3) Section 1 shall apply *mutatis mutandis* to other anti-competitive provisions a contract may contain.

§ 121 Right to sue in the case of exploitation in excess of the contract

The rightholder may invoke the rights conferred by the intellectual property right against a licensee who contravenes any provision in the licence agreement with regard to its duration, its scope, the manner of use, the range, territory or quality of the goods manufactured or the services rendered by the licensee or other limitation of the licensee's scope.

§ 122 Licensee's right to sue in case of infringement

- (1) ¹Without prejudice to the provision of the licence contract, the licensee may bring an action for infringement only if its rightholder consents thereto. ²However, the holder of an exclusive licence may bring such proceedings if the rightholder, after formal notice, does not himself bring infringement proceedings within an appropriate period and the refusal of the consent, pursuant to sentence 1, is not justified according to the principle of good faith.
- (2) A licensee shall, in particular for the purpose of supporting the licensor in obtaining compensation for damage suffered by him, be entitled to join infringement proceedings brought by the rightholder as an intervening party.
- (3) Insofar as the infringement proceedings are brought by the licensee instead of the rightholder, the provisions of chapter 3 book 1 [infringement, enforcement] shall apply *mutatis mutandis*.

**Subtitle 2: Licences on rights protected under book 3
(Copyright Act)**

**§ 123 Licences on copyrights, computer programmes
and related rights**

- (1) ¹The preceding rules of subtitle 1 book 1 [licences on industrial property rights] shall, with respect to the following modifications, apply *mutatis mutandis* to the granting of licences on copyrights. ²In determining the contractual obligations, the author's moral rights as well as the author's particular need for protection shall be taken into account.
- (2) Licences on computer programmes are subject to the preceding rules of subtitle 1 book 1 [licences on industrial property rights] unless their application requires the registration of the intellectual property right.
- (3) ¹Licences on non-transferable related rights are subject to the following rules for licences on copyrights. ²With exception of § 128(2) No 3 book 1 [author's right to appropriate remuneration] this shall also apply to the right of the performing artist according to § 73 book 3 (Copyright Act). ³In all other respects the rules of subtitle 1 book 1 [licences on industrial property rights] shall apply to licences on transferable related rights, unless their application requires the registration of the intellectual property right.
- (4) ¹Publishing rights constitute a licence in the meaning of § 111 book 1 [essence of licence agreements]. ²The provisions of the Publishing Act shall remain unaffected. ³Insofar as the Publishing Act does not contain any provisions they shall be complemented by the application of the rules of this title.

**§ 124 Additional rules on the conclusion of a
licence agreement**

- (1) The conclusion of a licence agreement on the grant of a non-exclusive licence shall, by derogation of § 112(1) book 1 [written form, registrability, succession protection] also be made in writing, in case
 1. the author agrees to grant a licence in respect of future works which are not or only specified with regard to their type or

2. the author grants a licence extending to unknown future forms of exploitation, or obligates himself to do so.
- (2) The granting of a gratuitous non-exclusive licence shall in any case not require a written form.

§ 125 Additional rules on the scope of usage rights

- (1) ¹If at the time of granting the licence the forms of exploitation are not expressly and individually indicated, the forms of exploitation covered by the licence agreement shall be determined in accordance with the purpose both parties have assigned to such contract. ²The same shall apply *mutatis mutandis*, if, in the event of the granting of the exploitation right, no agreement has been concluded as to whether a mere permission or a licence shall be granted, whether the agreement refers to a non-exclusive, sole or exclusive licence, as to the scope of the exploitation right, whether the author gives his consent to an action being brought by the licensee and as to the restrictions which such licence is subject to.
- (2) If an author grants another person a licence for the use of a work, he shall, in case of doubt, retain the right to approve of a publication or exploitation of adaptations of such work.
- (3) If an author grants another person a licence for the reproduction of a work, he shall, in case of doubt, retain the right to transform the work onto visual or sound recording media.
- (4) If an author grants another person a licence covering the communication of the work in public, the licensee, in case of doubt, shall not be entitled to communicate the work by means of a screen, loudspeaker or other technical equipment which enables the public to perceive it outside the event for which it is intended.

§ 126 Additional rules on the scope of the usage rights concerning collections

- (1) ¹If an author grants permission for his work to be included into a collection, which is published periodically, the publisher or editor shall, in case of doubt, acquire an exclusive licence for the reproduction and distribution of such work. ²But, unless otherwise agreed, the author shall retain the right to reproduce and distribute the work elsewhere one year following its publication.

- (2) If an author grants permission for a work to be included as a contribution into a collection which is not published periodically and is not entitled to any remuneration in return, the author shall, unless otherwise agreed, retain the right to reproduce and distribute the work elsewhere one year following its publication.
- (3) ¹If an author grants permission for his work to be included into a newspaper, the publisher or editor shall, unless otherwise agreed, acquire a non-exclusive licence. ²If an author grants an exclusive licence to a newspaper, he shall, unless otherwise agreed, retain the right to reproduce and distribute the contribution elsewhere immediately after such publication.

§ 127 Additional rules on the scope of usage rights concerning cinematographic works

- (1) ¹If an author grants permission to another person to produce a cinematographic adaptation of his work, this shall, in case of doubt, constitute the grant of an exclusive licence covering the use of such work for the production of a cinematographic work with or without alterations, including adaptations or transformations, and to use the cinematographic work as well as translations and other cinematographic adaptations thereof in all forms of exploitation. ²The same shall apply to any person, who agreed to participate in the production of a film, with regard to his related rights.
- (2) ¹If the person who agrees to participate in the production of a film acquires a copyright with respect to the film, any licence granted on such right shall, by derogation from § 112(3) book 1 [written form, registrability, succession protection], not have any binding effect on a licence subsequently granted to the producer of the cinematographic work. ²The same shall apply to any person, who by contract has obliged himself vis-à-vis the producer to participate in the production of a cinematographic work, with regard to the related rights which are necessary for the exploitation of the cinematographic work.
- (3) ¹The rights conferred in accordance with section 1 sentence 1 shall, in case of doubt, not entitle anyone to a cinematographic remake of the work. ²In case of doubt, the author shall retain the right to

otherwise exploit his work by cinematographic means ten years following the conclusion of the contract.

- (4) The copyright in the works, which the production of the cinematographic work is based on, such as a novel, script or soundtrack shall remain unaffected.

§ 128 Author's right to appropriate remuneration

- (1) ¹The author is entitled to an appropriate remuneration in return for granting a licence. ²Remuneration shall be deemed appropriate if it is calculated in accordance with common rules of remuneration (§ 36 book 3 (Copyright Act)). ³In all other cases, remuneration shall be appropriate if, at the time of the conclusion of the contract and in consideration of all circumstances, it meets the standard of what is accepted and considered a fair remuneration in the course of business for a licence of that type and scope, in particular taking into account its term and the effective time of use.

- (2) ¹The author may require the other party to the contract to agree to an amendment of the contract which entitles the author to appropriate remuneration, if
1. the remuneration agreed upon at the time of conclusion of contract was not appropriate,
 2. the agreement, taking into consideration the entire contractual relationship between the author and the licensee, displays a striking disproportion between the proceeds and other benefits arising from the exploitation and the consideration owed in return or
 3. the licensee engages in a new form of exploitation of the work that is covered by the agreement, but was unknown at the time of conclusion of the contract.

²Whether or not the parties have or could have anticipated the amount of the proceeds or other benefits is not of relevance.

³The licensee shall have the duty to notify the author without delay in case he engages in a new form of exploitation of the work.

- (3) ¹If the striking disproportion between the proceeds and other benefits arising from exploitation and the consideration owed to the author, occurs as a consequence of the use by a sub-licensee, the author shall be entitled to demand appropriate remuneration pur-

suant to section 2 from the sub-licensee, taking into account the contractual relationships within the licence chain. ²The main licensee shall not be held liable. ³The same shall apply in case the sub-licensee engages in a new form of exploitation of the work.

- (4) A right to adaptation of the contract is precluded, if the remuneration owed for the exploitation of the work is specified in a collective bargaining agreement, provided that in the cases pursuant to No 2 and 3 such collective bargaining agreement also provides for a further appropriate remuneration.
- (5) ¹The other contracting party may not rely on any agreement deviating from section 1 and 2 to the detriment of the author. ²This shall also apply, in case the abovementioned duties are circumvented by other arrangements. ³The author shall neither be entitled to waive the claim to an appropriate remuneration in advance nor be entitled to dispose of the future benefits.
- (6) The possibility to grant a gratuitous non-exclusive licence to everyone shall remain unaffected.

§ 129 Prohibition of unauthorised alterations

¹The licensee may not alter a work, its title or the author's indication (§ 141(1) book 1 [presumption of rightholdership]) unless otherwise agreed. ²Alterations to a work and its title remain admissible, as far as the author may not refuse his consent to them in good faith.

§ 130 Limitation of the author's duty of legal defence

The author may also comply with his duty to defend his right against infringement pursuant to § 115(2) book 1 [other duties of the licensor] by conferring to the licensee the right to institute proceedings pursuant to § 122 book 1 [licensee's right to sue in case of infringement].

§ 131 Additional provisions on the grant of sub-licences

- (1) By derogation from § 118 book 1 [sub-licences], the exclusive licensee shall not require the rightholder's consent to the granting of a further licence, if the exclusive licence is granted for the mere purpose of administering the interests of the author.
- (2) As far as the sub-licence concerns the exploitation right in a collective work (§ 4 book 3 (Copyright Act)), including the exploita-

tion rights in the individual work contributing to such collective work, the consent of the author of the collective work shall be sufficient.

- (3) ¹The requirement of consent shall not apply with regard to a cinematographic work, in case the author has granted a licence covering the production of a cinematographic adaptation of his work or has agreed to participate in the production of a film and the shooting of the film has already started. ²The same shall apply to image or sound sequences, which not as such are protected as cinematographic works.

§ 132 Additional provisions on the transfer of licences

- (1) If the licensee transfers the licence to a third person pursuant to § 119 book 1 [transfer of a licence], without the consent of the author being required and without such consent expressly being granted in the individual case, the transferor shall be jointly and severally liable for the fulfilment of the contractual obligations by the new licensee.
- (2) As far as, together with an exploitation right in a collective work (§ 4 book 3 (Copyright Act)), exploitation rights in the individual works contributing to such collective work are transferred, the consent of the author of the collective work shall be sufficient.
- (3) ¹The requirements of consent pursuant to § 119 book 1 [transfer of a licence] shall not apply with regard to cinematographic works, in case the author has granted a licence covering the production of a cinematographic adaptation of his work or has agreed to participate in the production of a film and the shooting of the film has already started. ²The same shall apply to image or sound sequences, which are not as such protected as cinematographic works.

§ 133 Additional rights of revocation and termination with regard to contracts on future works

- (1) ¹A licence agreement with respect to future works pursuant to § 124(1) No 1 book 1 [additional rules on the conclusion of a licence agreement] may be terminated by either party five years following the conclusion of such contract. ²The period of notice shall

be six months unless a shorter period of notice has been agreed upon.

- (2) ¹A licence agreement concerning future forms of exploitation pursuant to § 124(1) No 2 book 1 [additional rules on the conclusion of a licence agreement] may be revoked by the licensor. ²The right of revocation shall lapse three months after the other party has sent a notification to the author at his last known address announcing the intended engagement in the new form of exploitation of the work. ³The right of revocation shall not apply, if the parties, after the new form of exploitation has become known, have agreed on a separate appropriate remuneration or on a remuneration calculated in accordance with common rules of remuneration. ⁴The right of revocation shall cease with the death of the author.
- (3) If several works or contributions to a work together form a collection with the consequence that a new form of exploitation can only be engaged in appropriately in case all contributions to such work can be exploited in such manner, the author shall not be entitled to exercise the right of revocation contrary to good faith.
- (4) ¹By derogation from section 2, the author, who has granted a third party the right to produce a cinematographic adaption of a work with or without alterations, including adaptations or transformations, and to use such cinematographic work as well as translations and other cinematographic adoptions thereof in all forms of exploitation may not revoke the grant, if the shooting of the film has already started. ²The same shall apply *mutatis mutandis* to any person, who has agreed to participate in the production of a film. ³Sentence 1 and 2 shall further apply *mutatis mutandis* to image or sound sequences, which are not as such protected as cinematographic works.
- (5) ¹The right of revocation and termination according to section 1 to 3 may not be waived in advance. ²Other contractual or statutory rights of termination shall remain unaffected.

§ 134 Author's right of recall by reason of non-exercise

- (1) ¹If the exclusive licensee does not exploit the licence or does so insufficiently, thereby causing material detriment to the author's legitimate interests, the author may recall the licence. ²The right

to recall may not be invoked prior to the lapse of two years from conclusion of the licence agreement or, if the work is handed over at a later point of time, from that point in time.³In case of a contribution to a newspaper, the period shall be three months; in case of a contribution to a magazine, which is published either monthly or at shorter intervals, it shall be six months; and in the case of a contribution to other magazines, it shall be one year.

- (2) ¹Pursuant to section 1, recall may only be declared after the author has given the licensee advance notice of the intended recall and has set a reasonable period of grace within which the licensee may sufficiently exercise the licence. ²The grant of a grace period shall not be required if it is impossible for the licensee to exercise the exploitation right, if the latter refuses to exercise it or if the granting of a grace period would endanger the author's overriding interests. ³The exercise of the right to recall may not be waived in advance for more than five years.
- (3) The right to recall shall not apply, if the lacking or insufficient exercise of the rights granted by the licence is mainly attributable to circumstances, which the author may reasonably be expected to remedy.
- (4) ¹By derogation from section 1, a licence granted by the author, which covers the production of a cinematographic adaptation of a work with or without alterations, including adaptations or transformations, or translations and other cinematographic adaptations thereof in all current forms of exploitation is not subject to the right to recall, if the shooting of the film has already started. ²The same shall apply to any person, who has agreed to participate in the production of a film. ³Sentence 1 and 2 shall apply *mutatis mutandis* to image and sound sequences, which are not as such protected as cinematographic works.
- (5) In case of recall, the author shall indemnify the party concerned if and insofar as this is equitable.
- (6) The licence shall cease as soon as the revocation or recall takes effect.
- (7) ¹The right to recall may not be waived in advance. ²Rights and claims of the parties concerned under other statutory provisions shall remain unaffected.

§ 135 Author's right of recall by reason of changed attitude or unreasonableness

- (1) ¹The author may also recall a licence from the licensee if the work is no longer in accordance with his attitude and therefore the acceptance of further exploitation of such work can no longer reasonably be expected. ²The right to exercise the right to recall may not be excluded.
- (2) If the author after recall intends to exploit the work again, he shall be obliged to offer the former licensee a respective right of usage on reasonable terms.
- (3) The author's successor in title may only declare recall of a usage right, if he proves that the author would have been entitled to exercise recall before his death and was either prevented from doing so or that the author has exercised his right to recall by means of a testamentary disposition.
- (4) § 134 section 4 to 7 book 1 [author's right of recall by reason of non-exercise] shall apply *mutatis mutandis*.
- (5) ¹The compensation shall at least amount to the expenses that the licensee incurred before the right to recall was exercised, less the expenses incurred for benefits already drawn. ²The recall shall not become effective until the author has either reimbursed the expenses or has provided security for them. ³The licensee shall inform the author of the expenses incurred within a period of three months after the right to recall has been exercised; if he fails to comply with this obligation, the recall shall become effective already with expiration of said period.
- (6) ¹Pursuant to section 1 the author shall also be entitled to a right to recall, if the licence is, pursuant to § 119(3) book 1 [transfer of a licence], transferred within the course of transfer of a company as a whole or of parts thereof without the author's consent to such transfer, provided that the author cannot be reasonably expected in good faith to accept the exercise of the licence by the transferee. ²This shall also apply in case of material changes to the shareholders' proportions in the licensee's business. ³§ 134(6) and (7) book 1 [author's right of recall by reason of non-exercise] shall apply *mutatis mutandis*.

§ 136 Authors in employment or service contracts

- (1) The rules of this subchapter shall also apply if the author has created the work in performance of his duties under a contract of employment or a service contract, unless the content or the nature of the contract of employment or service requires otherwise.
- (2) ¹The validity of a licence agreement between the author and his employer shall, in case of doubt, be independent of the existence of the employment relationship. ²Sentence 1 shall apply *mutatis mutandis* in case of a service contract.

Title 4: Licence of right and compulsory licence

§ 137 Licence of right on patents and utility models

- (1) ¹If the patent applicant or the person recorded as patentholder in the register declares to the German Patent and Trademark Office in writing that he is prepared to allow anyone to use the invention in return for reasonable remuneration, the annual fees, which fall due for the patent after the receipt of such declaration, shall be reduced to one half of the amount prescribed. ²The effect of a declaration made in respect of a main patent shall extend to all its patents of addition. ³The declaration shall be recorded in the register and published in the patent bulletin.
- (2) Such declaration shall be precluded in case the grant of an exclusive licence or a sole licence is recorded in the register or a request for the recording of such licence is pending before the German Patent and Trademark Office.
- (3) ¹Any person who wishes to exploit the invention after the recording of the declaration shall notify the patentholder of his intention. ²Notification shall be deemed to have been effected if it has been dispatched by registered mail to the person recorded as patentholder in the register, to his registered representative or to his authorised recipient. ³The notification must comprise a statement of how the invention is to be exploited. ⁴After such notification, the notifying party shall be entitled to exploit the invention in the manner stated. ⁵The notifying party shall have the duty to render a statement of account specifying the details of use made on a quar-

terly basis and to pay the respective remuneration. ⁶If it fails to comply with this duty in due time, the person recorded as patent-holder in the register shall grant a reasonable grace period and, if the latter expires without result, may prohibit any further use of the invention.

- (4) ¹Upon a written request of a party, the German Patent and Trademark Office shall determine remuneration. ²On the occasion of assessing the remuneration, the German Patent and Trademark Office may order that the costs of the assessment proceedings in whole or in part are to be reimbursed by the opponent of the requesting party.
- (5) ¹After the expiration of one year from the point of time when the remuneration has last been assessed, any person concerned thereby may apply for an alteration if, in the meantime, circumstances have arisen or have become known which let the amount of remuneration determined appear to be obviously inappropriate. ²With regard to further issues section 4 shall apply *mutatis mutandis*.
- (6) If the declaration is made with regard to a patent application, the rules of sections 1 to 5 shall apply *mutatis mutandis*.
- (7) ¹The declaration may be withdrawn at any time by a written communication to the German Patent and Trademark Office, as long as no intention to use the invention has been notified to the patent-holder. ²Withdrawal shall take effect on receipt by the office. ³The amount by which the annual fees have been reduced shall be paid within one month after withdrawal of the declaration. ⁴If the difference is not paid within the period prescribed in sentence 3, it may, together with a default fine, be paid within a further period of four months.
- (8) The rules of section 1 to 7 shall apply *mutatis mutandis* to supplementary protection certificates.

§ 138 Compulsory licences on technical intellectual property rights

- (1) The non-exclusive right to commercially exploit an invention shall be granted by the Federal Patent Court in individual cases in accordance with the following rules (compulsory licence), if

1. the licence applicant has during a reasonable period of time unsuccessfully endeavoured to obtain consent from the patentholder to exploit the invention under reasonable customary conditions and
 2. public interest commands a compulsory licence to be issued.
- (2) ¹If the licence applicant is unable to exploit an invention, which is protected in his favour under a patent with a later priority date, without infringing a patent with an earlier priority date, he shall be entitled to a compulsory licence vis-à-vis the patentholder of the patent with the earlier priority date, if
1. the requirements of section 1 No 1 are fulfilled and
 2. his own invention comprises, in comparison with that of the earlier priority date, an important technical improvement of considerable commercial significance.
- ²The patentholder may require the licence applicant to grant him a cross-licence under reasonable conditions for exploitation of the patented invention with the later priority date.
- (3) Section 2 shall apply *mutatis mutandis* if a plant breeder is unable to obtain or exploit a plant variety right without infringing an earlier patent right.
- (4) A compulsory licence under section 1 may be issued for a patented invention in the field of semi-conductor technology only if such grant is necessary to remedy an anti-competitive practice by the patentholder, which has been established in judicial or administrative proceedings.
- (5) ¹If the patentholder does not or not predominately use the patented invention within the territorial scope of application of this code, compulsory licences under section 1 may be issued to ensure an adequate supply of the patented product to the domestic market. ²Insofar the import shall be deemed to constitute domestic use of the patent.
- (6) ¹The grant of a compulsory licence on a patent shall be permissible only after the patent has been granted. ²It may be issued subject to limitations and made dependent upon conditions. ³The scope and duration of use shall be restricted to the purpose for which it has been permitted. ⁴The patentholder shall be entitled to remuneration from the holder of a compulsory licence that shall be appro-

appropriate depending on the circumstances and shall take into consideration the commercial value of the compulsory licence. ⁵In the event that the licence holder is obliged to pay a regularly recurring remuneration and the circumstances, on which the determination of the amount of the remuneration was based, undergo a substantial change, each party shall be entitled to require a corresponding adjustment. ⁶If the circumstances on which the grant of a compulsory licence was based, no longer apply and if it is unlikely that they will reoccur, the patentholder may require the withdrawal of the compulsory licence.

- (7) ¹A compulsory licence on a patent may only be transferred together with the business concerned by the exploitation of the invention. ²A compulsory licence on an invention that is the subject matter of a patent with an earlier priority date may only be assigned together with the patent with the later priority date.
- (8) The rules of section 1 to 7 shall apply *mutatis mutandis* to supplementary protection certificates and utility models.

§ 139 Compulsory licences on plant variety rights

- (1) ¹The Federal Plant Variety Office shall, upon request, grant a non-exclusive licence on a plant variety right, if
 1. the licence applicant has during a reasonable period of time unsuccessfully endeavoured to obtain consent from the holder of the plant variety right to exploit the plant variety under reasonable customary conditions,
 2. public interest commands a compulsory licence to be issued and
 3. this is acceptable from an economical perspective for the holder of the plant variety right.

²When granting the compulsory licence, the Federal Plant Variety Office shall determine the conditions for such licence, in particular the amount of the remuneration to be paid to the holder of the plant variety right. ³On expiry of one year after the grant of the compulsory licence, any of the parties may request that the conditions shall be determined anew. ⁴The request may be repeated each time on expiry of another year, if the circumstances on which

determination was based have in the meantime undergone substantial change.

- (2) Before the Federal Plant Variety Office passes its decision on the grant of a compulsory licence or on renewed determination it shall hear the respective head associations.
- (3) If a compulsory licence has been granted for a variety belonging to a species to which the provisions of the Seeds Trade Act apply, the holder of the plant variety right may require information from the responsible authorities
 1. on the identity of the person who has applied for the recognition of the seed in respect of propagating material of the protected variety,
 2. on the size of the propagating surfaces stated in the request for recognition,
 3. on the weight or quantity that has been stated in respect of the lots.
- (4) ¹Should the holder of a patent on a biotechnological invention be unable to exploit such patent, without infringing a plant variety right of an earlier date, the Federal Plant Variety Office shall, upon request, grant a non-exclusive licence under appropriate conditions, if
 1. the patentholder has demonstrated that he has unsuccessfully endeavoured to obtain the consent from the holder of the plant variety right to exploit the variety under reasonable customary conditions and
 2. his own invention in comparison to the protected plant variety comprises an important technical improvement of considerable commercial significance.

²The holder of the plant variety right may require the patentholder to grant him a cross-licence under reasonable conditions. ³Section 1 sentence 2 to 4 shall apply *mutatis mutandis*.

§ 140 Compulsory licences on copyrights

- (1) The author of private standards, referred to in acts, ordinances, decrees or official announcements, without replicating their wording, shall be obliged to grant any publisher a right to reproduce and distribute such work on reasonable terms.

- (2) ¹If a producer of sound recordings has obtained a right of usage in a musical work, which entitles him to record the work onto sound recording media for commercial purposes and to reproduce and distribute such media, the author shall be obliged to grant a licence under reasonable conditions in respect of a musical work to any other producer of sound recordings, unless the licence has only been granted for the purpose of producing a film. ²The obligation referred to in sentence 1 shall not apply, if the usage rights mentioned are permissibly administered by a collecting society or if the work is no longer in accordance with the author's attitude and the author therefore may no longer reasonably be expected to accept the exploitation of the work, provided the author has on this reason recalled any prior existing licence. ³The author shall not be obliged to permit the use of a work for the production of a film.
- (3) The provision referred to in section 2 shall apply *mutatis mutandis* to a literary work, in case the text is combined with a musical work and the producer of sound recordings has been granted a licence, which entitles him to record such literary work in combination with the musical work onto sound recording media and to reproduce and distribute them.
- (4) ¹Broadcasting organisations and cable distributors are mutually obliged to conclude, on reasonable terms, a contract for cable retransmission in the meaning of § 20b(1) sentence 1 book 3 (Copyright Act) unless there are facts establishing a just cause for refusing to conclude such contract; the obligation of the broadcasting organisation shall also apply for the broadcasting rights granted or transferred to it with regard to its own broadcasts. ²At the request of the cable distributor or the broadcasting organisation, the contract shall be concluded jointly with the collecting societies, which are authorized with regard to the cable retransmission, unless there is a objectively justified reason to refuse a joint contract.
- (5) Section 1 to 4 shall apply *mutatis mutandis* to the licensee, to whom the author has granted an exclusive licence for such use.
- (6) Jurisdiction for actions, in respect of which a right is asserted pursuant to section 1 to 4, shall be governed by § 32(2) book 1 [further heads of jurisdiction].

Title 5: Presumption of rightholdership, effect vis-à-vis third parties

§ 141 Presumption of rightholdership

- (1) ¹Anyone who has been indicated as the author of a work on the copies of a published work or on the original of an artistic work in the customary way shall be deemed to be the author of the work until evidence to the contrary has been provided; this shall also apply to an indication which is known as the author's pseudonym or artist's mark. ²Lacking such indication referred to in sentence 1, it shall be presumed that the person indicated as the editor on the copies of the work is authorised to invoke the author's rights. ³If no editor is indicated, it shall be presumed that the publisher is authorised to invoke the author's rights. ⁴Sentence 1 shall apply *mutatis mutandis* to performing artists and organisers of an event.
- (2) ¹The person registered as rightholder in the register is presumed to be entitled to the right conferred by the registration. ²If the intellectual property right conferred by registration has been transferred or passed to a third party, without such change yet being recorded in the register, the legal consequences of such lack of registration shall be governed by § 23 book 2 (general procedural law) [effect of legitimation by registration].
- (3) With regard to proceedings before the German Patent and Trade Mark Office or the Federal Plant Variety Office, the applicant shall be deemed to be entitled to request the grant of the intellectual property right.

§ 142 Effect of registration

¹If a registered intellectual property right has been transferred or passed to a third party, the person registered as holder shall not be able to assert before the German Patent and Trade Mark Office that he ceased to be the rightholder. ²The successor in title shall be able to invoke his rights as a party to proceedings referred to in section 1 to 4 book 2 (general procedural law) only from the date on which the request for registration of the transfer was received by the German Patent and Trade Mark Office.

§ 143 Effect vis-à-vis third parties

- (1) ¹Legal acts referred to in §§ 101 [transfer of absolute intellectual property rights], 107 [rights *in rem*] and 110 book 1 [principle of freedom to grant a licence] concerning a registered intellectual property right shall only have effects vis-à-vis third parties after entry in the register. ²Nevertheless, such an act, before it is so entered, shall have effect vis-à-vis third parties who have acquired rights in the intellectual property right after the date of that act, but who knew of the act at the date on which the rights were acquired.
- (2) Section 1 shall not apply in the case of a person who acquires the intellectual property right or a right concerning the intellectual property right by way of transfer of the whole of the undertaking or by any other universal succession.

Title 6: Rights to the grant of an intellectual property right and rights arising from application

§ 144 Right to the grant of an intellectual property right, rights arising from application, other relative intellectual property positions

- (1) ¹The provisions of this section [intellectual property rights as objects of property] shall apply *mutatis mutandis* to the right to an intellectual property right, to the right to the grant of an intellectual property right as well as to the right arising from the application for an intellectual property right. ²The same shall apply to other relative intellectual property positions pursuant to § 1(3) book 1 [intellectual property], insofar as they are transferable or may be the subject of a licence.
- (2) A transaction concerning the rights arising from registration of or application for an intellectual property right shall, in case of doubt, extend to the intellectual property right that arises therefrom at a later date.

Book 10 B:

Possible further development of the German law on employees' inventions towards common rules for employees' creations

Chapter 1: Scope of application and definitions

§ 1 Scope of application

The rules of this book shall apply to creative achievements eligible for protection within the meaning of books 3, 5 to 9 (Copyright Act, Patent Act, Utility Model Act, Design Act, Plant Variety Protection Act, Semiconductor Protection Act), to the design of creative marks within the meaning of book 4 (Trademark Act) and to proposals for technical improvements made by employees in the private or public sector, by civil servants and by members of the armed forces, provided that German law is applicable.

§ 2 Technical creative achievements, proposals for technical improvements

- (1) Technical creative achievements within the meaning of this book are achievements that fall within the scope of the books 5, 6, 8 and 9 (Patent Act, Utility Model Act, Plant Variety Protection Act, Semiconductor Protection Act).
- (2) Proposals for technical improvements within the meaning of this book are suggestions for other technical innovations which are not eligible for protection pursuant to the books 5, 6, 8 and 9 (Patent Act, Utility Model Act, Plant Variety Protection Act, Semiconductor Protection Act).

§ 3 Employees' creations

The creative achievement of an employee may be a free or a bound creation.

§ 4 Bound employees' creations

- (1) ¹Bound creations are creative achievements, which the employee undertakes during his course of employment and which are necessary to perform his duties within the company or within the public sector or which are based on the employer's instructions. ²This also applies to creations that go beyond the intended business purpose. ³Technical creative achievements shall also be bound, if they are to a significant extent based on experiences or activities of the company or the public administration.
- (2) If the creative achievement is conducted by several employees, § 5 book 1 (general part) [rightholdership] shall apply *mutatis mutandis*.
- (3) ¹The provisions of this book shall apply to civil servants in the public sector and members of the armed forces *mutatis mutandis*. ²Creations developed at a public or private university or a higher school of education by employees in the course of teaching and research activities within their area of responsibility are free creations.

§ 5 Other employees' creations

¹Other employee' creations are free creations. ²Technical creations are subject to the limitations of § 8 book 10 B [duty to notify and duty to offer free technical creations]; non-technical creations fall under the limitations of § 16 book 10 B [free non-technical creations].

§ 6 Mandatory law

- (1) The provisions of this book may not be modified to the detriment of the employee.
- (2) ¹Following notification agreements on bound technical creations, free technical creations and on suggestions for technical improvements (§ 28(1) book 10 B [proposals for technical improvements]) are permitted. ²The admissibility of amending agreements as provided for by § 7(2) book 7 (Design Act) and § 69b book 3 (Copyright Act) remain unaffected.

Chapter 2: Employees in the private sector

Subchapter 1: Notification and utilisation of employees' creations

Title 1: Technical creations

§ 7 Duty to notify bound technical creations

- (1) ¹The employee is obliged to notify his bound technical creation separately in writing and without delay to the employer and therein must indicate that said report constitutes the report of an creation. ²If several employees are involved in the process of creating the invention they can submit the notification jointly. ³The employer upon receipt must without delay confirm the time of receipt of the notification in writing.
- (2) ¹The employee has to describe the task, its solution and the process of creation of the achievement in the notification. ²The notification shall include existing notes as far as they are necessary for understanding the creation. ³The notification shall indicate which directions or guidelines were issued to the employee by the employer, which experiences or achievements of the company have been used, which other employees have been involved, the type and scope of their involvement and what the employee regards as his own contribution.
- (3) ¹If the notification does not correspond to the requirements of section 2, the employer shall inform the employee about these defects within two months following receipt. ²The employer shall be obliged to specify in what respects the report requires completion; where necessary the employer shall provide assistance to the employee in completing the report. ³After expiry of the time-limit the notification shall be deemed properly completed.

§ 8 Duty to notify and duty to offer free technical creations

- (1) ¹The employee is obliged to notify free technical creations within the meaning of § 2 book 10 B [technical creative achievements, proposals for technical improvements] in writing and without delay to the employer and he shall declare that he considers the cre-

ation to be a free creation. ²The employee shall be obliged to provide all the relevant information to enable the employer to assess the nature of the creation. ³There is no obligation to notify, if the creation obviously cannot be used within the field of the employer's business purpose.

- (2) ¹If the employer does not oppose within three months following receipt of the notification pursuant to section 1, the notified creation is deemed to be free. ²The notice of opposition shall be declared to the employee in writing (§ 126b Civil Code).
- (3) ¹Before the employee otherwise exploits a free creation in the meaning of section 1 during the period of employment, he shall offer the employer at least a non-exclusive licence at reasonable conditions. ²The obligation referred to in sentence 1 shall not apply if the creation is obviously not usable in the field of operation of the employer's business purpose. ³The offer may be submitted together with the notification pursuant to section 1. ⁴If the employer does not accept the offer within three months the right of preference shall lapse.
- (4) If the employer agrees to acquire the right offered to him within the period specified in section 3 sentence 4, but submits that the conditions of the offer are not reasonable, the court shall determine conditions upon request of the employer or the employee.
- (5) The employer or the employee may request a different determination of the conditions if there is a substantial change in the circumstances, which were decisive for the agreed or determined conditions.

§ 9 Claiming technical creations

- (1) The employer can claim the right to a bound technical creation by written declaration to the employee.
- (2) The claim shall be deemed declared, if the employer does not release the technical creation to the employee within four months of receipt of the proper notification (§ 7(2) sentence 1 und 3 book 10 B [duty to notify bound technical creations]) by a declaration in writing.

§ 10 Effect of claiming technical creations

- (1) By claiming the right to a technical creation according to § 9 book 10 B [claiming technical creations] all asset-related rights in the bound creation are transferred to the employer.
- (2) Any dispositions the employee has made concerning a creation according to section 1 prior to the claim of the creation shall be ineffective with respect to the employer as far as his rights are impaired hereby.

§ 11 Released technical bound creations

¹A technical creation shall be free when the employer releases it by declaration in writing. ²The employee can make use of a released bound technical creation without the restrictions of § 8 book 10 B [duty to notify and duty to offer free technical creations].

Title 2: Non-technical creations

§ 12 Notification requirement

The employee shall without report bound non-technical creations to the employer without delay unless he can assume that the employer is aware of the achievement.

§ 13 Claiming bound non-technical creations

- (1) ¹The employer may claim a bound non-technical creation by declaration to the employee. ²A declaration shall not be required as far as asset-related rights are transferred to the employer by statutory law.
- (2) The claim of right shall be deemed declared if the employer does not release the non-technical creative achievement to the employee in writing within two months of receipt of the proper notification (§ 12 book 10 B [notification requirement]).

§ 14 Effect of claiming transferable non-technical creations

¹If the bound non-technical creation concerns a transferable right, which is not transferred to the employer by statutory law, the asset-related rights with respect to the achievement shall, by means of the em-

ployer's claim to the right in accordance with § 13 book 10 B [claiming bound non-technical creations], be transferred to the employer.²In case of doubt the extent of the transfer shall be determined by § 123 section 3 book 1 (general part) [licences on copyrights, computer programs and related rights].³§ 10 section 2 book 10 B [effect of claiming technical creations] shall apply *mutatis mutandis*.

§ 15 Effect of claiming non-transferable bound creations

- (1) ¹If the employee's creation concerns a bound creation pursuant to book 3 (Copyright Act), which is not transferable, the employer shall by claiming the creation obtain a licence (§ 111(3) book 1 (general part) [essence of licence agreements]).²The employer does not require any specific consent of the employee for actions of legal defence.³In all other respects the scope of the licence shall, in case of doubt, be determined according to § 123(3) book 1 (general part) [licences on copyrights, computer programs and related rights].⁴§ 10(2) book 10 B [effect of claiming technical creations] shall apply *mutatis mutandis*.
- (2) The licence expires if the employer waives it by declaration in writing.
- (3) ¹If the employee has a legitimate moral or economic interest in the exercise of the licence by the employer, the employer shall be obligated to use the licence.²The employee may demand a declaration of complete waiver or the re-granting of a non-exclusive licence, if the employer does not adhere to his duty to exploitation within a reasonable period of time.
- (4) The employee's right of recall owing to a changed attitude is determined by § 135(1) book 1 (general part) [right of recall of the author by reason of changed attitude or unreasonableness].

§ 16 Free non-technical creations

- (1) The obligation to notify and the obligation to offer according to § 8 book 10 B [duty to notify and duty to offer free technical creations] shall apply *mutatis mutandis* to free non-technical creations.
- (2) ¹A bound non-technical creation is free if the employer releases it by declaration in writing.²The employee can make use of a released creation without the restrictions described in §§ 13 to 15

book 10 B [claiming bound non-technical creations; effect of claiming transferable non-technical creations; effect of claiming non-transferable bound creations].

Title 3: Unalienable moral rights

§ 17 Moral rights of the employee

¹The employee has the right to recognition of his creation according to § 4 (1) book 1 (general part) [ideal and asset-related protection]. ²He is entitled to the moral rights as specified in the books 5 to 9 (Patent Act, Utility Model Act, Design Act, Plant Variety Protection Act, Semiconductor Protection Act) unless the provisions of this book or the due use in line with the employer's business purpose requires otherwise.

Subchapter 2: Application for intellectual property rights

§ 18 Application for domestic or Community intellectual property rights

- (1) ¹The employer shall be obliged and has the exclusive right to apply for the grant of a domestic intellectual property right for a notified bound technical creation. ²He must file an application with regard to a patentable bound invention unless protection by means of a utility model appears more appropriate based on a reasonable evaluation of exploitability of the invention. ³The application must be filed without delay.
- (2) The application for a Community intellectual property right or an international application under the PCT denominating the domestic territory as state of destination are equivalent to a domestic application.
- (3) No obligation of the employer to file an application applies
 1. if the bound technical creation has become free (§ 11 book 10 B [released technical bound creations]);
 2. if the employee waives application;
 3. if the requirements of § 22 book 10 B [business secrets] are met.

- (4) If after claiming the bound creation the employer does neither meet his obligation to apply nor files the application within a reasonable grace period set by the employee, the employee may file the application for the creation for the employer in the latter's name and at the latter's cost.
- (5) ¹If the bound creation has become free, only the employee is entitled to make the creation the subject of an application for an intellectual property right. ²If the employer had already filed an application for the bound creation, the rights conferred by virtue of the application are transferred to the employee.

§ 19 Application for foreign intellectual property rights

- (1) After claiming a bound technical creation, the employer is also entitled to apply for grant of intellectual property rights abroad.
- (2) ¹As far as the employer does not intend to acquire intellectual property rights with regard to specific foreign states, he is obliged to insofar release the bound creation to the employee and on the employee's request allow him to acquire the foreign intellectual property rights in the respective states. ²Such release must take place sufficiently promptly in order to enable the employee to make use of the priority periods of the international treaties on the protection of industrial property.
- (3) At the same time as the release in accordance with section 2, the employer can reserve a non-exclusive right to use the bound creation in the relevant foreign states in return for reasonable remuneration and also demand that the employee in the course of exploiting the released creation in the respective foreign states respects the employer's obligations resulting from agreements existing at the time of release concerning the bound creation, in return for reasonable remuneration.

§ 20 Mutual rights and obligations with regard to acquiring technical intellectual property rights

- (1) ¹The employer shall provide the employee with copies of the application documents at the time the application concerning the bound technical creation for grant of an intellectual property right is filed. ²The employer shall inform him about the progress of the procedure and grant access to the correspondence if so requested.
- (2) Upon request the employee shall assist the employer in acquiring the intellectual property rights and provide any necessary declarations.

§ 21 Waiver of application or of an intellectual property right

- (1) If, preceding the fulfilment of the employee's claim for reasonable remuneration, the employer does not intend to pursue the application concerning the bound technical creation or does not intend to maintain an intellectual property right granted for such creation, he is obliged to inform the employee of his intention and transfer the right to him upon the latter's request and at the latter's cost, as well as to provide him with necessary documents for protecting the right.
- (2) The employer is entitled to waive the right if the employee does not demand transfer of the right within three months from receipt of the notification.
- (3) Simultaneously with the notification pursuant to section 1, the employer may reserve a non-exclusive right to use the bound creation in return for reasonable remuneration.

§ 22 Business secrets

- (1) If legitimate interests of the company require that a notified bound technical creation shall not be made known, the employer may refrain from obtaining an intellectual property right provided that he recognizes the eligibility for protection of the bound creation vis-à-vis the employee.
- (2) If the employer does not recognize the eligibility for protection of the bound creation, he may abstain from obtaining an intellectual property right if he appeals to the board of arbitration (§ 165 book 2 [Board of arbitration on employees' invention]) to reach an agree-

ment with regard to such eligibility for protection of the bound technical creation.

- (3) Regarding the determination of the remuneration for a creation in accordance with section 1, also the economic disadvantages for the employee, resulting from the fact that no intellectual property right has been granted for the creation, shall be taken into consideration.

§ 23 Registration of bound non-technical creations

¹If the employer claims the right to a bound creation of the employee in the meaning of book 3 (Copyright Act) or book 7 (Design Act), the rules concerning the registration of bound technical creations (§§ 18 to 22 book 10 B [application for intellectual property rights]) shall apply *mutatis mutandis*, provided that it is possible to make an application for a registered right. ²The employee shall not be entitled to apply for the registration of a sign, whose creative design is identical or likely to be confused with others, for other goods or services than those registered by the employer. ³By derogation from § 19(2) book 10 B [application for foreign intellectual property rights] the employee shall not be entitled to apply for registration of creations in other countries, even if the employer's claims are territorially restricted. ⁴The employer shall be free to choose the informal protection as unregistered design.

Subchapter 3: Remuneration, insolvency

Title 1: Separate remuneration

§ 24 Right to remuneration regarding bound non-technical creations

- (1) ¹The employee shall have a right to reasonable supplementary remuneration, if the creative achievement in the meaning of book 3 (Copyright Act) or book 7 (Design Act) exceeds the scope of effort to which the employee was obliged on the basis of his employment relationship. ²When determining the reasonableness, the professional profile of the employee, his position in the company

and the effective exploitation of the creation shall particularly be taken into account. ³The right to remuneration cannot be waived in advance.

- (2) ¹The type and amount of the supplementary remuneration shall be determined by agreement between the employer and the employee in a reasonable period after commencement of the exploitation of the bound creation. ²If no agreement is reached pursuant to sentence 1, the employer shall be obliged to assess and pay the remuneration to the employee at the latest by the expiry of three months following commencement of use. ³If the agreed remuneration is inappropriate, the employee may demand the employer's consent to amend the agreement in such manner as to safeguard that the employee is granted a reasonable remuneration. ⁴§ 27(2) book 10 B [determination or assessment of the remuneration] shall apply *mutatis mutandis*.
- (3) A remuneration is considered reasonable if it has been determined by collective agreement or by a joint remuneration agreement (§ 36(1) book 3 (Copyright Act) [collective remuneration agreements]).
- (4) ¹Employer and employee may demand from each other to consent to another arrangement for remuneration if there is a substantial change of the circumstances which have been decisive for the agreement on or the assessment of the remuneration. ²This shall apply in particular if there is a striking disproportion between the agreed supplementary remuneration and the benefits and proceeds deriving from the exploitation of the creation taking into account the employee's entire relationship with the employer. ³The claim pursuant to sentence 1 does not exist if the remuneration in the meaning of section 3 is reasonable and if the collective agreement provides explicitly an additional appropriate participation.

§ 25 Remuneration in case of claiming bound technical creations

- (1) ¹The employee shall have a claim to reasonable remuneration against the employer as soon as the employer has claimed the technical creation. ²Any remuneration that the employee has re-

ceived for the same achievement as part of a company suggestion scheme shall be deducted.

- (2) Decisive factors in determining the remuneration are in particular the actual exploitation of the creation, the duties and position of the employee in the company and the degree of involvement of the company in proceeding the creation.

§ 26 Remuneration guidelines

The Federal Minister of Employment issues guidelines concerning the determination of remuneration pursuant to § 25 book 10 B [remuneration in case of claiming bound technical creations] after hearing the leading organisations of employers and employees (§ 12 of Collective Labour Agreements Act).

§ 27 Determination or assessment of the remuneration

- (1) The type and amount of remuneration pursuant to § 25 book 10 B [remuneration in case of claiming bound technical creations] shall be determined by agreement between the employer and employee in a reasonable period of time after claiming the bound technical creation.
- (2) ¹If several employees are involved in the bound technical creation, remuneration shall be determined separately for each of them. ²The employer must notify those involved of the total amount of remuneration and the shares of the individual creators.
- (3) ¹If no agreement is reached concerning remuneration within a reasonable period of time after claiming the technical creation, the employer shall be obliged to assess remuneration by way of a substantiated statement in writing to the employee and to fulfil the payment obligation in accordance with such assessment. ²The remuneration shall be assessed at the latest at the expiration of three months after grant of the intellectual property right.
- (4) ¹The employee may object to the assessment within two months by declaration in writing, if he does not agree to the assessment. ²If he does not oppose it, the assessment shall be binding for both parties.
- (5) ¹If several employees are involved in the bound technical creation, the assessment shall not be binding to all parties, if one of them

opposes the assessment on the grounds that his share in the creation has been assessed incorrectly. ²In this case the employer is entitled to reassess the remuneration for all parties.

- (6) ¹Employer and employee may demand from each other to consent to another arrangement for remuneration if there is a substantial change in circumstances which have been decisive for the determination or assessment of the remuneration. ²Repayment of remuneration that has been already effected may not be demanded. ³Sections 1 to 5 shall not apply.

Title 2: Suggestion schemes

§ 28 Proposals for technical improvements

- (1) ¹For proposals regarding technical improvements, which assure the employer of a privileged position similar to that provided by an industrial property right, the employee shall have a claim for reasonable remuneration against the employer as soon as the employer exploits them. ²The provisions of §§ 25 and 27 book 10 B [remuneration in case of claiming bound technical creations; determination or assessment of the remuneration] shall apply *mutatis mutandis*.
- (2) With regard to all other matters the handling of proposals for technical improvements is subject to regulation by collective agreement or company agreements.

Title 3: Insolvency of the employer

§ 29 Bound transferable creations in the event of the employer's insolvency

- (1) ¹If the insolvency administrator in insolvency proceedings concerning the employer's assets together with the business transfers asset-related rights in a transferable bound creation, the buyer shall assume the employer's obligation to pay remuneration for the period from opening of insolvency proceedings onwards. ²The assumption of an obligation shall have a discharging effect on the

insolvency estate.³If the insolvency administrator exploits the creation in the debtor's company, he must pay the employee reasonable remuneration for the exploitation from the insolvency estate.

- (2) ¹In all other cases the insolvency administrator shall offer the creation and respective intellectual property rights to the employee no later than one year after the opening of the insolvency proceedings; in all other respects § 21 book 10 B [waiver of application or of on intellectual property right] shall apply *mutatis mutandis*. ²If the employee does not accept the proposal for transfer within two months, the insolvency administrator may transfer the creation and respective intellectual property rights without the business or may abandon the right. ³In the event of a transfer, the insolvency administrator may agree with the transferee that the transferee shall replace the previous debtor regarding the employee's right to remuneration pursuant to § 24 and 25 book 10 B [right to remuneration regarding bound non-technical creations; remuneration in case of claiming bound technical creations]. ⁴If no such agreement is made, the insolvency administrator shall pay the employee the remuneration out of the proceeds of the transfer.
- (3) Moreover the employee may only assert his claims to remuneration according to §§ 24 or 25 book 10 B [right to remuneration regarding bound non-technical creations; remuneration in case of claiming bound technical creations] as an insolvency creditor.

§ 30 Bound creations protected under copyright law in the event of the employer's insolvency

- (1) ¹If the insolvency administrator chooses the performance of the licence agreement (§ 103 Insolvency Code) in the insolvency regarding the employer's assets, the agreed licence fee has to be paid out of the insolvency estate. ²If the insolvency administrator transfers the licence regarding a bound copyright creation, the transferee shall assume the employer's obligation to pay remuneration for the period from opening of insolvency proceedings onwards.
- (2) ¹If the insolvency administrator refuses performance of the licence agreement in writing (§ 126b Civil Code), the licence shall lapse.

²In case of refusal of the performance, the insolvency administration shall not be authorised to print a licence.

- (3) § 109(4) sentence 1 and 2 book 1 (general part) [insolvency proceedings] shall remain unaffected.

Subchapter 4: Other rules

§ 31 Inequity

- (1) ¹Agreements concerning bound or free technical creations (§§ 6(2), 27(1) book 10 B [mandatory law; determination or assessment of the remuneration]) or proposals for technical improvements (§ 28(1) book 10 B [proposals for technical improvements]) permissible under this code shall be void if they are strikingly inequitable. ²The same shall apply with regard to the assessment of remuneration (§ 27(4) book 10 B [determination or assessment of the remuneration]).
- (2) The employer and employee may only invoke the inequity of an agreement or an assessment of remuneration if they assert inequity by a declaration in writing towards the other party at the latest by the expiry of six months from the termination of the employment.

§ 32 Obligation of non-disclosure

- (1) The employer shall not disclose any creation of an employee notified to him as long as the employee's legitimate interests so require.
- (2) The employee shall not disclose a creation made in the course of employment for so long as it has not been released (§§ 11, 16 book 10 B [released technical bound creations; free non-technical creations]).
- (3) Other persons who have obtained knowledge of a creative achievement on the basis of this code shall neither exploit their knowledge nor disclose it.

§ 33 Obligations resulting from an employment relationship

Other obligations resulting from employment for the employer and employee shall not be affected by the provisions of this code unless something different results from the fact that the invention has been released (§§ 11, 15(2), 16 book 10 B [released technical bound creations; effect of claiming non-transferable bound creations; free non-technical creations]).

§ 34 Termination of the employment relationship

The rights and obligations arising under this book shall not be affected in case of termination of the employment relationship.

Subchapter 5: Arbitration, judicial proceedings

§ 35 Preconditions for issuing a claim

The issuing of a claim concerning rights or legal relationships governed by this book shall be preceded by an arbitration proceeding under the conditions laid down in § 167 book 2 (general procedural rules) [requirement of an arbitration procedure].

§ 36 Action for reasonable remuneration

In the event of a dispute concerning the amount of reasonable remuneration owed by the employer, the employee may seek payment of a reasonable amount to be determined by the court.

§ 37 Jurisdiction

The courts competent for intellectual property litigations (§ 33 book 1 (general part) [competence of courts *ratione materiae* and *ratione loci*]) shall have exclusive jurisdiction for all cases of disputes concerning creations of an employee regardless of the value in dispute.

Chapter 3: Creations and proposals for improvements made by employees in the public sector, by civil servants and by members of the armed forces

§ 38 Employees in the public sector

- (1) The provisions for employees in the private sector shall be applied to technical creations and proposals for technical improvements of employees of the Federal Republic, federal states, municipalities and other bodies, institutions and foundations governed by public law, subject to the following modifications:
1. ¹Instead of claiming bound technical creations, the employer may claim a reasonable share of the revenue from the bound technical creation, if this has been previously agreed. ²Binding agreements may be made in advance concerning the extent of the share. ³If no agreement is reached concerning the extent of the share, the employer shall determine it. ⁴§ 27(3) to (6) book 10 B [determination or assessment of the remuneration]) shall apply *mutatis mutandis*.
 2. The treatment of proposals for technical improvements according to § 28(2) book 10 B [proposals for technical improvements] may also be regulated by works agreement; provisions according to which settlement by way of works agreement may be replaced by the decision of a higher office or a third party shall not apply.
 3. In the public interest, the employee may be subject to restrictions regarding the type of exploitation of the bound technical creation by general order of the competent highest authority.
 4. The Federal and State Governments shall also be entitled to file lists of proposals for employer assessors (§ 163(4) book 2 (general procedural rules) [composition of the board of arbitration on employees' inventions]).
 5. Insofar as the public authorities have established their own boards of arbitration for the settlement of disputes on the basis of this code, the provisions of chapter 6 book 2 (general procedural rules) [board of arbitration] shall not apply.
- (2) The provisions of chapter 2 shall also apply to non-technical creations of the employees in the meaning of section 1.

§ 39 Civil servants, members of the armed forces

The provisions for employees in the public sector shall apply *mutatis mutandis* to the creations and proposals for technical improvements of civil servants and members of the armed forces.