

PANORAMIC

LICENSING

Germany



LEXOLOGY

Licensing

Contributing Editor

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Germany



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OVERVIEW

Restrictions

Are there any restrictions on the establishment of a business entity by a foreign licensor or a joint venture involving a foreign licensor and are there any restrictions against a foreign licensor entering into a licence agreement without establishing a subsidiary or branch office? Whether or not any such restrictions exist, is there any filing or regulatory review process required before a foreign licensor can establish a business entity or joint venture in your jurisdiction?

A foreign licensor is not restricted in any way if they enter into a licence agreement without establishing a subsidiary or branch office in Germany. There are also no particular restrictions on the establishment of a business entity by a foreign licensor or a joint venture involving a foreign licensor. German law does not distinguish between Germans and foreign nationals regarding the establishment of business entities.

Law stated - 20 January 2026

KINDS OF LICENCES

Forms of licence arrangement

Identify the different forms of licence arrangements that exist in your jurisdiction.

In general, three types of licence agreements can be distinguished: exclusive, sole and non-exclusive. While an exclusive licence confers all the rights that subsist in the subject matter of the licence agreement to the licensee, a sole licence only gives exclusivity in the sense that the licensor will not grant licences to any other party, but they will retain the right to use the subject matter of the licence agreement for itself. A non-exclusive licence, contrary to an exclusive or sole licence, does not grant all the rights that subsist in the subject matter of the licence agreement to one particular licensee; the licensor may grant rights to several licensees. The rules applicable to exclusive or sole licences may be different from the rules that apply to non-exclusive licences. For example, unlike a non-exclusive licensee, an exclusive or sole licensee of a patent has the standing to sue for infringement and may grant sub-licences.

In the patent field, there are also cases of compulsory licences. A compulsory licence to a patent must be granted (in rare cases) for public interest reasons, or when the licensee owns a dependent patent to an important invention that he or she cannot exploit without a licence to use the licensor's basic patent (section 24(1) and (2) of the German Patent Act). An obligation to conclude a licence agreement also exists in the field of standard essential patents, where any third party who wishes to practise the standard can ask for a licence under the patent for such use. Certain compulsory licences are also known in the copyright field (see section 42a of the German Copyright Act).

Any kind of intellectual property that allows its holder to exclude others from using the same, such as patents, utility models and copyright – including copyright for software, industrial design, trademarks and topographies of semiconductor products – can be the subject

matter of a licence agreement. In addition, personality rights and confidential information (know-how and trade secrets) can also be the subject matter of a licence agreement.

Law stated - 20 January 2026

LAW AFFECTING INTERNATIONAL LICENSING

Creation of international licensing relationship

Does legislation directly govern the creation, or otherwise regulate the terms, of an international licensing relationship? Describe any such requirements.

Legislation does not directly govern the creation or otherwise regulate the terms of a licensing relationship. German intellectual property acts, such as the Patent Act or the Trademark Act, only specify that the respective intellectual property rights can be the subject of an exclusive or non-exclusive licence (section 15(2) of the German Patent Act and section 30 of the German Trademark Act), but do not contain any rules about the creation or the further terms of a licence.

In principle, parties are free to choose the content of the licence agreement. However, this freedom is limited by antitrust law and general contract law, in particular the laws on standard terms and conditions, which impose certain requirements on the terms of a licensing relationship. In the case of compulsory licences, royalty rates typically have to be fair, reasonable and non-discriminatory.

Law stated - 20 January 2026

Pre-contractual disclosure

What pre-contractual disclosure must a licensor make to prospective licensees?

The licensor has no specific pre-contractual disclosure obligations. However, the general obligation to act in good faith requires a party to a prospective licence agreement to disclose information that is so relevant for the decision of the other party that disclosure can reasonably be expected. For example, courts found a disclosure obligation to exist where the licensor was aware of a prior piece of art that was likely to render the patent to be licensed invalid (RG GRUR 41, 99, 101), or where the licensor was the inventor and owner of the rights to the invention whose use was to be licensed, but a third party, and not the licensor, was registered as the formal applicant of the corresponding patent application (LG München I, Case No. 21 O 4559/08). The licensor has no disclosure obligation if the other party can obtain the relevant information itself with reasonable effort (LG München I, GRUR-RS 2022, 29884, marginal No. 45).

Law stated - 20 January 2026

Registration

Are there any requirements to register a grant of international licensing rights with authorities in your jurisdiction?

There is no requirement to register a grant of licensing rights but a registration may have certain advantages for the licensee.

Law stated - 20 January 2026

INTELLECTUAL PROPERTY ISSUES

Paris Convention

Is your jurisdiction party to the Paris Convention for the Protection of Industrial Property? The Patent Cooperation Treaty (PCT)? The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)?

Germany is a party to all these treaties.

Law stated - 20 January 2026

Contesting validity

Can the licensee be contractually prohibited from contesting the validity of a foreign licensor's intellectual property rights or registrations in your jurisdiction?

No-challenge clauses in licence agreements concerning patents and utility models are, in general, considered to be a violation of EU antitrust law and therefore void (article 5(1)(b) of the Technology Transfer Block Exemption (TTBER) Regulation (EU) No. 316/2014)). The requirement is, inter alia, that the agreement is liable to affect trade among the member states of the European Union. Exceptions exist where the licence is granted royalty-free or where the licensed technology is outdated (ECJ, Case C-65/86).

After the amendments to the TTBER and the Commission Notice (TTBER Guidelines) in May 2014, a stricter approach has been taken on no-challenge clauses. First, although no-challenge clauses in the context of a settlement or non-assertion agreement are generally considered to be allowed under antitrust law even after the amendments (Commission Notice (TTBER Guidelines) 2014/C 89/03 at 242), the amended TTBER Guidelines stipulate that they may be prohibited under article 101(1) of the Treaty on the Functioning of the European Union under specific circumstances with mentioning, as one of those circumstances, the case where an intellectual property right was granted following the provision of incorrect or misleading information (TTBER Guidelines at 243). No-contest clauses in trademark or design licence agreements are judged according to the same criteria.

Second, although, in the case of an exclusive licence, the licensor may continue to reserve the right to terminate the licence agreement, in the case of a challenge of the licensed intellectual property right by the licensee, regarding the case of a non-exclusive licence, whether the reservation of such right in the case of a challenge is considered to be a violation of EU antitrust law has to be decided on a case-by-case basis (article 5(1)(b) of the TTBER). The same applies to a clause of automatic termination in the case of a challenge by the licensee.

Law stated - 20 January 2026

Invalidity or expiry

What is the effect of the invalidity or expiry of registration of an intellectual property right on a related licence agreement in your jurisdiction? If the licence remains in effect, can royalties continue to be levied? If the licence does not remain in effect, can the licensee freely compete?

The expiry or a final decision of invalidity of an intellectual property right usually leads to the expiry of a related licence agreement if there is no provision about the term of the agreement. However, the agreement may be set to run beyond the lifetime of the intellectual property right; for example, for a fixed period of time. Such a clause is common in agreements that grant a licence to know-how in addition to a licence to intellectual property rights. In the case of a plurality of licensed intellectual property rights, parties typically set the term of the agreement to the period of protection of the intellectual property right that expires last.

For patents and utility models, the European Commission considers a clause that extends the licensee's obligation to pay royalties beyond the lifetime of the licensed intellectual property right as not being in conflict with antitrust law (TTBER Guidelines at 187). However, this issue has not yet been decided by a court. Where the licence concerns a plurality of intellectual property rights, the agreement should specify whether royalty payments are reduced accordingly if one of the intellectual property rights expires, or whether the same royalty amount is due until all intellectual property rights have expired. The rules mentioned are also applicable to trademark and design licences, whether community rights or national rights.

In Germany, unless otherwise agreed by the parties, royalties already paid by the licensee do not have to be paid back in the case of an invalidation of the licensed intellectual property right, and outstanding payment obligations for royalties that become due prior to the invalidation have to be fulfilled.

After expiry or invalidation of the licensed intellectual property right, the licensee is free to compete unless the licence agreement comprises a non-compete obligation for a time period after the expiry or invalidation. The validity of such a non-compete obligation under antitrust law depends on the circumstances of the case; in particular, the effect it may have on the competitive situation after the expiry of the intellectual property right.

Law stated - 20 January 2026

Unregistered rights

Can unregistered trademarks, or other intellectual property rights that are not registered, be licensed in your jurisdiction?

Unregistered trademarks, as well as all other intellectual property rights that do not require registration (eg, copyrights), can be licensed in Germany.

Law stated - 20 January 2026

Security interests

Are there particular requirements in your jurisdiction to take a security interest in intellectual property?

There are no specific formal requirements in Germany for taking a security interest in intellectual property. In particular, since 1 January 1999, it is not necessary to conclude the security interest in writing. It is also not necessary to register the security interest, but it is possible (and may be advisable) to do so under section 30(2) of the German Patent Act; section 29(2) of the German Trademark Act; and section 30(2) of the German Design Act.

Law stated - 20 January 2026

Proceedings against third parties

Can a foreign owner or licensor of intellectual property institute proceedings against a third party for infringement in your jurisdiction without joining the licensee from your jurisdiction as a party to the proceedings? Can an intellectual property licensee in your jurisdiction institute proceedings against an infringer of the licensed intellectual property without the consent of the owner or licensor? Can the licensee be contractually prohibited from doing so?

An exclusive or sole licensee of a patent or utility model can institute proceedings before the national courts against an infringer of the licensed intellectual property without the consent of the owner or licensor unless they have been contractually prohibited from doing so. The same is true for proceedings before the Unified Patent Court (UPC), of which Germany is a contracting member state. For UPC proceedings, the patent owner needs to be given notice by the licensee prior to the action. Contrary to that, a non-exclusive licensee of a patent or utility model has no standing to sue, but the right to sue can be granted by the owner of the patent or utility model to the non-exclusive licensee. If the licensee then brings suit, the owner can no longer do so. In the UPC, the non-exclusive licensee can bring an action if this is expressly permitted by the licence agreement. Additionally, the non-exclusive licensee must give notice to the owner prior to the action.

A licensee of a German trademark, be it a non-exclusive licensee, a sole licensee or an exclusive licensee, can institute proceedings against an infringer only with the consent of the owner. However, an exclusive licensee can bring an action for infringement of a trademark if the owner of the trademark has not brought an action for infringement of a trademark within a reasonable period of time after being formally requested to do so (section 30(3) of the German Trademark Act). The same rules apply for EU trademarks (article 25(3) of the EU Trademark Regulation) and German or community designs (section 31(3) of the German Design Act and article 32(3) of the Community Design Regulation). Since the general rule is that a licensee can act only with the consent of the owner, a sole licensee might have to be treated like a non-exclusive licensee. However, there is no case law on the rights of the sole licensee in this regard as yet.

As a rule, the owner of an intellectual property right has the standing to sue. Exceptions to this rule exist where the owner has granted an exclusive licence and is not affected by the infringement, because, for example, he or she receives no running royalty fees from his or

her licensee, or where the owner has granted their right to sue to the licensee, at least if the licensee made use of that right. If the owner has the standing to sue, they can institute proceedings without the licensee, even if the licensee has already instituted his or her own proceedings. Licensees may join in the action of the owner to recover their own damages. However, at least for patents, German case law acknowledges damages claims only for exclusive licensees, not for non-exclusive licensees (BGH, Case No. X ZR 48/03). As regards damages caused by trademark or design infringement, German courts have decided that a licensee (be it a non-exclusive or an exclusive licensee) cannot claim their own damages, but only claims of the licensor (BGH, Case No. I ZR 93/04).

Law stated - 20 January 2026

Sub-licensing

Can a trademark or service mark licensee in your jurisdiction sub-license use of the mark to a third party? If so, does the right to sub-license exist statutorily or must it be granted contractually? If it exists statutorily, can the licensee validly waive its right to sub-license?

It is recognised that an exclusive licensee may sub-license the use of the trademark to third parties, unless the right to sub-license has been excluded in the licence agreement. In the case of a non-exclusive licence, the licensee is not entitled to grant sub-licences, unless such a right was explicitly granted in the licence agreement.

Law stated - 20 January 2026

Jointly owned intellectual property

If intellectual property in your jurisdiction is jointly owned, is each co-owner free to deal with that intellectual property as it wishes without the consent of the other co-owners? Are co-owners of intellectual property rights able to change this position in a contract?

The provisions of sections 741 to 758 of the German Civil Code apply to joint ownership of trademarks and patents, including Unitary Patents governed by German law. In contrast, joint ownership of copyright is governed by the special provision of section 8 of the German Copyright Act.

Each of the joint patent or trademark owners has the right to use the subject protected by the intellectual property (section 743(2) of the German Civil Code). If one of the co-owners is incapable of exploiting the patent or trademark, they are at least entitled to compensation for the use by the other co-owners. However, compensation is due only for uses that occur after the date on which the non-using co-owner has demanded compensation (German Federal Court of Justice, Case No. X ZR 152/03). Compensation may be calculated as reasonable royalties. Similarly, if one of the co-owners uses the patent or trademark to an extent that exceeds their share, the other co-owners can demand compensation. Co-owners of copyrights (co-authors) need to reach consent on the publication, exploitation or alteration of a copyrighted work (section 8(2) of the German Copyright Act, first sentence). However, a

co-author may not refuse their consent to publication, exploitation or alteration contrary to the principles of good faith (section 8(2) of the German Copyright Act, first sentence).

Acts that affect an intellectual property right as a whole, such as a transfer of the intellectual property right, a licence to the intellectual property right, or using the intellectual property right as security, require consent by all co-owners (section 747 of the German Civil Code, second sentence for patents and trademarks; and section 8(2) of the German Copyright Act, for copyrights). On the other hand, each co-owner of a patent or trademark (but not of copyright) is free to transfer their share to a third party (section 747 of the German Civil Code, first sentence), which will then give the third party the right to use the patent or trademark instead of the previous co-owner. A co-owner may also give a licence to a third party to use the patent or trademark in place of the co-owner, or use their share in the patent or trademark as security. A co-owner of a copyright may waive their share of the exploitation rights.

Co-owners of intellectual property rights are able to change this position in a contract. For example, they can decide that the right to use may be governed by a majority decision of the joint owners (section 8(4) of the German Copyright Act), but they cannot transfer it to a third party.

Law stated - 20 January 2026

First to file

Is your jurisdiction a 'first to file' or 'first to invent' jurisdiction? Can a foreign licensor license the use of an invention subject to a patent application but in respect of which the patent has not been issued in your jurisdiction?

Germany is a 'first to file' jurisdiction. A licensor can grant a licence for the use of an invention even before filing a patent application, or after the filing of a patent application but before the grant of the patent (section 15(2), (1) of the German Patent Act).

Law stated - 20 January 2026

Scope of patent protection

Can the following be protected by patents in your jurisdiction: software; business processes or methods; living organisms?

Only technical inventions can be patented in Germany (section 1 of the German Patent Act). Consequently, software and business methods 'as such' are not patentable, but technical aspects of software and technical implementations of business methods can be protected by patents, provided that the technical aspects are novel and inventive.

Living organisms are not precluded from patent protection per se. However, there are a number of exclusions and restrictions. The recent amendment of section 2a of the German Patent Act decided a question that is yet to be answered on behalf of the European Patent Office (see pending cases No. G 2/13 – *Broccoli II* and No. G 2/12 – *Tomatoes II*): besides the exclusion of patentability of plant and animal varieties as well as of essentially biological

processes for the production of plants or animals, plants and animals obtained exclusively via such processes are now also excluded from patentability.

Law stated - 20 January 2026

Trade secrets and know-how

Is there specific legislation in your jurisdiction that governs trade secrets or know-how? If so, is there a legal definition of trade secrets or know-how? In either case, how are trade secrets and know-how treated by the courts?

Trade secrets or know-how are protected by the German Trade Secrets Act, which entered into force on 26 April 2019. The Act defines a trade secret in its section 2 as information that is not generally known or readily accessible, neither as a whole nor in the precise arrangement and composition of its components, to persons in the circles that ordinarily handle that type of information, and is therefore of economic value; and which is the subject of secrecy measures appropriate under the circumstances by its rightful owner; and for which there is a legitimate interest to keep it secret.

Even though trade secrets are not regarded as intellectual property rights in Germany in the sense of granting its holder exclusive rights, the Act provides for a full set of remedies including injunctions, damages, destruction of infringing products, recall of infringing products or removal from the channels of commerce, disclosure of information about suppliers and customers, sales and costs, the persons from whom the trade secret was obtained and the persons to whom the trade secret was passed on, when information is used that was passed on in breach of trade secret law.

Law stated - 20 January 2026

Trade secrets and know-how

Does the law allow a licensor to restrict disclosure or use of trade secrets and know-how by the licensee or third parties in your jurisdiction, both during and after the term of the licence agreement? Is there any distinction to be made with respect to improvements to which the licensee may have contributed?

The licensor can restrict the disclosure and the use of trade secrets and know-how by the licensee or third parties during and after the term of the licence agreement. Liability of third parties arises only if they are also contractually related to the licensor. Otherwise, the general law prohibiting the disclosure of trade or commercial secrets applies.

Secrecy obligations and use restrictions after the termination of the licence agreement are exempted from antitrust rules by article 2 of the TTBER. However, if the know-how becomes publicly known after the date of the agreement or it proves not to have been secret at the date of the agreement, any restrictions lose exemption from antitrust rules, since only secret know-how can be the object of an agreement restricting competition. According to the German antitrust authority, the lawfulness of an absolute duration of such restrictions,

for example, 20 years, is questionable. Therefore, licence agreements should limit disclosure for such time as the licensed trade secret continues to exist.

After the amendments to the TTBER and the TTBER Guidelines in May 2014, any direct or indirect obligation on the licensee to grant an exclusive licence to the licensor in respect of any improvements to the licensed know-how made by the licensee, or to assign to the licensor the licensee's rights in the improvements is not exempted from antitrust rules (article 5(1) of the TTBER). Before the amendment, the subject not exempted from antitrust rules was limited to 'severable' improvements. Therefore, the permissibility of restrictions regarding improvements made by the licensee may conflict with antitrust law, depending on the circumstances of the case.

Law stated - 20 January 2026

Copyright

What constitutes copyright in your jurisdiction and how can it be protected?

Literary, scientific and artistic works are protected via copyright, which includes, in particular:

- literary works, such as writings, speeches and computer programs;
- musical works;
- works of pantomime, including choreographic works;
- works of fine art, including works of architecture and of applied art and plans for such works;
- photographic works, including works produced by processes similar to cinematography; or
- illustrations of scientific or technical nature, such as drawings, plans, maps, sketches, tables and three-dimensional representations.

Translations and other adaptations or modifications of a work may constitute copyrighted creations of the person having created the adaptation or modification. Collections of works, of data or of other independent elements that, by reason of the selection or arrangement of the elements, constitute a personal intellectual creation, are also protected by copyright.

Copyright protection requires that a work is the author's individual creation, which requires a certain level of originality. Recent decisions of both the Court of Justice of the European Union (Case C-5/08) and the German Federal Court of Justice (Case No. I ZR 143/12) show a tendency towards a lowering of this threshold and a more equal threshold for different work categories.

Works that can be subject to copyright are protected without registration; the mere act of creation establishes the copyright.

Law stated - 20 January 2026

SOFTWARE LICENSING

Perpetual software licences

Does the law in your jurisdiction recognise the validity of 'perpetual' software licences? If not, or if it is not advisable for other reasons, are there other means of addressing concerns relating to 'perpetual' licences?

Perpetual software licences are recognised as valid and are frequently used in Germany. In general, the law of sales is applied to them. As the German law of sales provides for rather strict liability in the case of defects of the purchased goods, the licence agreement should define what constitutes a defect, and the measures the licensor has to take to remedy the defects. Further, since the law of sales does not provide for a right to terminate the contract in the case of a material breach of contract, the licence agreement should include a provision that allows termination of the licence in this case (eg, if the licensee installs the software on more devices or for more users than contractually allowed, see LG Köln, Case No. 28 O 482/05).

Law stated - 20 January 2026

Legal requirements

Are there any legal requirements to be complied with prior to granting software licences, including import or export restrictions?

No particular legal requirements to be complied with prior to granting a software licence are known. Import or export restrictions may apply only in very specific situations, such as licences for military use of the software.

Law stated - 20 January 2026

Restrictions on users

Are there legal restrictions in your jurisdiction with respect to the restrictions a licensor can put on users of its software in a licence agreement?

A licensee of a computer program may not be prevented by contract of performing the following acts:

- the making of a backup copy by a person having a right to use the computer program if it is necessary to secure future use (section 69d(2) of the German Copyright Act);
- the observation, studying or testing of the functioning of the program in order to determine the ideas and principles that underlie any element of the program if this occurs while performing any acts of loading, displaying, running, transmitting or storing the program that he or she is entitled to do (sections 69d(3) and 69g(2) of the German Copyright Act); and
- decompilation, as far as it is indispensable to obtain the information necessary to achieve the interoperability of an independently created computer program with other programs (sections 69e and 69g(2) of the German Copyright Act).

ROYALTIES AND OTHER PAYMENTS, CURRENCY CONVERSION AND TAXES**Relevant legislation**

Is there any legislation that governs the nature, amount or manner or frequency of payments of royalties or other fees or costs (including interest on late payments) in an international licensing relationship, or require regulatory approval of the royalty rate or other fees or costs (including interest on late payments) payable by a licensee in your jurisdiction?

The nature, amount, manner and frequency of payments of royalties, fees or costs can, in principle, be freely chosen by the parties to the licence agreement. One exception to this principle concerns copyright licence agreements, where the German Copyright Act provides that the author can demand an adjustment of the agreement where the payment to the author is not fair and reasonable (section 32(1) of the German Copyright Act). Another exception concerns the field of standard essential patents, where according to the case law, antitrust law requires that any third party who wishes to practise the standard can ask for a licence under the patent for such use under fair, reasonable and non-discriminatory conditions.

In the absence of regulation of the interest rate on late payments in the licence agreement, general civil law provides for an interest rate of 8 per cent above the basic interest rate, and in the case of consumer contracts, 5 per cent (section 288 of the German Civil Code).

No regulatory approval of the royalty rate or other fees or costs is required in Germany.

Law stated - 20 January 2026

Restrictions

Are there any restrictions on transfer and remittance of currency in your jurisdiction? Are there any associated regulatory reporting requirements?

In Germany, anyone can make payments to foreign beneficiaries or receive payments from abroad without restrictions or a need for permission. However, companies or persons domiciled in Germany need to report to the central bank (Bundesbank) payments to or from abroad worth more than €12,500. These reports serve to provide statistical information about the degree and the structure of the trade between Germany and the rest of the world.

Law stated - 20 January 2026

Taxation of foreign licensor

In what circumstances may a foreign licensor be taxed on its income in your jurisdiction?

A foreign licensor (ie, a licensor whose residence or registered office or place of habitual residence is not in Germany) may have limited tax liability in Germany for royalties from Germany (section 50a of the German Income Tax Act). A German licensee may be required to withhold the tax and deduct it from the royalty payments and pay it directly to the tax office on behalf of the licensor. Double taxation can be avoided where respective treaties are in place (currently with approximately 90 countries). Where they are applicable, exemptions from the licensee's duty to withhold the tax may be available if a corresponding request is filed in due time (at least three months before royalty payments are made to the licensor).

Law stated - 20 January 2026

COMPETITION LAW ISSUES

Restrictions on trade

Are practices that potentially restrict trade prohibited or otherwise regulated in your jurisdiction?

Practices that have the intent to or effect of restricting trade between EU member states are governed by articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU) and by the corresponding provisions of the German Antitrust Act.

Article 101 of the TFEU covers, inter alia, horizontal and vertical technology transfer agreements. The Technology Transfer Block Exemption Regulation (TTBER) (EU) No. 316/2014 provides certain general exemptions from violation by a licence agreement concerning, for example, patents, know-how and copyright for software. Individual exemptions of restricted practices are possible if they meet certain criteria listed in article 101(3) of the TFEU and do not fall within the hardcore restrictions.

Article 102 of the TFEU forbids abuse of a dominant position. It does not directly govern licence agreements, but exclusive licence agreements between competing undertakings may produce a combined dominance, and where such dominance is abused by a restricted practice, it can be considered a breach of article 102 of the TFEU.

Law stated - 20 January 2026

Legal restrictions

Are there any legal restrictions in respect of the following provisions in licence agreements: duration, exclusivity, internet sales prohibitions, non-competition restrictions and grant-back provisions?

There are legal restrictions in respect of some of the above provisions in licence agreements. Exclusive licence agreements are generally permissible, but exclusivity in customer allocation is a hardcore restriction and thus such provisions are null and void. The same is true for an internet sales prohibition in a selective distribution agreement, which constitutes a restriction of competition 'by object' under EU law (Court of Justice of the European Union (CJEU), Case C-439/09). Grant-back provisions for assignment of or an exclusive licence on improvements made by the licensee are excluded from the benefits of TTBER and must be assessed on a case-by-case basis to weigh up their pro- and

anticompetitive effects. Non-competition clauses are generally not permissible if they hinder the licensee in the production, use or sale of unprotected items or products. The duration of the licence agreement may extend beyond the term of protection of the licensed intellectual property right.

Law stated - 20 January 2026

IP-related court rulings

Have courts in your jurisdiction held that certain uses (or abuses) of intellectual property rights have been anticompetitive?

Since 2008, the European Commission has increasingly scrutinised agreements for patent dispute resolution. Inter alia, it has imposed fines in an amount totalling €146 million for infringement of article 101 of the TFEU in the case of an agreement between Danish pharmaceutical firm Lundbeck and several generics companies. Under the agreement, Lundbeck made substantial payments to the generics companies to delay their release of generic versions of a drug for which Lundbeck's product patent had expired, and to which it held only certain process patents, which provided more limited coverage. The decision of the European Commission was upheld by the European General Court in September 2016 in a series of cases (T-472/13, T-460/13, T-467/13, T-469/13, T-470/13 and T-471/13). The Court found that the European Commission had correctly refused to apply the exceptions under article 101(3) of the TFEU in favour of the parties.

In a 2009 decision (KZR 39/06 – *Orange Book*), the German Federal Court of Justice found that denial to grant a licence under a standard-essential patent (SEP) may be an abuse of dominant position under German and EU (article 102 of the TFEU) antitrust law. In this situation, seeking injunctive relief in a patent infringement lawsuit is likewise an abuse of a dominant position. The conditions under which the owner of a SEP may nevertheless ask for an injunction were further limited in a decision of the CJEU in July 2015 (Case C-170/13 – *Huawei v ZTE*). If an alleged infringer expresses their willingness to conclude a licence under fair, reasonable and non-discriminatory (FRAND) terms, the SEP owner may ask for an injunction only after making a written offer for a licence on FRAND terms, if the defendant did not diligently respond to the offer, in particular by submitting a specific counter-offer that also corresponds to FRAND terms. The German Federal Court of Justice held in a decision of 2020 (KZR 35/17 – FRAND defence II) that the willingness to take a licence on the part of the infringer must not be limited to a one-time expression of interest in licensing, or the submission of a (counter) offer. Rather, the infringer (like the patent owner) is required to facilitate that a licence agreement on FRAND terms can be negotiated.

Law stated - 20 January 2026

INDEMNIFICATION, DISCLAIMERS OF LIABILITY, DAMAGES AND LIMITATION OF DAMAGES

Indemnification provisions

Are indemnification provisions commonly used in your jurisdiction and, if so, are they generally enforceable? Is insurance coverage for the

protection of a foreign licensor available in support of an indemnification provision?

Indemnification provisions are commonly used in Germany and are generally enforceable. For example, claims for product liability may arise against the licensor from the use of the licensor's trademark. The licence agreement may comprise a provision for indemnification of the licensor by the licensee with respect to such claims.

Insurance coverage for the protection of a foreign licensor may be available in support of an indemnification provision.

Law stated - 20 January 2026

Waivers and limitations

Can the parties contractually agree to waive or limit certain types of damages? Are disclaimers and limitations of liability generally enforceable? What are the exceptions, if any?

Parties can, in general, agree to waive or limit damages claims. Such disclaimers and limitations of liability are generally enforceable.

Exceptions exist where a party uses standard terms and conditions: in this case, for example, liability for damages caused with intent or by a grossly negligent act cannot be excluded or limited. The same is true for liability resulting from ordinary negligence in the event of the death or personal injury and for liability for damages that are typical and foreseeable.

Law stated - 20 January 2026

TERMINATION

Right to terminate

Does the law impose conditions on, or otherwise limit, the right to terminate or not to renew an international licensing relationship; or require the payment of an indemnity or other form of compensation upon termination or non-renewal? More specifically, have courts in your jurisdiction extended to licensing relationships the application of commercial agency laws that contain such rights or remedies or provide such indemnities?

Parties are free to terminate the licence in accordance with the provisions as set out in the agreement. German law does not restrict the content of a termination clause. Therefore, German law does not generally impose conditions on or limit the right to terminate or not to renew a licensing relationship. An exception to this rule exists in the case of compulsory licences, which, owing to their nature, cannot be terminated by the licensor without good cause.

In general, the payment of an indemnity or other form of compensation is not required upon a rightful termination of the licence agreement. However, there is at least one decision of an appeals court (OLG Celle, Case No. 11 U 279/06), which ruled that if a franchisee is

integrated into the organisation of the franchisor like a commercial agent and does not have the possibility to keep their customer base after termination or non-renewal of the franchise agreement, commercial agency law (section 89b of the German Commercial Code) is to be applied by way of analogy and the franchisee has a right to compensation. Franchise agreements typically also comprise licence agreements.

Law stated - 20 January 2026

Impact of termination

What is the impact of the termination or expiration of a licence agreement on any sub-licence granted by the licensee, in the absence of any contractual provision addressing this issue? Would a contractual provision addressing this issue be enforceable, in either case?

For copyright licences, the German Federal Court of Justice, in a series of three judgments between 2009 and 2012, decided that the termination of the licence agreement in general does not lead to the termination of sub-licences granted by the licensee (Case No. I ZR 153/06, I ZR 70/10, and I ZR 24/11). In this case, the licensor has a claim against the licensee for the assignment of the right to collect outstanding royalty payments from the sub-licensees. Although the Federal Court of Justice left the issue open, it can be argued that in the case of the expiration of a licence agreement (eg, if a licence agreement has a limited term), a sub-licence granted by the licensee likewise expires because the sub-licensee cannot acquire a use right from the licensee that goes beyond what the licensee owns.

It is generally expected that the courts will also adopt this case law for other fields of intellectual property, such as patents and trademarks, which will have the consequence that sub-licences normally remain in force even if the licensor rightfully terminated the licence. If a licensor wants to avoid this consequence, it is advisable to include a provision in the licence agreement that requires the licensee to include clauses in the sub-licence providing that the sub-licence ends when the licence ceases to exist. To be certain that this provision is correctly applied, the licensor's explicit consent to any sub-licence may be required in the licence agreement. Alternatively, the right to sub-licence could be granted in a way that is limited to sub-licences that end when the licence ceases to exist. Such a provision, if ignored by the licensee, is arguably enforceable in that the sub-licence granted without the licensor's right to terminate is beyond what the licensee owns and therefore either void or to be treated as if the licensor's right to terminate was included.

Law stated - 20 January 2026

BANKRUPTCY

Impact of licensee bankruptcy

What is the impact of the bankruptcy of the licensee on the legal relationship with its licensor; and any sub-licence that the licensee may have granted? Can the licensor structure its international licence agreement to terminate it prior to the bankruptcy and remove the licensee's rights?

In the case of bankruptcy of the licensee, the insolvency administrator can choose whether or not they want to continue to perform the licence agreement (section 103 of the German Insolvency Act). If they choose not to continue the licence agreement, the agreement is terminated. On the other hand, if they choose to continue to use the licensed intellectual property right, royalty payments due after the day the commencement of insolvency was applied for, become debts of the estate, which are treated with priority over the debts to creditors in insolvency (section 55(1) No. 2 and section 53 of the German Insolvency Act).

It is generally assumed – although some doubts have been expressed concerning trademarks – that after the day the commencement of insolvency was applied for, the licensor cannot terminate the licence agreement on the ground that the licensee is in default of royalty payments due prior to that day, or that the financial circumstances of the licensee have deteriorated (analogous application of section 112 of the German Insolvency Act, which refers to lease contracts). Also, a clause providing for termination or the right to terminate upon the commencement of insolvency proceedings is considered to be void.

However, a provision in the licence agreement that allows the licensor to terminate the agreement, before the commencement of insolvency is applied for, on the grounds of payment default, indebtedness or a deterioration of the financial circumstances of the licensee is valid. Further, a provision that allows for the termination of the agreement in the case of late payments or where the licensee cannot meet an obligation for a certain minimum use of the licensed intellectual property right, even after commencement of insolvency proceedings was applied for is generally considered to be valid.

Regarding sub-licences that the licensee may have granted, certain principles are expected to apply in the case of bankruptcy of the licensee, be it that the insolvency administrator chooses not to continue to use the licensed intellectual property right, or that the licensor terminates the agreement prior to or after the application for the commencement of insolvency proceedings: arbitration clauses are common in licence agreements and recognised by section 1029 of the German Civil Procedure Code. A valid arbitration clause has the effect that a complaint brought before a German court has to be dismissed for lack of jurisdiction if the defendant so requests prior to the oral hearing (section 1032(1) of the German Civil Procedure Code).

Law stated - 20 January 2026

Impact of licensor bankruptcy

What is the impact of the bankruptcy of the licensor on the legal relationship with its licensee; and any sub-licence the licensee has granted? Are there any steps a licensee can take to protect its interest if the licensor becomes bankrupt?

Also, in the case of bankruptcy of the licensor, the insolvency administrator can choose whether or not he or she wants to continue to perform the licence agreement, provided that the licence contract was not yet completely performed by the licensor or the licensee (section 103(1) of the German Insolvency Act). This is the case at least where running royalties have been agreed upon. In a case of a royalty-free patent cross-licence agreement, a German appeals court found that the contract had already been performed completely and could not be terminated by the insolvency administrator (OLG München, Case No. 6 U 541/12). If the

insolvency administrator chooses not to continue the licence agreement, the agreement is terminated. In this case, the licensee has a claim against the licensor for breach of contract (section 103(2) of the German Insolvency Act, first sentence), but this claim is treated like any other debt to creditors.

In several decisions, the sub-licence granted by the licensee to its sub-licensee was found to remain unaffected by the termination of the agreement between the insolvent licensor and the licensee (Federal Court of Justice, Case No. I ZR 153/06, I ZR 24/11, and I ZR 70/10). Consequently, the licensee can mitigate the risk of a bankruptcy of the licensor by sub-licensing the licence (eg, to its affiliates who practise the licence).

In another decision, the Federal Court of Justice (Case No. IX ZR 162/04) confirmed the validity of a clause in a software licence agreement by which the right to use the software was transferred to the licensee subject to the condition precedent that the licence agreement is terminated (including termination by the insolvency administrator). Thus, such a clause can provide another possibility, in particular for the exclusive licensee to protect itself against the bankruptcy of the licensor.

Finally, it is widely recognised in legal literature that charging an intellectual property right with a usufruct survives the bankruptcy of the licensor.

Law stated - 20 January 2026

GOVERNING LAW AND DISPUTE RESOLUTION

Restrictions on governing law

Are there any restrictions on an international licensing arrangement being governed by the laws of another jurisdiction chosen by the parties?

In principle, the parties to an agreement are free to choose the law that governs the agreement (article 3(1) of Regulation (EC) No. 593/2008 (Rome I)). However, a German court would apply overriding mandatory provisions of German and EU law; namely, provisions the respect of which are regarded as crucial for safeguarding Germany's or the EU's public interests (article 9(2) of Rome I). In particular, EU antitrust law can be applied to assess the validity of the provisions of a licence agreement.

Law stated - 20 January 2026

Contractual agreement to arbitration

Can the parties contractually agree to arbitration of their disputes instead of resorting to the courts of your jurisdiction? If so, must the arbitration proceedings be conducted in your jurisdiction or can they be held in another?

Arbitration clauses are common in licence agreements and recognised by section 1029 of the German Civil Procedure Code. A valid arbitration clause has the effect that a complaint brought before a German court has to be dismissed for lack of jurisdiction if the defendant so requests prior to the oral hearing (section 1032(1) of the German Civil Procedure Code).

Enforceability

Would a court judgment or arbitral award from another jurisdiction be enforceable in your jurisdiction? Is your jurisdiction party to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards?

Foreign judgments are, in general, enforceable in Germany. Enforcement requires that the foreign judgment has been declared enforceable by a German court.

Judgments from the Unified Patent Court (UPC), of which Germany is a member, are enforceable in Germany in the same way as judgments from a German court.

For judgments from EU member states and from a number of other jurisdictions (Iceland, Norway and Switzerland – the contracting parties to the Lugano Convention), the procedure and the prerequisites for the declaration of enforceability is simplified, and merely require that the judgment from the foreign jurisdiction is enforceable in that jurisdiction and that the interested party makes an application with the competent German court (see articles 38 and 39 of Council Regulation (EC) No. 44/2001 (Brussels I)).

For judgments from other jurisdictions, the interested party needs to sue the defendant at the competent German court for a declaration of the enforceability of the foreign judgment in Germany (section 722 of the German Civil Procedure Code). The German court will not review the lawfulness of the foreign judgment, but it will declare the foreign judgment enforceable in Germany only if the judgment from the foreign jurisdiction is final and the recognition of the foreign judgment in Germany is not excluded by law (section 723 of the German Civil Procedure Code). Recognition is excluded by law, for example, if it conflicts with German public policy (section 328 of the German Civil Procedure Code).

Foreign arbitral awards are recognised and enforced by German courts in accordance with the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (section 1061 of the German Civil Procedure Code), to which Germany is a party.

Collective arbitration is rare in Germany, although it is known in certain types of shareholder suits (see the DIS Supplementary Rules for Corporate Law Disputes). Unless explicitly agreed upon by the parties, collective arbitration is unavailable. Therefore, a contractual waiver is unnecessary.

Injunctive relief

Is injunctive relief available in your jurisdiction? May it be waived contractually? If so, what conditions must be met for a contractual waiver to be enforceable? May the parties waive their entitlement to claim specific categories of damages in an arbitration clause?

Permanent and preliminary injunctive relief is available in Germany and also in the UPC, of which Germany is a member. An injunction granted by a first- instance court can regularly be immediately enforced, upon provision of a security bond, even if an appeal is pending. In the UPC, whether or not the enforcement of a decision is subject to the provision of a security is up to the discretion of the court. Pursuant to section 717 (2) of the German Civil Procedure Code, the plaintiff must compensate the defendant for all damages incurred by the defendant as a result of the provisional enforcement of the judgment, should the provisionally enforced judgment later be lifted.

At least for patents, the right to injunctive relief cannot be waived with *in rem* effect (LG Mannheim, Case No. 7 O 94/08), but the assertion of the right to injunctive relief can be waived contractually in an agreement with a third party. In this case, the third party has a defence against the claim for an injunction if the third party is sued for infringement (RGZ 153, 329 and 331). Restrictions to the enforceability of such a waiver exist where standard terms and conditions are used.

Parties may waive their entitlement to claim (specific categories of) damages, such as loss of profits, in an arbitration clause or any other clause of an agreement. However, restrictions exist where standard terms and conditions are used.

Law stated - 20 January 2026

UPDATES & TRENDS

Key developments of the past year

Please identify any recent developments in laws or regulations, or any landmark cases, that have (or are expected to have) a notable impact on licensing agreements in your jurisdiction (including any significant proposals for new legislation or regulations, even if not yet adopted). Explain briefly how licensing agreements might be affected.

No updates at this time.

Law stated - 20 January 2026