

IP Report

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Munich I District Court on the interpretation and scope of negative patent licenses (decision of January 8, 2015 – Case 7 O 28263/13)

Reported by Nadine Heiartz

The negative license (or “freedom to operate” license) may generally be considered as either the granting of a positive right to use the patented invention or a “pactum de non petendo”. Which of these is the case has to be determined by interpreting the parties’ intentions in the individual case.

If the parties wanted to comprehensively settle a dispute on patent infringement with regard to past and future use of the patented invention, the negative license may be considered as the granting of a positive right to use. Only if the parties merely wanted to settle claims for past infringement, the negative license may be considered a “pactum de non petendo”.

A. Facts of the case

In the case at hand, the Plaintiff, being the successor in title of the previous patent owner, sued the Defendants (a tyre manufacturer and its subsidiary) for infringement of the German part of European Patent 0 718 127 relating to vehicle tyres (hereinafter, “patent-in-suit”).

Already in 1988, the previous owner of the patent-in-suit had granted a non-exclusive license, including the right to grant sub-licenses, to its parent company, which later joined the present lawsuit as third party intervener (hereinafter, “intervener”).

In 1994, the intervener had entered into a (sub-)license agreement with the Defendant 1) concerning, amongst others, the patent-in-suit. This (sub-)license agreement provided for a stipulation according to which “the

[intervener] and their subsidiary companies will not assert any rights against [the Defendant 1)] or its subsidiary companies or cooperation partners on the basis of [...] their European patent application 718 127 [...]”.

Only in 1999, the Plaintiff became the owner of the patent-in-suit.

While the vehicle tyres offered and sold by the Defendants undisputedly made use of the patented invention, the parties argued over the scope of the license agreement concluded between the intervener and the Defendant 1), i.e. whether said license agreement granted the Defendants a right to use the invention according to the patent-in-suit.

B. Findings of the Court

The Munich I District Court held that generally a so-called negative license (or “freedom to operate” license), stipulating that the licensor “will not assert any rights” against the licensee, may be considered either as the granting of a positive right to use the patented invention, or as the conclusion of a “pactum de non petendo”, i.e. the waiver to assert claims for past infringement.

Based on the circumstances of the individual case, the true intention of the contracting parties as to the scope of the license regarding claims for patent infringement had to be ascertained.

If the interpretation of the agreement and the licensor’s and licensee’s declarations of intent showed that the contracting parties only wanted to settle claims for past infringement, the negative license should be considered a “pactum de non petendo”, stipulating that



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the patent owner may not assert such claims for past infringement against the licensee. If, on the other hand, it turned out that the contracting parties wanted to comprehensively settle their dispute concerning patent infringement not only with regard to claims arising from past infringement but also with regard to future patent infringement, the negative license had to be interpreted as granting a positive right to use the patented invention.

Taking into consideration the individual facts of the present case, the Munich I District Court found that the license agreement

entered into between the intervener and the Defendant 1) had to be considered as granting a right to use the patented invention. As under German patent law, a transfer of the patent does not affect licenses previously granted to third parties, also the Plaintiff, being the successor in title of the previous patent owner, was bound to this (sub-)license granted to the Defendant 1) by the intervener.

Thus, the complaint was dismissed as the Defendants were both granted a right to use the invention of the patent-in-suit, the Defendant 1) as party to the license agreement and the Defendant 2) as its subsidiary.

Remarks

The Munich I District Court clarifies that a negative license is, in its view, no separate (third) license category in addition to exclusive and non-exclusive licenses; rather, it considers the negative license a subtype of a non-exclusive license.

As it is a key characteristic of the negative license that the licensor does not undertake to maintain the licensed patent and to provide the possibility to actually use the patented invention, some are of the opinion that in case of such negative license the licensor does not want to grant a right to use the patented invention. In the present decision, the Munich I District Court does not agree with this general conclusion. It argues that one has to distinguish between the mentioned obligations of the licensor, on the one hand, and the scope of the negative license with regard to claims for patent infringement, on the other hand. Both are basically independent of each other. Based on the interpretation of the parties interest and will, it has to be determined which kind of claims for patent infringement shall be covered by the negative license: if the parties only want to settle claims for past infringement, a “pactum de non petendo” is at hand; if the negative license is intended to cover also future infringing acts, it grants a right to use the patented invention.

According to the Munich I District Court, the latter is the standard case. This is the logic consequence of considering the negative license a subtype of a non-exclusive license, as such non-exclusive license grants the licensee a right to legitimately use the patented invention. In view of the present decision, in practice, one will have to carefully consider and interpret the particular circumstances of the individual case in order to qualify a negative license as the granting of a right to use or as a mere pactum de non petendo. In order to avoid uncertainties, in particular the licensee should work towards a precise and unambiguous wording, granting it a positive right to use.

Note: The present decision of the Munich I District Court did not become final as the complaint was withdrawn after the judgment had issued.