



FEDERAL SUPREME COURT
IN THE NAME OF THE PEOPLE
JUDGMENT

X ZR 103/19

Pronounced on:
February 22, 2022
Schönthal
Judicial Employee
as Clerk of the
Court Registry

in the litigation

At the oral proceedings on February 22, 2022 the X. Civil Senate of the Federal Supreme Court by the Presiding Judge Dr. Bacher, the Judge Dr. Grabinski, the Judge Dr. Kober-Dehm, and the Judges Dr. Rensen and Dr. Crummenerl

has ruled:

The appeal against the judgment of the 2nd Civil Senate of the Düsseldorf Higher Regional Court of October 17, 2019, is dismissed at defendants' expense.

By law

Facts of the Case:

1 The plaintiffs are suing the defendants for infringement of European Patent 1 449 918 (patent in suit), which was granted with effect in the Federal Republic of Germany and of which the first plaintiff is the owner.

2 The patent in suit relates to a process for producing of L-amino acids using genetically modified bacteria. Claims 1, 4 and 5 read in procedural language:

1. An L-amino acid producing bacterium belonging to the genus *Escherichia* wherein the L-amino acid production by said bacterium is enhanced as compared to an unmodified strain by enhancing the activity of a protein as defined in the following (A) or (B) in a cell of said bacterium, by transformation of said bacterium with DNA coding for the protein as defined in (A) or (B) or by introducing multiple copies of the DNA coding for a protein as defined in (A) or (B) into a bacterial chromosome, or the L-amino acid production by said bacterium is enhanced by locating said DNA under the control of an expression regulation sequence that is more potent than the sequence shown in SEQ ID NO:9:
(A) a protein which comprises the amino acid sequence shown in SEQ ID NO:2 in Sequence listing;
(B) a protein which comprises an amino acid sequence including deletion, substitution, insertion or addition of one to 30 amino acids in the amino acid sequence shown in SEQ ID NO:2 in sequence listing, and which has an activity of making bacteria have resistance to L-phenylalanine, p-fluoro-phenylalanine or 5-fluoro-DL-tryptophan.
4. The bacterium according to any one of claims 1 to 3, wherein said bacterium is *Escherichia coli*.
5. A method for producing L-tryptophan or L-phenylalanine, which comprises cultivating the bacterium according to any of claims 1 to 4 in a culture medium and collecting from the culture medium the L-amino acid to be produced and accumulated in the medium.

3 The plaintiff re 1), which is domiciled in J. , is the sole shareholder of A. Inc. (A.), which is also domiciled there. The latter holds all shares of the plaintiff re 2), which is domiciled in F. .

- 4 As of November 1, 2011, the plaintiff re 1) entered into a license agreement with A. and A. entered into a sublicense agreement with the plaintiff re 2) for a number of property rights in different countries (FBD1, 1a, 19, 19a). The German file number of the patent in suit is listed under the heading "Germany" in the list of IP rights concerned.
- 5 By supplemental agreements dated June 23 and 26, 2017, respectively (FBD26, 26a, 27, 27a), the contracting parties agreed, for the purpose of clarifying the 2011 agreements, that an exclusive license or sublicense for the German part of the patent in suit would be granted retroactively to November 1, 2011, and that the respective license agreement would be governed by German law.
- 6 The defendants belong to C. domiciled in S. . Defendant re 1) is involved in the food and biotechnology business within the corporate group. The defendant re 2) is a licensee of the defendant re 1). According to an invoice dated February 5, 2015 (FBD7), another company belonging to the group, which is claimed separately, sold 1,000 kg of L-tryptophan (challenged embodiment) to a customer domiciled in C. and delivered the goods there on February 9, 2015. The manufacturer of the goods is the defendant re 2).
- 7 The District Court found the challenged embodiment to be a direct product of a process according to patent claim 5 in combination with patent claims 1 and 4. It ordered the defendants as requested to cease and desist, to provide information, to render accounts, to destroy and to recall and found that they are obliged to compensate the damage incurred, namely against the plaintiff re 1) since June 9, 2010 and against the plaintiff re 2) since November 1, 2011.
- 8 The Court of Appeal dismissed the defendants' appeal with the proviso that the recall obligation was limited to products whose best-before date had not yet expired at the time of the conclusion of the oral proceedings.

9 The defendants opposed this decision in an appeal which was allowed by the Senate. The plaintiffs opposed the appeal.

Reasons for Decision:

10 The admissible appeal is unsuccessful on the merits.

11 I. The Court of Appeals gave the following main reasons for its decision:

12 Not only the plaintiff re 1) as patent proprietor was entitled to sue, but also the plaintiff re 2) on the basis of the exclusive sublicense granted to it. It is irrelevant how the agreements concluded in 2011 are to be interpreted. In any case, the plaintiffs' right to sue results from the contracts concluded in 2017. These had retroactive effect as of November 1, 2011. It is true that exclusive licenses cannot in principle be established retroactively. Exceptionally, however, this is possible if the mediated rights had already been used previously with the consent of the rights holder. According to the plaintiffs' allegations, this is the case here. To the extent that the defendants countered this in the second instance, this was not to be taken into account as a new submission.

13 When concluding the supplementary agreement with A. in 2017, the plaintiff re 2) was effectively represented by its President. The status of the representative can be seen from the enclosed excerpts from the register (FBD30) and the corresponding information in the French Official Gazette.

14 A. had been effectively represented by Mr. S. as authorized director when concluding the two supplementary agreements. The position of the director is shown

by the relevant register extracts, a certificate referring thereto (FBD32 II, FBD47) and a declaration made by him (FBD50). According to Article 349 (1) and (4) of the Companies Act of Japan, an authorized director is in principle authorized to represent the company. There are no indications for a restriction of the power of representation under this provision. Such restrictions are possible under Japanese law without a corresponding entry in the register. In the present case, however, such restrictions are not apparent either from the Articles of Association or from resolutions of the Board of Directors.

15 The plaintiff re 1) had been represented by its general manager A. S. in 2017. The fact that the General Manager was authorized to represent the company follows from Article 14 (1) of the Japanese Companies Act. According to the provisions of the company regulations applicable to the plaintiff re 1), the general manager alone was authorized to represent the company and no approval by resolution of the board of directors was required because the subject matter of the contract was part of the business area of the relevant department.

16 The District Court was correct to regard the offer and sale of the challenged embodiment as a literal use of the asserted patent claims 5, 1 and 4 in combination and to condemn the defendants for direct patent infringement. To the extent that patent claim 1 provides that the DNA is placed under the control of an expression regulatory sequence that is stronger than the sequence shown in SEQ ID No. 9, that describes a condition and not a process step. The patent claims did not specify by which process this state was produced. Therefore, with regard to the objective patent infringement, it is not important whether the challenged embodiment is based on a genome-wide random mutagenesis or on a targeted and selective intervention. It was also irrelevant whether heterologous or homologous promoters were used and whether the promoters used were already known. A different understanding is also not justified with regard

to the defendants' arguments concerning the practicability. In the challenged embodiment, a point mutation had been found at the decisive site according to the patent in suit, which resulted in an increased expression of the yddG gene. How the point mutation came about was meaningless.

17 II. These considerations withstand verification in the appeal proceedings.

18 1) The Court of Appeal was right to affirm an objective patent infringement.

19 a) Patent claim 5, on which the action is based, concerns producing of L-tryptophan with a modified bacterium of the species *Escherichia coli*.

20 aa) According to the description of the patent in suit, native or mutant microorganisms are modified for the industrial production of L-amino acids by fermentation in order to increase productivity.

21 In this respect, it is known to modify microorganisms by recombinant DNA in such a way that the enzymes involved in amino acid biosynthesis show increased activity. Alternatively, the target enzymes could be decoupled from the inhibition by the produced L-amino acids or the excretion from the cell could be increased.

22 In the prior art, some genes of *Escherichia coli* had already been described that encoded putative membrane proteins to increase productivity. For example, it was known that additional copies of certain genes increased the resistance of a bacterium to certain L-amino acids and increased the production of certain L-amino acids. The *rhtA* gene of the *Escherichia* bacterium encodes a protein of 295 amino acid residues, he said. An examination of the nucleotide sequence of this protein revealed ten homologous proteins of *rhtA*, among which were proteins encoded by *YdeD* and

YddG genes. In addition, it is known that the YddG gene may encode a protein of unknown function.

23 bb) The patent in suit is based on the technical problem of providing a process with improved production of L-amino acids.

24 cc) For the solution, the patent in suit proposes in patent claim 5 a method, the features of which can be structured as follows, resolving the references back to patent claims 1 and 4:

25	0.	A method for producing L-tryptophan or L-phenylalanine, comprising:	Das Verfahren dient der Produktion von L-Tryptophan oder L-Phenylalanin und umfasst:
	0.1	cultivating an L-amino acid producing bacterium in a culture medium and	das Kultivieren eines L-Aminosäure produzierenden Bakteriums in einem Kulturmedium und
	0.2	collecting from the culture medium the L-amino acid to be produced and accumulated in the medium.	das Gewinnen der herzustellenden und in dem Medium anzuhäufenden L-Aminosäure aus dem Kulturmedium.
	1	Said bacterium is Escherichia coli.	Das (zu kultivierende) Bakterium ist Escherichia coli.
	2	The L-amino acid production by said bacterium is enhanced as compared to an unmodified strain	Die L-Aminosäureproduktion durch das Bakterium ist im Vergleich zu einem nicht modifizierten Stamm erhöht
	2.1	by enhancing the activity of a protein (A) or (B) in a cell of said bacterium,	durch Erhöhen der Aktivität eines in (A) oder (B) definierten Proteins in einer Zelle des Bakteriums,
	2.1.1	by transformation of said bacterium with DNA coding for the protein (A) or (B) or	durch Transformation des Bakteriums mit für das in (A) oder (B) definierte Protein kodierender DNA oder

2.1.2	by introducing multiple copies of the DNA coding for a protein (A) or (B) into a bacterial chromosome,	durch Einführen mehrfacher Kopien von für das in (A) oder (B) definierte Protein kodierender DNA in ein Bakterienchromosom,
2.2	or the L-amino acid production of said bacterium is enhanced by locating said DNA under the control of an expression regulation sequence that is more potent than the sequence shown in SEQ ID NO:9.	oder die L-Aminosäureproduktion durch das Bakterium ist erhöht durch Unterstellen der DNA unter die Kontrolle einer Expressionsregulationssequenz, die stärker ist als die in SEQ ID Nr. 9 gezeigte Sequenz.
3.	Protein (A) comprises the amino acid sequence shown in SEQ ID NO:2 in Sequence listing;	Protein (A) umfasst die in SEQ ID Nr. 2 des Sequenzprotokolls gezeigte Aminosäuresequenz;
4	Protein (B)	Protein (B)
4.1	comprises an amino acid sequence including deletion, substitution, insertion or addition of one to 30 amino acids in the amino acid sequence shown in SEQ ID NO:2 in Sequence listing, and	umfasst eine Aminosäuresequenz, einschließlich Deletion, Substitution, Insertion oder Addition von einer bis zu 30 Aminosäuren in der in SEQ ID Nr. 2 des Sequenzprotokolls gezeigten Aminosäuresequenz umfasst und
4.2	has an activity of making bacterium have resistance to L-phenylalanine, p-fluoro-phenylalanine or 5-fluoro-DL-tryptophan.	hat die Fähigkeit, ein Bakterium gegen L-Phenylalanin, p-Fluorphenylalanin oder 5-Fluor-DL-Tryptophan resistent zu machen.

26 dd) The Court of Appeal correctly assumed that feature 2.2 (in the judgment under appeal: feature 4.3) does not provide for a specific manufacturing process for the bacterium.

27 (1) In the nullity proceedings, the Senate came to the conclusion, in agreement with the opinion of the Court of Appeal, that only two requirements result from feature 2.2 with regard to the bacterium:

28 The sequence must be positioned in such a way that the expression behavior of the DNA coding for a protein (A) or (B) is subject to its control, i.e. "regulated" by it. This regulation must lead to stronger gene expression than is the case with the sequence shown in SEQ ID No. 9.

29 In contrast, feature 2.2 does not provide for an additional process step, or at any rate for an additional physical or functional property of the modified bacterium (BGH, judgment of December 17, 2020 - X ZR 15/19, para. 19 et seq.).

30 (2) The Senate adheres to this assessment also in the light of the submission of the appeal.

31 (a) However, as the appeal correctly asserts in its approach, the wording of feature 2.2 - just like the wording of features 2.1.1 and 2.1.2 - with the phrases "by ..." contains verb forms which indicate a certain procedure.

32 However, as the Senate has already stated in the nullity proceedings, it does not necessarily follow from the use of such terms in a product claim that the product must necessarily be manufactured with the aid of such a process. In principle, it is only required that the product has properties which can be achieved by such processes.

33 The patent in suit specifies these properties in feature 2.2 conclusively in the sense shown above.

34 (b) Contrary to the opinion of the revision, the properties specified by feature 2.2 do not include the presence of a heterologous promoter.

35 In the embodiments described in the description of the patent in suit, the
desired properties are achieved with the aid of a heterologous promoter. However,
this means has not found expression in patent claims 1, 4 and 5.

36 b) Against this background, the Court of Appeal correctly came to the
conclusion that the challenged embodiment realizes feature 2.2 even if the
properties provided for in this feature have been brought about by random
mutagenesis, and that it is irrelevant whether heterologous or homologous
promoters have been used and whether the promoters used were already known.

37 Contrary to the opinion of the appeal, the considerations of the Senate in the
nullity proceedings, according to which the subject matter of the patent in suit may
also include embodiments the finding of which requires inventive step, do not lead
to a different assessment with respect to the challenged embodiment.

38 It follows from these considerations that the challenged embodiment falling
within the literal meaning of the patent in suit is to be regarded as patent-infringing
even if its discovery would have required (additional) inventive step despite
knowledge of the teaching of the patent in suit. Literal embodiments, which could
be found without inventive step on the basis of the patent in suit, are to be qualified
as patent infringing a fortiori. This aspect did not need to be explicitly mentioned in
the nullity proceedings, because it was not questioned there.

39 After all, it is irrelevant on which specific way the challenged embodiment
was indeed found.

40 2. Also without error of law and not challenged by the appeal, the Court of
Appeal assumed that the defendants had acted negligently.

41 3) The Court of Appeal was correct in its conclusion that the plaintiff re 2)
had the right to sue. The considerations used to justify this are in part subject to
far-reaching reservations. In this respect, however, the decision proves to be
correct for other reasons, Sec. 561 Code of Civil Procedure (ZPO).

42 a) The Court of Appeal correctly ruled that the agreements concluded in
2017, insofar as these relate to the acquisition of an exclusive sublicense on which
the right to sue pf plaintiff re 2) is based, are governed by German law in
accordance with the principle of the country of protection.

43 aa) In this context, it is irrelevant according to which law the other legal
relationships between the respective contracting parties are to be assessed, for
example with regard to the question of which rights and obligations the contracting
parties have in their relationship to each other (for the relevant law, see McGuire in
Busse/Keukenschrijver, Patent Act (PatG), 9th ed. 2020, Sec. 15, para. 30). It is also
not relevant which other property rights were the subject of the agreements of 2011
and according to which law agreements in this respect would have to be assessed
(for the relevant aspects see McGuire in Busse/Keukenschrijver, Patent Act (PatG),
9th ed. 2020, Sec. 15, para. 18).

44 In the case in dispute, the sole issue is what effects the agreements can have
in relation to third parties with regard to possible infringements of the patent in suit
in Germany.

45 bb) This question is to be assessed according to the law of the country of
protection, i.e. the country for which protection is claimed and for which rights are
asserted against a third party (BGH, judgment of October 15, 1987 - I ZR 96/85,
GRUR 1988, 296, 298 - Gema-Vermutung IV; judgment of June 17, 1992 - I ZR
182/90, BGHZ 118, 394, 397 = GRUR 1992, 697, 698 - ALF; judgment of

March 29, 2001 - I ZR 182/98, BGHZ 147, 178, 182 = GRUR 2001, 1134, 1136 - Lepo Sumera; Ullmann/Deichfuß in Benkard, Patent Act (PatG), 11th ed. 2015, Sec. 15, para. 225; McGuire in Busse/Keukenschrijver, Patent Act (PatG), 9th ed. 2020, Sec. 15, paras. 18, 29).

46 Whether this principle can be derived from Recital 26 of the Rome II Regulation or from Art. 8 of the Rome II Regulation (Buchner, GRURInt. 2005, 1004, 1005 and Sack, WRP 2008, 1405, 1409), whether it results from an unwritten conflict rule of Union law (BeckOGK/McGuire, December 1, 2016, Art. 8 Rome II Regulation, para. 35 et seq.) or whether the Regulation does not contain any provision with regard to the entitlement to the property right (so for the first ownership Klass, GRURInt. 2008, 546, 547, footnote 9 and probably also Leible/Lehmann, RIW 2007, 721, 731), does not require a final decision in the case of dispute.

47 According to all the regulatory bases under consideration, the assessment of the question under which conditions claims against third parties arise in the event of an infringement of the property right is fundamentally subject to the law of the state for which the protection is claimed.

48 cc) Accordingly, the law of the country of protection must also be applied to the question of whether a person who is entitled to use the right on the basis of an agreement with the owner is entitled to its own claims against the persons involved in the infringement. Only this ensures a uniform and consistent application of the law.

49 dd) As the Court of Appeal also correctly assumed, however, individual aspects may have to be assessed under other legal systems.

50 Thus, the question whether a company was duly represented when concluding the contract is to be assessed according to the company's statute. The question as to which rights and obligations the contracting parties should have

among themselves with regard to the property right concerned is, in principle, to be assessed according to the statute of the contract.

51 As far as the legal position of the beneficiary vis-à-vis third parties is concerned, however, there is no recourse to categories of another legal system. This question concerns the protective effects of the right in relation to third parties and must therefore be assessed according to the law of the country of protection.

52 b) The Court of Appeal correctly concluded that the companies involved were effectively represented when the two supplementary agreements were concluded in 2017.

53 aa) Defendants' submission, which is criticized by the appeal as being ignored, that the restrictions in the submitted internal representation regulations (Global Governance Rules, GGR) only apply to plaintiff re 1) is irrelevant.

54 In assessing the question of whether A. was effectively represented by its authorized director, the Court of Appeal relied on Sec. 10, No. 31 of the Rules of Procedure of the Board of Directors of A., according to which a resolution of the Board of Directors is required for the conclusion, revision and cancellation of important contracts. Only for the interpretation of the term "important contracts" did it additionally refer to the Global Governance Rules.

55 This assessment also proves to be free of legal errors in the event that the Global Governance Rules apply directly only to plaintiff re 1).

56 Even under this condition, in the absence of any indications to the contrary, it is consistent with life experience that the board of directors of a subsidiary is guided by the regulations and practice of the parent company in the interpretation and practical application of its rules of procedure. This applies all the more since the purpose of the global governance rules, as can be seen from the provision in Art. 1

rightly referred to by the revision reply, is to create uniform requirements for the relationships of all Group companies with each other. In view of this, the Court of Appeal had no reason to address the question of whether the Global Governance Rules were also formally put into effect with effect for A. .

57 The appeal does not show any other circumstances from which a restriction of the power of representation could arise, nor does it show any submission by the defendant in this regard.

58 bb) For the same reasons, it is irrelevant whether the global governance rules in their direct scope of application only concern contracts to which the plaintiff re
1) is a party.

59 Even the affirmative answer to this question does not preclude the use of the principles underlying the rules for the interpretation of Sec. 10 No. 31 of the Rules of Procedure of the Board of Directors of A. .

60 cc) Contrary to the opinion of the appeal, the Court of Appeal was not required to obtain an expert opinion on the interpretation of Art. 362 (4) of the Japanese Companies Act.

61 Just like the Rules of Procedure of the Board of Directors of A., this provision also requires the approval of the Board of Directors not only for the conclusion, but also for the revision and cancellation of important agreements. However, the considerations with which the Court of Appeal reached the conclusion that the agreements concluded in 2017 do not fall under these facts are consistent and do not contradict the legal statements in the private expert opinion submitted by the defendants.

62 It can be left open whether the agreements concluded in 2011 are important contracts within the meaning of the aforementioned provisions. Even if this were to be affirmed, there are no indications from the circumstances pointed out by the

appeal that every amendment to such agreements is to be regarded as a revision within the meaning of Art. 362 (4) of the Japanese Companies Act. The fact that the subject matter of the agreements concluded in 2017 is of only minor importance compared to the content of the original agreement was affirmed by the Court of Appeal with error-free considerations.

63 Contrary to the opinion of the appeal, it is not objectionable on legal grounds that the Court of Appeal did not obtain an expert opinion on the interpretation of Article 362 (4) of the Japanese Companies Act. According to the findings in the appeal judgment, which are not challenged in this respect, the private expert opinion submitted does not address the question of whether even minor amendments are to be regarded as revisions. In this initial situation, it is not legally objectionable in the case in dispute that the Court of Appeal refrained from further investigations, particularly since the agreements reached entail no apparent disadvantages either for the first plaintiff or for A. .

64 c) On the other hand, the assumption of the Court of Appeal that an exclusive patent license with effect vis-à-vis third parties can also be granted retroactively under certain circumstances meets with far-reaching reservations.

65 aa) Such an agreement is not possible outside the circumstances regulated by law at least to the extent that it results in claims against third parties arising subsequently for the benefit of a contracting party on the basis of acts of infringement already concluded.

66 Whether and vis-à-vis which persons a third party is liable due to a patent infringement must already be determined at the time of the infringing act. This does not exclude the possibility that the damage to be compensated may only become fully apparent in the course of time or that the injured party assigns his claims for compensation to a third party. However, retroactivity would be inadmissible in principle if a contractual agreement were to subsequently create additional claims in

favor of further persons. This applies in particular to agreements by which the group of persons entitled to compensation and thus the scope of the damage to be compensated is subsequently extended.

67 bb) The retroactive grant of an exclusive license is capable of triggering such legal consequences.

68 In the event of an infringement, the holder of an exclusive license is entitled to his own claims for injunctive relief, damages, recall and the like. The retroactive grant of such a license may therefore result in an infringer being obliged to compensate for damages which, by their very nature, would not have occurred if the license had not been granted.

69 cc) An exception can only be considered insofar as the law attaches retroactive effect to certain facts.

70 In German law, such effects are provided for in particular by the provisions of Sec. 177 (1) and 184 (1) and Sec. 185 (1) of the German Civil Code (BGB).

71 The retroactive effect of the approval of a contract concluded without power of attorney or of a disposition by a non-entitled party provided for therein may, in the case of the contractual granting of rights of use to a patent, also result in claims against third parties arising subsequently in favor of the entitled party from an infringement action already concluded. In these constellations, however, the potential liability is already inherent because the retroactive effect is linked to events that took place prior to the act of infringement.

72 Sec. 177 (1) of the German Civil Code (BGB) and Sec. 184 (1) of the German Civil Code (BGB) also apply to contracts on the transfer of absolute rights (KG, decision of May 30, 2013 - 1 W 86/13, NJOZ 2013, 1928, 1929 on conveyance; Grüneberg/Ellenberger, German Civil Code (BGB), 81st ed. 2022, Sec. 184, para. 2; Staudinger/Schilken, German Civil Code (BGB), new edition 2019, Status:

September 23, 2021, Sec. 177, para. 2; BeckOGK/Ulrict, Status: August 1, 2021, Sec. 177, Status: September 23, 2021, German Civil Code (BGB), para. 53).

73 Nothing else can apply to the grant of an exclusive license to a patent. It is irrelevant here whether the granting of such a license qualifies as a disposition. The decisive factor is that the exclusive licensee obtains an independent legal position derived from the patent proprietor vis-à-vis third parties.

74 dd) Against this background, the plaintiff's re 2) own claims for the period prior to the conclusion of the 2017 agreements cannot already be based on the fact that the plaintiff already had the actual position of an exclusive licensee beforehand.

75 d) The contested decision, however, proves to be correct in the result because the agreements made in 2011 are to be interpreted under the relevant German law as granting an exclusive license to the patent in suit and any defects in representation were retroactively cured by the agreements made in 2017 pursuant to Sec. 177 (1) and Sec. 184 (1) German Civil Code (BGB).

76 aa) According to the principles set out above, the question of whether the plaintiff re 2) was to acquire the status of an exclusive licensee in relation to third parties on the basis of the agreements made is subject to assessment under German law.

77 The Senate can itself make the interpretation of the agreements required to assess this question because the lower courts have made the factual findings required for this and the submissions of the parties do not provide any indications that further findings are possible (cf. on these requirements BGH, judgment of September 25, 1975 - VII ZR 179/73, BGHZ 65, 107, 112; judgment of December 12, 1997 - V ZR 250/96, NJW 1998, 1219).

- 78 bb) It is clear from the findings made in the lower courts both for the agreements concluded in 2017 and for the agreements concluded in 2011 that the plaintiff re 2) was to obtain the position of an exclusive licensee with respect to Germany.
- 79 (1) Pursuant to Sec. 133 and Sec. 157 of the German Civil Code (BGB), the true intention of the declarants must be ascertained when interpreting declarations of intent and contracts.
- 80 In doing so, the wording of the declaration is to be taken as a basis and primarily the objectively declared intention of the parties to be inferred from it is to be taken into account. However, the purpose pursued by the agreement, the interests of the parties and the other accompanying circumstances that may shed light on the meaning of the exchanged declarations must also be taken into account in the analysis of intent (see only BGH, judgment of January 27, 2010 - VIII ZR 58/09, WM 2010, 986, para. 33).
- 81 (2) In the case of dispute, it can be left open whether the term exclusive license used in the German translation of the contracts comprehensively and accurately reflects the meaning of the term used in the original text and how this term would be interpreted on the basis of Japanese law.
- 82 The decisive factor for the interpretation under German law that is relevant in the case in dispute is that under Art. 5 (3) of the agreement concluded in 2011, A. has the right to settle disputes with third parties about the property right on its own responsibility and the first plaintiff must support it in this in word and deed. Under German law, such a legal position requires an exclusive license (see BGH, judgment of May 20, 2008 - X ZR 180/05, BGHZ 176, 311, para. 35 - Tintenpatrone I; judgment of May 4, 2004 - X ZR 48/03, GRUR 2004, 758, 763 aE - Flügelradzähler). As the District Court correctly stated, contractual obligations to coordinate and assist do not preclude the assumption of an exclusive license.

83 The provision in Art. 11.1 of the agreement concluded in 2011 between A. and the plaintiff re 2), according to which the plaintiff re 1) and A. shall cooperate comprehensively with the second plaintiff in order to take the necessary measures to stop or prevent acts of infringement which the plaintiff re 2) wishes to prosecute or prevent, is not entirely consistent in its wording with the provision in Art. 5 (3) of the main license agreement. However, it can be inferred from it that the assertion of infringement claims is in principle to be the responsibility of the second plaintiff and that the other companies are obliged to cooperate. Under German law, this objective can be achieved most expediently by granting an exclusive sublicense to the plaintiff re 2). This too was correctly recognized by the District Court.

84 (3) The conduct of the contracting parties in the period after the conclusion of the agreements in November 2011 also speaks in favor of the granting of an exclusive license or sublicense.

85 (a) Even if declarations of intent and contracts acquire their fundamentally unchangeable content at the time they become effective, subsequent conduct of the parties may be of significance as an indication for interpretation (BGH, judgment of June 24, 1988 - V ZR 49/87, NJW 1988, 2878, 2879; judgment of October 16, 1997 - IX ZR 164/96, NJW-RR 1998, 259; judgment of November 26, 1997 - XII ZR 308/95, NJW-RR 1998, 801, 803).

86 (b) In the case in dispute, the finding made by the Court of Appeal without any error of law that the plaintiff re 2) had the actual position of an exclusive sublicensee during the relevant period and exercised the corresponding rights is therefore of significance.

87 In this respect, the relevant submission of the plaintiff re 2) is decisive. The defendants have not sufficiently contested this. It is irrelevant whether it was still admissible at second instance to dispute the claim that the plaintiff re 2) had been selling tryptophan manufactured according to the teaching of the patent in suit in Germany since November 2011 and had held the position of an exclusive

licensee. In any case, it is not sufficient to simply deny this argument in order to effectively contest it. Rather, the defendants would have had to show, at least to some extent, which other companies could have made use of the teaching of the patent in suit with the approval of the first plaintiff or A. during the period in question.

88 The distribution of tryptophan produced in accordance with the patent in Germany in agreement with the plaintiff re 1) as patent holder exclusively by the plaintiff re 2) confirms that the contracting parties intended to grant the plaintiff re 2) the legal status of an exclusive sublicensee in 2011.

89 (c) The joint filing of a complaint points in the same direction.

90 On the basis of the submissions of the parties, the plaintiff's re 2) right to sue can only result from the granting of an exclusive license. The fact that the plaintiffs took this route constitutes additional confirmation that they understood the legal relationship agreed between them in this sense.

91 cc) Whether the contracting parties were also duly represented when the agreement was concluded in November 2011 can be left open.

92 It is clear from the agreements reached in 2017 that the parties wanted to cure any defects in this respect retrospectively. For this purpose, they had at their disposal the instrument of retroactive approval pursuant to Sec. 177 (1) and Sec. 184 (1) of the German Civil Code (BGB).

93 It is true that this instrument is not mentioned in the agreements. However, a declaration of approval can in any case be seen in the fact that the agreements have the objective of comprehensively eliminating any doubts about the validity of the contracts originally concluded. It is in line with the interest of the contracting parties

expressed therein to interpret the agreement in a sense that brings about this legal consequence, i.e. in the sense of a precautionary approval of the transfer transactions of November 2011, which may have been pendingly ineffective due to a lack of powers of attorney.

94 III. The decision on costs is based on Sec. 97 (1) and Sec. 100 (1) of the Code of Civil Procedure (ZPO).

Bacher

Grabinski

Kober-Dehm

Rensen

Crummenerl

Lower courts:

Düsseldorf District Court, Decision dated Feb. 1, 2018 - 4b O 46/16 -

OLG Düsseldorf, Decision dated Oct. 17, 2019 - I-2 U 12/18 -