

IP Report

»The Bardehle Pagenberg IP Report«
2007/II– www.bardehle.com



BARDEHLE
PAGENBERG
DOST
ALTENBURG
GEISSLER

Patent Law	Page
1. German Federal Supreme Court: Indirect patent infringement also arises when goods essential to a protected invention are supplied to other countries from Germany, if the goods contribute to the manufacture of an invention intended for Germany (Case X ZR 53/04 – Funkuhr II/Radio Clock II)	2
2. German Federal Supreme Court further defines the relation between the embodiments described in the description and the meaning of the claims of a patent (Case X ZR 131/02 – Schussfädentransport/woof yarn transport)	3
3. European Patent Office: Scope of the exclusion of surgical treatment from patent protection referred to the Enlarged Board of Appeal in case G 1/07 (Case T 992/03) ..	3
Trademark Law	
4. European Court of Justice on parallel importation of medical products: ECJ decides the second Boehringer case pending since 2004 (Case C-348/04 – Boehringer Ingelheim KG et al. v Swingward Ltd. et al.)	4
5. European Court of Justice re TRIVASTAN/TRAVATAN: ECJ clarifies principles of likelihood of confusion applicable in conflicts between trade marks for pharmaceuticals (Case C-412/05 P – Alcon Inc. v OHIM and Biofarma SA)	6
6. European Court of Justice: OHIM fails with its appeal against the CFI decision annulling a decision refusing registration of CELLTECH (Case C-273/05 P – OHIM v Celltech R&D Ltd.)	8
7. European Court of Justice re ARCOL/CAPOL: New facts and evidence may be introduced in appeal proceedings before OHIM’s Boards of Appeal only when the presentation is not “late” (Case C-29/05 P – OHIM v Kaul GmbH)	8
8. German Federal Supreme Court decides on registrability of tactile marks (Case I ZB 73/05 – Tastmarke/Tactile Mark)	9
9. German Federal Supreme Court: Further decision on liability of eBay’s online auction house in case of clear trademark infringement (Case I ZR 35/04 – Rolex II)	10
10. Berlin Appeal Court confirms that a trademark application regularly merely establishes a risk of first infringement (Case 5 W 320/06 – Markenmeldung/ Trademark Application)	11
Design Law	
11. Office for Harmonization in the Internal Market: Board of Appeal provides further guidance on the interpretation of the requirements of protection under the Community Designs Regulation (Case R 196/2006-3 – Daka Research Inc v Ampel 24 Vertriebs-GmbH & Co KG)	12
Unfair Competition Law	
12. German Federal Supreme Court: Further guidance on supplementary protection against unfair competition (Case I ZR 270/03 – Stufenleitern/Step ladders)	13
13. German Federal Supreme Court rules on the treatment of overhead costs in an accounting for damages in cases of supplementary protection against unfair competition (Case I Z 6/04 – Steckverbindergehäuse/Connector Assembly Casing) ...	14



1. German Federal Supreme Court: Indirect patent infringement also arises when goods essential to a protected invention are supplied to foreign countries, if the goods contribute to the manufacture of an invention intended for Germany (Case X ZR 53/04 – Funkuhr II/Radio Clock II)

If the patent holder sends an unjustified warning letter to the retailer of the allegedly patent-infringing product, only the manufacturer of the product, but not the supplier of components for that product, is entitled to claim damages for the unjustified warning of patent infringement. This is true even if the supplier of components is considered an indirect patent infringer as a result of the patent being infringed by the marketing of the product.

The plaintiff, a producer of one of the components of radio clocks, delivers such goods to a foreign manufacturer of radio clocks, H. Corp., from Germany. Thereafter, H. Corp. supplies the radio clocks, including the component of the plaintiff, to the K. AG in Germany.

The defendant considered the marketing of the radio clock in Germany as an infringement of its patent, and warned K. AG not to continue to use its patents. As a consequence, H. Corp. cancelled the orders of the components from the plaintiff.

The plaintiff now requests the payment of damages for the defendant's unjustified warning not to continue an alleged patent infringement.

It is established case law that warning letters which are unjustified because it later turns out that the patent was not infringed or was invalid trigger a claim for damages by the party that was warned. In the present case, however, the court considered a slightly different issue: whether other parties affected by the unjustified warning letter could also be entitled to damages.

According to the court, the supplier of a component of the attacked radio clock did not suffer any recoverable damage, even though the warning letter may have (indirectly) interfered with the supplier's business. It was the retailer of the radio clocks who was warned to stop marketing the protected product. Therefore, the

court did not recognize that there was a direct interference with the plaintiff's business. The plaintiff only delivered a component of the attacked radio clocks. The warning letter of the defendant did not single out the plaintiff's supplied component as patent-infringing, but the letter was rather directed at the entire radio clock product. The plaintiff's supply of a component for the radio clock could only be relevant in connection with contributory or indirect patent infringement. Contributory or indirect patent infringement does not require an allegation of direct patent infringement; there need only be an intention to deliver goods for the protected invention's use in Germany. However, the defendant did not allege contributory or indirect patent infringement in its letter. The warning letter did not contain any statements concerning intention and, therefore, it neither accused the plaintiff of infringing the patent-in-suit directly nor indirectly. According to the Federal Supreme Court, the liability of the holder of a protective right corresponds to the scope of the claims asserted in the warning letter.

In the present decision, the Federal Supreme Court also commented in passing on the territorial scope of indirect patent infringement. According to § 10 PatG, the delivery of goods to Germany that are essential to a protected invention for that invention's use in Germany is not permitted without the consent of the patent holder. Thus, the delivery of the goods and the use of the protected invention must both be in Germany for indirect patent infringement to arise. Courts refer to these territorial requirements as the "double bond to the inland."

The Federal Supreme Court held that a "delivery in Germany" may include a scenario where the delivery originates in Germany with an abroad destination, since the delivery partly takes place in Germany. If the invention is ultimately used in Germany and if the subjective intent requirement (i.e., delivery which is intended for the invention's use) is fulfilled, then indirect patent infringement is realized.

Reported by Clemens Rübél





2. German Federal Supreme Court further defines in a new decision the relation between the embodiments described in the description and the meaning of the claims of a patent (Case X ZR 131/02 – Schussfäden-transport/woof yarn transport)

Even if the embodiments described in a description of a patent relate only to a very specific technical field, this fact does not limit claims with a broader meaning to this very specific technical field.

In this nullity decision, the patent-in-suit relates to a control function which is described in the description in connection with a jet-weaving loom. However, the subject-matter of the patent as defined in the independent claims relates in general to weaving looms in which the woof yarn is transported by means of a streaming transport fluid feed by jets. Other weaving looms also fall under this definition such as pneumatic shoot-weaving looms in which not only the woof yarn is transported by the fluid but also the spool. This is in particular the case, since the claims do not contain a limitation to a direct relation between the yarn and the fluid. Further, the description of the patent-in-suit does not contain an explicit statement that other weaving looms than jet-weaving looms are excluded from the subject-matter of the patent.

Therefore, the Federal Patent Court decided that also prior art may be considered for the evaluation of patentability, which comes from another technical field than the embodiments described in the description, but which belongs to the subject-matter of the patent as defined in the claims. This is also the case, if the claimed control function does not have the same advantage in the other technical field, since the control function may have any advantage in connection with the other technical field.

Since in this case the control function as claimed was obvious for at least one technical field which falls under the independent claims, i.e., pneumatic shoot-weaving looms, the subject-matter as claimed was considered to be not patentable. However, the German Federal Supreme has explicitly stated that it is not its task to check whether the patent-in-suit comprises any patentable teaching.

Therefore, if the patentee may have seen that the documents relating to the other technical field may be relevant and if he may have presented claims which limit the subject-matter to jet-weaving looms, a different decision would have been possible.

Reported by Martin Hohgardt



3. Scope of the exclusion of surgical treatment from patent protection referred to the Enlarged Board of Appeal (case G 1/07)

1. In its decision T 992/03 dated October 20, 2006 issued in writing on April 11, 2007, the Technical Board of Appeal 3.4.01 referred the following questions to the Enlarged Board of Appeal:

“1. Is a claimed imaging method for a diagnostic purpose (examination phase within the meaning given in G 1/04), which comprises or encompasses a step consisting of a physical intervention practised on the human or animal body (in the present case, an injection of a contrast agent into the heart), to be excluded from patent protection as a “method for treatment of the human or animal body by surgery” pursuant to Article 52(4) EPC if such step does not per se aim at maintaining life and health?

2. If the answer to question 1 is in the affirmative, could the exclusion from patent protection be avoided by amending the wording of the claim so as to omit the step at issue, or disclaim it, or let the claim encompass it without being limited to it?

3. Is a claimed imaging method for a diagnostic purpose (examination phase within the meaning given in G 1/04) to be considered as being a constitutive step of a “treatment of the human or animal body by surgery” pursuant to Article 52(4) EPC if the data obtained by the method immediately allow a surgeon to decide on the course of action to be taken during a surgical intervention?”



II. The referring decision is a follow-up to decision G 1/04 (OJ EPO 2006, 334) which held that inventions related to diagnosis are only excluded from patent protection under Article 52(4) EPC if the claimed method comprises the diagnosis representing the deductive medical decision as a purely intellectual exercise.

In the case giving rise to the new referral, a magnetic resonance imaging (MRI) method is claimed leading to images or signals which may be used for making a diagnosis. Since the diagnosis itself is not part of the claimed method, Board 3.4.01 held that the claimed method does not fall under the prohibition of Article 52(4) EPC.

The application had been refused by the Examining Division *inter alia* on the grounds that the claimed method was excluded as a surgical method, insofar as the delivery of the imaging agent was done by injection.

III. Board 3.4.01 notes that two aspects of surgery have been identified in the case law of the Boards of Appeal, namely on the one hand the physical intervention, on the other hand its purpose. Hence, the case law did not appear to be consistent, one approach being based on an assessment of the physical intervention on the body, the other concentrating on whether the physical intervention is suitable for maintaining or restoring health, physical integrity or physical well-being. The Board also notes that G 1/04 appears to emphasize the purpose of the intervention rather than its nature.

IV. Furthermore, the Board addresses the question whether a possible exclusion might be avoided by omitting the step concerned or by disclaiming it, for instance by making it clear that the step precedes but does not form part of the claimed invention. According to the Board, the answer may depend on the further question whether in such a case the administration of the contrast agent is to be considered as an essential feature within the meaning of Article 84 EPC as mentioned in decision G 1/04. In this respect, it has to be stressed that injection is only an alternative for delivering the agent, another being inhalation, a fact which becomes clear from the reasons of T 992/03 but not from the referred questions.

V. The referred questions are not only concerned with the field of MRI Imaging. Rather, they affect all inventions which imply that substances may be delivered into the human body or may be taken out from it. Therefore, even the patentability of inventions in the technical field of *in vitro* diagnosis which appeared to be clarified in G 1/04 is still open to questions.

Reported by Dr. Rudolf Teschemacher





4. European Court of Justice decides Boehringer II on parallel import of repackaged medical products and three cases on appeal from the Court of First Instance (TRIVASTAN/TRAVATAN, CELLTECH and CAPOL/ARCOL)

Parallel importation of medical products – the ECJ decides the second Boehringer case pending since 2004 (Judgment of 26 April 2007, Case C-348/04, Boehringer Ingelheim KG et al. v. Swingward Ltd. et al.)

Boehringer Ingelheim and a number of other producers of prescription medicines had brought infringement actions before the English High Court against Swingward and Dowelhurst, parallel importers of these medicines. The latter had repackaged the imported products and partially applied their own marks or deleted the original mark, because, so it was alleged, the parallel importers did not stay within the bounds established by the ECJ, specifically the five conditions established in the 11 July 1996 judgment Bristol-Myers Squibb v. Paranova, Case C-427/93 (repackaging necessary to market in the country of importation; repackaging cannot damage the goods; repackaged product states parallel importer; repackaging does not impair the reputation of the mark; importer must give notice to trade mark proprietor). When the case reached the trial court – the High Court of England and Wales – that court referred a series of complex questions to the ECJ, and the ECJ rules on these questions in its judgment of 22 April 2002, Case 143/00, Boehringer Ingelheim KG et al v. Swingward Ltd. et al (Boehringer I). Having ruled in favour of Boehringer and the other producers, the parallel importers appealed to the Court of Appeal, which heard arguments in 2004. It appeared at the hearing that the case was not “ripe” for decision because the Court of Appeal concluded that the five conditions established in Bristol-Myers Squibb required further clarification.

The Court of Appeal thus referred a series of questions seeking clarification in particular as to the “impairment of reputation” and the “notice” condition, as well as guidance on the burden of proof.

The ECJ – three years later and almost to the day five years after the first Boehringer judgment – gave the following answers:

“1. Article 7(2) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, as amended by the Agreement on the European Economic Area of 2 May 1992, is to be interpreted as meaning that the trade mark owner may legitimately oppose further commercialisation of a pharmaceutical product imported from another Member State in its original internal and external packaging with an additional external label applied by the importer, unless

- it is established that reliance on trade mark rights by the proprietor in order to oppose the marketing of the overstickered product under that trade mark would contribute to the artificial partitioning of the markets between Member States;
- it is shown that the new label cannot affect the original condition of the product inside the packaging;
- the packaging clearly states who “overstickered” the product and the name of the manufacturer;
- the presentation of the “overstickered” product is not such as to be liable to damage the reputation of the trade mark and of its proprietor; thus, the label must not be defective, of poor quality, or untidy; and
- the importer gives notice to the trade mark proprietor before the overstickered product is put on sale, and, on demand, supplies him with a specimen of that product.

2. The condition that the repackaging of the pharmaceutical product, either by re-boxing the product and re-applying the trade mark or by applying a label to the packaging containing the product, be necessary for its further commercialisation in the importing Member State, as one of the conditions which, if fulfilled, prevent the proprietor under Article 7(2) of Directive 89/104, as amended by the Agreement on the European Economic Area, from opposing such commercialisation, is directed solely at the fact of repackaging and not at the manner and style of the repackaging.

3. The condition that the presentation of the pharmaceutical product must not be such as to be liable to damage the reputation of the trade mark and of its proprietor – as a necessary condition for preventing the proprietor, pursuant to Article



7(2) of Directive 89/104, as amended by the Agreement on the European Economic Area, from legitimately opposing further commercialisation of a pharmaceutical product where the parallel importer has either reboxed the product and re-applied the trade mark or applied a label to the packaging containing the product – is not limited to cases where the repackaging is defective, of poor quality, or untidy.

4. The question whether the fact that a parallel importer:

- fails to affix the trade mark to the new exterior carton ('de-branding'), or
- applies either his own logo or house-style or get-up or a get-up used for a number of different products ('co-branding'), or
- positions the additional label so as wholly or partially to obscure the proprietor's trade mark, or
- fails to state on the additional label that the trade mark in question belongs to the proprietor, or
- prints the name of the parallel importer in capital letters,

is liable to damage the trade mark's reputation is a question of fact for the national court to decide in the light of the circumstances of each case.

5. In situations such as those in the main proceedings, it is for the parallel importers to prove the existence of the conditions that

- reliance on trade mark rights by the proprietor in order to oppose the marketing of repackaged products under that trade mark would contribute to the artificial partitioning of the markets between Member States;
- the repackaging cannot affect the original condition of the product inside the packaging;
- the new packaging clearly states who repackaged the product and the name of the manufacturer;
- the presentation of the repackaged product is not such as to be liable to damage the reputation of the trade mark and of its proprietor; thus, the repackaging must not be defective, of poor quality, or untidy; and
- the importer must give notice to the trade mark proprietor before the repackaged product is put on sale and, on

demand, supply him with a specimen of the repackaged product,

and which, if fulfilled, would prevent the proprietor from lawfully opposing the further commercialisation of a repackaged pharmaceutical product.

As regards the condition that it must be shown that the repackaging cannot affect the original condition of the product inside the packaging, it is sufficient, however, that the parallel importer furnishes evidence leading to the reasonable presumption that that condition has been fulfilled. This applies a fortiori also to the condition that the presentation of the repackaged product must not be such as to be liable to damage the reputation of the trade mark and of its proprietor. Where the importer furnishes such initial evidence that the latter condition has been fulfilled, it will then be for the proprietor of the trade mark, who is best placed to assess whether the repackaging is liable to damage his reputation and that of the trade mark, to prove that they have been damaged.

6. Where a parallel importer has failed to give prior notice to the trade mark proprietor concerning a repackaged pharmaceutical product, he infringes that proprietor's rights on the occasion of any subsequent importation of that product, so long as he has not given the proprietor such notice. The sanction for that infringement must be not only proportionate, but also sufficiently effective and a sufficient deterrent to ensure that Directive 89/104, as amended by the Agreement on the European Economic Area, is fully effective. A national measure under which, in the case of such an infringement, the trade mark proprietor is entitled to claim financial remedies on the same basis as if the goods had been spurious, is not in itself contrary to the principle of proportionality. It is for the national court, however, to determine the amount of the financial remedies according to the circumstances of each case, in particular in the light of the extent of damage inflicted on the trade mark proprietor by the parallel importer's infringement, and in accordance with the principle of proportionality."

The judgment's significance lies primarily in its statements on the burden of proof: The parallel importer must prove that the



five conditions are fulfilled which entitle it to import. As regards the absence of damage to the original condition and the absence of detriment to the trade mark's reputation (or that of its proprietor), it is however sufficient for the importer to establish prima facie (by presenting evidence allowing a "reasonable presumption") that these conditions are met. The referring court's "unease" with treating the absence of notice as trade mark infringement is not shared by the ECJ which even requires appropriate financial remedies.

Reported by
Dr. Alexander von Mühlendahl

5. TRIVASTAN/TRAVATAN: ECJ clarifies principles of likelihood of confusion applicable in conflicts between trade marks for pharmaceuticals (Judgment of 26 April 2007, Case C-412/05 P – Alcon Inc. v. OHIM and Biofarma SA)

Alcon's TRAVATAN application for ophthalmic pharmaceutical products' in cl. 5 was opposed by Biofarma on the basis of an Italian mark, TRIVASTAN, registered for cl. 5 goods but used only for 'peripheral vasodilator intended to treat peripheral and cerebral vascular disturbance and vascular disorders of the eye and ear', a prescription product. The opposition was successful, the appeal was refused, and an action before the Court of First Instance failed as well (Case T-130/03). Alcon's further appeal was unsuccessful, the ECJ confirming the CFI's holdings as to the similarity of the marks and of the goods and the presence of likelihood of confusion as being free from legal error (with two minor exceptions which however were not "fatal"). There was also a challenge regarding the proof of use which also failed.

The case may seem straightforward. It has however major significance for the examination of conflicts between pharmaceutical products, because it clarifies one of the main points of contention, namely whether the degree of attention in these cases, when prescription drugs are involved, is measured by taking into account only the professionals involved – prescribing doctors and pharmacists – or

also the end user, in particular the patient. The ECJ stated the following:

"In the present case, having regard to that case-law, the Court of First Instance was fully entitled to hold, which indeed is not disputed by any party in these appeal proceedings, that the healthcare professional at issue must be included in the relevant public for the purposes of the application of Article 8(1)(b) of Regulation No 40/94, the function of the trade mark as an indication of origin being also relevant to intermediaries who deal with the goods commercially in so far as it will tend to influence their conduct in the market (see, to that effect, Case C-371/02 Björnekulla Fruktindustrier [2004] ECR I-5791, paragraphs 23 and 25).

However, contrary to what the applicant claims, the fact that intermediaries such as healthcare professionals are liable to influence or even to determine the choice made by the end-users is not, in itself, capable of excluding all likelihood of confusion on the part of those consumers as regards the origin of the goods at issue.

In so far as it found in paragraph 49 of the judgment under appeal, in its definitive assessment of the facts, that the products at issue are sold in pharmacies to the end-users, the Court of First Instance was fully entitled to infer therefrom that, even though the choice of those products is influenced or determined by intermediaries, such a likelihood of confusion also exists for those consumers since they are likely to be faced with those products, even if that takes place during separate purchasing transactions for each of those individual products, at various times.

It is settled case-law that the perception of the marks in the mind of the average consumer of the category of goods or services in question plays a decisive role in the global assessment of the likelihood of confusion (Lloyd Schuhfabrik Meyer, paragraph 25, and Case C-361/04 P Ruiz-Picasso and Others v OHIM [2006] ECR I-643, paragraph 38).

In addition, the Court of Justice has already held that the average consumer only rarely has the chance to make a direct comparison between the different signs but must place his trust in the



imperfect picture of them that he has kept in his mind (Lloyd Schuhfabrik Meyer, paragraph 26, and judgment of 23 September 2004 in Case C-107/03 P Procter & Gamble v OHIM, not published in the ECR, paragraph 44).

Furthermore, since it is undisputed that the whole process of marketing the goods at issue is aimed at the end-user's acquisition of them, the Court of First Instance was entitled to hold that the role played by intermediaries, even if they are healthcare professionals whose prior intervention is required in order to sell those goods to end-users, must be in part balanced against the high degree of attentiveness which may be shown by those users, in the light of the fact that the goods at issue are pharmaceutical products, when they are prescribed and, consequently, against those users' ability to make those professionals take into account their perception of the trade marks at issue and, in particular, their requirements or preferences.

In this connection, it should be recalled that the Court has already ruled that where the goods or services with which the registration application is concerned are intended for all consumers, the relevant public must be deemed to be composed of the average consumer, reasonably well-informed and reasonably observant and circumspect (Joined Cases C-473/01 P and C-474/01 P Procter & Gamble v OHIM [2004] ECR I-5173, paragraph 33, and Case C-329/02 P SAT.1 v OHIM [2004] ECR I-8317, paragraph 24).

It follows that the Court of First Instance did not err in law by including end-users in the relevant public for the purposes of applying Article 8(1)(b) of Regulation No 40/94."

Reported by
Dr. Alexander von Mühlendahl

6. CELLTECH: OHIM fails with its appeal against the CFI decision annulling a decision refusing registration of CELLTECH (Judgment of 19 April 2007, Case C-273/05 P – OHIM v. Celltech R&D Ltd.)

The mark CELLTECH, applied for 'pharmaceutical, veterinary and sanitary preparations, compounds and substances', 'surgical, medical, dental and veterinary apparatus and instruments', and 'research and development services; consultancy services; all relating to the biological, medical and chemical sciences', in Classes 5, 10 and 42, was judged to be equivalent to "cell technology" and refused as descriptive, confirmed by the Board on grounds of absence of distinctiveness. The CFI annulled the Board decision, and OHIM appealed to the ECJ.

The ECJ confirmed, on the narrow ground that the CFI had not committed legal error when finding that OHIM had not furnished any proof that the mark, even if taken as being equivalent to "cell technology", was descriptive. OHIM had argued that such proof was not necessary when the meaning was plain. OHIM had also attacked the CFI judgment as being wrong on a number of points, but these were all dismissed by the ECJ as either being misinterpretations of the CFI decision or as being not necessary for the decision.

The ECJ decision is relevant and of substantial practical importance because of the obligation of OHIM – and, by implication, of all national trade mark offices in the Member States – to base its decision refusing a mark for lack of distinctiveness or for being descriptive on facts and not on mere suppositions; moreover, the facts must be supported by sufficient evidence unless they are so well known that they require no proof.

Reported by
Dr. Alexander von Mühlendahl



BARDEHLE
PAGENBERG
DOST
ALTENBURG
GEISSLER

7. ARCOL/CAPOL: New facts and evidence may be introduced in appeal proceedings before OHIM's Boards of Appeal only when the presentation is not "late" within the meaning of Article 74 (2) CTMR (Judgment of 13 March 2007, Case C-29/05 P – OHIM v. Kaul GmbH)

In an opposition proceedings before OHIM, the opponent, Kaul GmbH, had invoked its earlier German mark ARCOL to oppose Bayer's CTM CAPOL. The goods were the same (food additives). Having lost before the Opposition Division, Kaul appealed and invoked before the Board an enhanced scope of protection because of the extensive use of its mark. The Board rejected this evidence for having been presented at the appeal level, rather than within the respective time limits set by the Opposition Division, and confirmed the rejection of the opposition. The appeal to the Court of First Instance succeeded, the CFI applying its own "doctrine" of functional continuity according to which all time limits begin again at the appeal level, concluding therefore that Kaul's evidence was not "late". OHIM, sufficiently frustrated by the CFI's approach in a series of earlier cases applying the doctrine, chose this one to appeal to the ECJ, accusing the CFI of legal error in interpreting Article 74 CTMR and the CTM Implementing Regulation.

The ECJ annulled the CFI judgment, thus accepting OHIM's claim, but in doing so it did not entirely follow OHIM's line of argument: OHIM had claimed that time limits in opposition cases are "peremptory" and thus under no theory should a party be entitled to present facts or evidence after expiry of a properly set time limit, whether before the first or the second instance, and that Article 74 was not applicable because it could apply only when no time limit of peremptory nature was involved. The ECJ rather interpreted Article 74 (2) as requiring each OHIM instance to exercise its discretion as to whether or not to accept new facts or evidence. The Court thus annulled both the attacked Board decision and the CFI judgment, and sent the case back to OHIM.

The Kaul judgment is likely to have only marginal consequences in opposition

cases because in the meantime an amendment to Rule 50 CTMIR became effective which permits the Boards to take into account "additional or supplemental" facts or evidence (to be distinguished from "new" facts or evidence) unless they are judged to be "late" in the sense of Article 74. In ex parte and cancellation cases, OHIM has never treated the time limits with similar rigorously as in opposition cases – thus, the Kaul judgment will not change OHIM practice in these cases.

Reported by
Dr. Alexander von Mühlendahl



8. German Federal Supreme Court decides on registrability of tactile marks (Case I ZB 73/05 – Tastmarke/Tactile Mark)

A tactile mark is, as a general principle, eligible for registration. The German Federal Supreme Court, in this decision, promotes the registration of new trademark forms.

The German Federal Supreme Court held that, with reference to the case law of the European Court of Justice (ECJ) in Sieckmann (Case C-273/00 concerning an olfactory mark) and Shield Mark/Kist (Case C-283/01 concerning a sound mark), a trademark may consist of a sign which is not in itself capable of being visually perceived, provided that it can be represented graphically, particularly by means of images, lines or characters, and that its representation be clear, precise, self-contained, easily accessible, intelligible, durable and objective.

These preconditions can be fulfilled by a tactile mark, provided that the applicant objectively describes the relevant features of the sign that allow the tactile perception of the mark by the public. The Court provided guidance for practitioners by stating that an applicant should specify in detail the proportions of the dipping and uprising elements of a physical



surface. Contrary to the decision of the German Federal Patent Court on which the appeal was based, the German Federal Supreme Court held that it is not necessary for an applicant to be able to describe the tactile impact of an applied-for tactile mark on the part of the person who perceives the mark. Thus, the applicant of a tactile mark can avoid having to describe the – often complicated and subjective – haptic stimulus that results from feeling an object.

The tactile sign must, however, fulfil the general, but essential, function of a trademark, that is, of designating the origin of a product or service to consumers. This origin-identifying function of a trademark must enable consumers, without any possibility of confusion, to distinguish that product or service from others which have other origins. The trademark authority is therefore required to justify whether the tactile mark has a distinctive character with regard to the goods and services for which registration is sought.

In the case at hand, the applicant failed to fulfil the procedural requirements set by the Court. Therefore, the appeal was rejected. Although a tactile mark was held to be generally registrable, the instant trademark application failed to enter the registry of the German Patent and Trademark Office.

The applicant sought registration of the following mark:



In the application, the mark was identified as a “tactile mark”. In the description, the applicant referred to the haptic shape of the sign as depicted in three pictures. The framing outline was explicitly excluded from the claimed protection.

It follows that merely reproducing a sign through depictions of the sign is not sufficient to meet the graphical representation requirement. The applicant must describe, in detail, the proportions and arrangements of the claimed elements.

Irrespective of the foregoing, registration of a tactile mark is only one part of the story. Even if tactile marks are registrable, the trademark practitioner still must await the practical enforcement of a tactile mark in the courts. A more crucial question is whether the public perceives a tactile sign as an indication of origin. If this cannot be proven by the trademark owner, the registration of a tactile mark appears to be a Pyrrhic victory.

Reported by Florian Traub



9. German Federal Supreme Court again rules on the liability of Internet auctioneers for trademark infringement (Case I ZR 35/04 – eBay)

According to a report of the Court’s press office, the 1st Senate upholds its precedent case law in a decision of April 19, 2007, ruling that Internet auctioneers may be liable for trademark infringement caused by counterfeit products sold on their platform.

The plaintiff manufactures watches designated with “Rolex” and is proprietor of the corresponding trademarks. On the defendant’s online auction platform, “Rolex” watches were offered that did not originate from the plaintiff, but were forgeries of the plaintiff’s watches. In general, the defendant is not aware of the offers prior to their publication as they are put online by the individual sellers. The plaintiff sought for a cease-and-desist order based on liability of the defendant for the trademark infringement.

Whereas the lower instance courts had dismissed the plaintiff’s claim and ruled that Internet auctioneers cannot be held liable for trademark infringement by an auctioneer’s offer, the Federal Supreme Court affirmed that the liability privilege of host providers laid down in the German Telemedia Act (“Telemediengesetz”) does not apply to injunctive relief. Thus, the provider of an online auction platform may be liable for trademark infringement



caused by the seller's offers under the concept of liability as a "disturber" ("Störer"). According to the Federal Supreme Court, the defendant not only has to delete the specific offers whenever its attention is drawn to a trademark infringement, but also is obliged to take action to prevent further infringing offers. A prerequisite is, however, that the offer is not only of private character, but that the auctioneer is trading in commerce.

Whereas the Senate emphasized that no unreasonable monitoring obligations may be imposed on the defendant, it however held that the defendant has to take technically possible and reasonable measures to prevent offers of counterfeit "Rolex" watches. In this respect, the 1st Senate proposed in a decision of March 11, 2004 (Case I ZR 304/01), where the plaintiff also was the manufacturer of the "Rolex" watches, that providers of online auction platforms could make use of a software to detect suspicious offers, with potential points of suspicion being the low price as well as an indication of imitations.

Reported by Christine Fluhme



10. Berlin Appeal Court confirms that a trademark application merely establishes a risk of first infringement (Case 5 W 320/06 – Markenmeldung/Trade-mark Application)

Pursuant to a decision of the Berlin Appeal Court dated January 30, 2007, guidance was given as regards the risk of first infringement resulting from a trademark application.

In general, a mere trademark application normally only results in a risk of first infringement (not a risk of repeat infringement). Generally, when a trademark applicant withdraws the application immediately after receipt of a warning letter, and declares unambiguously and unconditionally his waiver of the intention to register the trademark, this is sufficient to eliminate a risk of first infringement.

The same also applies in cases where a trademark applicant does not have his own established business at his disposal with which he could use the applied-for trademark (nor does the applicant have any concrete indication of a position as a trustee or of an immediately-intended assignment of the trademark right to a third party).

(1) The mere application of a sign must not be considered a trademark infringement, since the reproduction of the sign within the application is purely an administrative matter not capable of distinguishing goods or services in terms of Section 14 (2) of the Trademark Act.

The preceding decisions of the Federal Supreme Court – establishing that a risk of infringement results from a trademark registration – must be construed to hold that there is a key difference between a trademark's application and registration, and that this differentiation must precede an assessment of the risk of infringement.

Hence, a risk of first infringement already results from the application of a trademark, but the risk of repeat infringement, which is a condition precedent to oblige the opponent to sign a legally binding undertaking, requires that the trademark be registered.

The current case involves merely a trademark application. The respondent does



BARDEHLE
PAGENBERG
DOST
ALTENBURG
GEISSLER

not have his own established business at his disposal which would increase the risk that he would use the sign. There is also no concrete indication of an immediately intended assignment of the trademark right to a third party. Thus, only a risk of first infringement can be affirmed.

(2) By withdrawing the trademark application and declaring unambiguously to have abdicated his intention to apply, the respondent has eliminated the risk of first infringement which had emerged from the trademark application.

Demands made to eliminate the risk of first infringement are barely greater than those to eliminate the risk of repeat infringement. Thus, there is no presumption of continuity of the risk of first infringement.

The risk of first infringement produced by an unwarranted claim is eliminated already by giving up the claim – e.g., by declaring unambiguously and unconditionally that the objected action will no longer be taken in the future.

Since a trademark application is beyond a mere verbal claim, the unlimited and unambiguous declaration to dispense with the intention to file an application for the trademark must be coupled with the withdrawal of the trademark application in order to eliminate the risk of first infringement.

According to the Federal Supreme Court, the mere cancellation of a trademark is not sufficient to eliminate the “risk of repeat infringement.” This view, as discussed above, is affirmed when a trademark is already registered for the benefit of the respondent.

In the case at hand, the applicant did not have his own established business at his disposal with which to use the applied-for trademark. Therefore, a risk of infringement with sufficient concreteness may not be presumed.

Reported by Verena Wintergerst





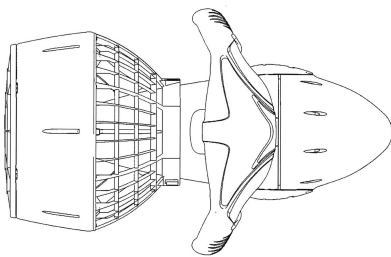
11. Office for Harmonization in the Internal Market: Board of Appeal provides further guidance on the interpretation of the requirements of protection under the Community Designs Regulation (Case R 196/2006-3 – Daka Research Inc v Ampel 24 Vertriebs-GmbH & Co KG)

This further decision of the Third Board of Appeal, the only Board hearing Design cases, specifies the key requirements of “novelty”, “individual character” and “features solely dictated by its technical function” which, according to Articles 4, 5, 6 and 8 CDR, every Community design must comply with to be held valid. In this case the Board upheld the precedent decision of the Invalidity Division which declared the registered Community design (RCD) for an under-water-motive device invalid. In fact, the applicant challenged the RCD successfully by a former version of the current product the RCD should have protected.

The original product called “ZS01” had been made available to the public in 2002. The RCD was filed August 25, 2004 and corresponds to an updated version of the “ZS01” called “ZS05”.



ZS01



RCD

The updating concerned only the handle element. The Invalidity Division considered this difference to be sufficient for “novelty” but not to produce a different

overall impression. Therefore, the RCD lacked “individual character”. On appeal, the RCD owner argued that the difference in the handle (six different features were enumerated) is also sufficient to fulfil the requirement of “individual character”, because the handle merits greater attention being the area where the designer enjoys the greatest margin of freedom whereas the design of the other elements are dictated by their technical function.

On account of this, the Board found that “novelty” and “individual character” overlap to some extent, although they are presented as separate requirements in Articles 4 to 6 CDR. If two designs are identical except in immaterial details, they will produce the same overall impression on the informed user, and vice versa, if two designs produce a different overall impression on the informed user, they cannot be identical. Nevertheless, there are certain differences between the two requirements. The test for “novelty” is essentially of an objective nature, i.e. whether two designs are identical or not. The only area where difficulties of interpretation might arise is in relation to the term “immaterial details”. The test for individual character is likely to give rise to slightly more subjective appraisals. The Board is required to take into account the overall impression on the informed user with regard to the degree of freedom of the designer in developing the design. This means that if the designer had relatively little freedom in developing the design, especially on account of technical constraints, even small differences in relation to earlier designs may be sufficient to endow the design with individual character.

Additionally, the Board assessed that the comparison must be made between the whole of the senior design and the whole of the RCD, because the RCD concerned the underwater motive device as a whole (and not merely the handle). The argument of technical function of the other elements was refused by the Board since the shape of the body and the propeller shroud could differ significantly without compromising their technical function, e.g. a more elongated or bulbous body and a broader or narrower propeller shroud.

As a result, the Board found that the RCD lacked “individual character” and upheld



the invalidation of the RCD. Interestingly, the Board – in answering the enumeration of different handle features – stated that the appellant could have sought design protection for the handle alone, since it is a component part of a complex product which remains visible in normal use according to Articles 3 (c) and 4 (2) (a) CDR. The question of whether the handle in the earlier design and the redesigned handle produce the same overall impression on the informed user might have well received an affirmative answer according to the Board.

Although the outcome of these invalidity proceedings is generally no good news for long term product designs that are modified from time to time (because the precedent design enjoys no privilege in comparison to other prior art), this decision provides useful guidance for future applications with regard to the protection of designs when a product version is updated.

Reported by Thomas Huber



12. German Federal Supreme Court: Further guidance on supplementary protection against unfair competition (Case I ZR 270/03 – Stufenleitern/Step ladders)

In a now published decision of September 21, 2006, the German Federal Supreme Court gave further clarification and guidance as regards the important legal tool of filing claims based on supplementary protection against unfair competition on grounds of an avoidable deception of origin and exploitation of reputation.

In this respect, said the Court, only aspects of unfairness that existed during a sales activity to justify the requested comprehensive interdiction may be applicable.

As a rule, a likelihood of deception of commercial origin of a copied product requires the copied product to have acquired a certain degree of reputation amongst a not insignificant part of the target public, unless the original was distributed next to the copy so that the public could compare both of them directly alongside each other. According to the Federal Supreme Court, the degree of the original's reputation is sufficient if it leads to a likelihood of deception of origin when copies of the original design are distributed. In terms of timing, as far as the degree of the copied product's reputation is concerned, the date of the launch of the copy is decisive; as regards the issue of deception of origin, the period of time leading up to the consumer's decision to purchase is decisive.

Further, the Court clarified that a deception of origin is avoidable if reasonable and suitable measures could have been taken by the defendant. In this respect, according to the Federal Supreme Court, the appeal court of the lower instance had regarded a deception of origin as avoidable, in this case in light of the fact that the green colour and the application of natural-coloured wooden steps in connection with ladders and steps are not technically necessary. However, the appeal court did not consider whether the application of these means – in particular in their very combination – were an appropriate manifestation for the practical use of ladders and steps. Other companies should not be excluded from this scope of design just because the competitors have not used said means to design their ladders and steps in previous years. Thus, the German Federal Supreme Court held that a likelihood of deception of origin, which may still be found despite such reasonable measures taken by the defendant to avoid such likelihood, must be tolerated by the claimant.

Reported by Dr. Henning Hartwig





13. German Federal Supreme Court rules on the treatment of overhead costs in an award of damages in cases of supplementary protection against unfair competition (Case I Z 6/04 – Connector Assembly Casing)

According to the German Federal Supreme Court, the principles of determining the quota of overhead costs with respect to designs are also applicable to an assessment of an infringer's profit in cases of supplementary protection against unfair competition.

With respect to the assessment of damages according to these principles, costs which may be assigned directly to the manufacturing of the infringing product are comprised of the production, material and distribution costs, the expenses related to the staff engaged in the manufacturing and marketing of the imitating product, as well as, in the case of investments of capital assets, the costs for machinery and accommodations (on a pro-rata basis during their lifetime) incurred only for the manufacturing and the distribution of the infringing products.

Costs that result from the general maintenance of the business, irrespective of the scope of the manufacturing and the distribution, may not be awarded. These include general marketing costs, remunerations to managing directors, and administrative costs, as well as costs for capital assets not directly attributable to the infringement. Furthermore, launching and development costs, as well as expenses for products which are no longer for sale, may not be deducted from profits.

If the infringer is sued for damages amounting to the infringer's profit, he may not deduct from his earned profit his overhead costs, such as costs that emerge as a result of the maintenance of his business independent from the expenses arising from the manufacturing and distribution of the infringing products.

When assessing the infringer's profit payable to the claimant in cases of supplementary protection against unfair competition, costs directly linked to the manufacturing or distribution of the infringing products, i.e. costs which may be assigned directly to the infringing goods

(e.g., expenses related to the staff engaged in the manufacturing of the infringing products) must be distinguished from costs that are a result of maintenance of the business as such (infringement-independent costs) (e.g., general marketing costs).

The latter type of costs should not be awarded, since such costs may not be deducted from the infringer's profit. The claimant shall be treated as if he manufactured the goods by himself, in his own business, and as a result, would have himself earned these overhead costs – at least on a pro-rata basis.

However, infringement-related costs – such as those related to the production, material and distribution costs, and the expenses related to the staff engaged in the manufacturing and marketing of the infringing products – are to be awarded. That is, these costs may be deducted from the earned profit that inured to the benefit of the infringer, since they would have also emerged if the claimant had manufactured the goods in his own business.

As far as the challenges inherent in differentiating between infringement-related costs and costs assigned to the maintenance of the business as such, principles borrowed from a tort damages valuation may be instructive. In this regard, it must be taken into consideration that the claimant has – at least notionally – his own established and ongoing business, and that he is able to perform the same services relating to manufacturing and marketing. Thus, any expenses which would have arisen – notionally – at the claimant's business are to be awarded. Moreover, any deductible amount corresponds to a – notional – enrichment for the benefit of the claimant; this amount would amount to an unjust enrichment if it were not deducted. With this in mind, the infringer's launching and development costs, as well as his expenses for products which are no longer for sale, are not to be awarded.

These principles for assessing an infringer's profit are not only applicable in cases of supplementary protection against unfair competition, but, as previous decisions by other courts have also established, they are also applicable in



BARDEHLE
PAGENBERG
DOST
ALTENBURG
GEISSLER

the field of trademark and design law as well as copyright and patent law.

Being in line with the above principles, a differentiation between infringement-related costs and costs assigned to the maintenance of the business as such is also applicable in the case when the infringer is only engaged in the business of copying products.

Therefore, when a manufacturer realises profit only from copying products, costs that emerge independently from the manufacturing and marketing of the infringing products – e.g., remuneration to the Managing Director – are not to be awarded. However, infringement-related costs – e.g., personnel expenses for employees working directly with the manufacturing of the infringing products, such as machine operators – may be deducted.

Reported by Verena Wintergerst



IMPRINT

The “BARDEHLE PAGENBERG IP Report” is published by

Patent- und Rechtsanwälte
BARDEHLE PAGENBERG
Galileiplatz 1, 81679 München
Tel. +49 (0)89 92805-0
Fax: +49 (0)89 92805-444

Editors:

Dr. Frank Peterreins
(Patent)

Dr. Henning Hartwig
(Trademark, Design, Copyright,
Unfair Competition)

The “BARDEHLE PAGENBERG IP Report” provides information and comments on legal issues and developments of interest in the field of industrial property. Nothing in this newsletter constitutes legal advice. Intellectual property laws and systems are multifaceted and intricate, and regarding any problem or matter, we urge you to obtain professional advice before taking any action with respect to any information contained in this newsletter. BARDEHLE PAGENBERG assumes no responsibility for information contained in this newsletter or on the website www.bardehle.com and disclaims all liability with respect to such information.

The following is information requested by § 6 of the German Law on Teleservices: The European Patent Attorneys of BARDEHLE PAGENBERG are members of the European Patent Institute (epi, <http://www.patentepi.com/>) and as such subject to its Code of Professional Conduct, (<http://www.patentepi.com/english/100/120/>) and the Regulation on Discipline issued by the Administrative Council of the European Patent Organisation (<http://www.patentepi.com/english/100/120/>)

Unless otherwise specified, the term "Patent Attorney" on the website www.bardehle.com refers to German Patent Attorneys. BARDEHLE PAGENBERG Patent Attorneys are registered at the German Patent and Trademark Office and members of the German Patent Attorneys Association (<http://www.patentanwalt.de/>). German Patent Attorneys are subject to the professional rules laid down in the Patentanwaltsordnung (PatanWO) [German Patent Attorney Code], which can be reviewed in German at <http://jurcom5.juris.de>, and in the Berufsordnung der Patentanwälte BOPA [Code of Conduct for Patent Attorneys] which can be downloaded as pdf file in German here.

BARDEHLE PAGENBERG German attorneys at law are members of the Bar Association in the district of the Higher Regional Court in Munich (<http://www.rechtsanwaltskammer-muenchen.de/>), Germany, unless specified otherwise. They are subject to the Bundesrechtsanwaltsordnung (BRAO) [German Attorney at Law Code], the Berufsordnung der Rechtsanwälte (BORA) [Code of Conduct for German attorneys at law] and the Rechtsanwaltsvergütungsgesetz (RVG) [Code of Lawyers' Fees]. These German rules and laws can be reviewed (in German) at <http://www.brak.de/> under "Angaben gemäß § 6 TDG".

Moreover, the Code of Conduct for Lawyers in the European Community issued by the CCBE (Council of the Bars and Law Societies of the European Community) <http://www.ccbe.org/UK/publications.htm> is applicable to all lawyers of BARDEHLE PAGENBERG