

# IP Report

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## **BARDEHLE PAGENBERG opens office in Barcelona**

As of June 2008, the Intellectual Property Law firm BARDEHLE PAGENBERG is proud to announce the opening of an office in Barcelona. The purpose of the new Barcelona office is to attend with a local presence to the patent-related needs of its clients in Spain. The Barcelona bureau is being established by resident partner Dario Mohammadian Santander, a former examiner at the European Patent Office and electronics (IT) engineer with significant industry experience. Mr Santander previously worked at the firm's other Spanish office in Alicante, home to the OHIM (European office for Community trademarks and Community designs). Barcelona is the fifth bureau of BARDEHLE PAGENBERG in Europe, other locations are Düsseldorf, Paris, Alicante and Munich (head office) from where the firm of patent attorneys and attorneys-at-law serves international industry clients in prosecution, management and enforcement of all intellectual property rights.

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## **1. European Patent Office: Amendments in opposition proceedings and new grounds for opposition (Technical Board of Appeal 3.4.01, case T 913/05 of October 30, 2007, not foreseen for publication).**

With regard to the scope of examination of the granted patent in opposition proceedings, the Enlarged Board of Appeal decided in G 10/91 that a fresh ground of opposition may be considered in appeal proceedings only with the consent of the patentee (OJ EPO 1993, 420 – Examination of opposition/appeals, head-note III). There is an additional question as to which extent the principle established by the Enlarged Board of Appeal applies to cases in which the granted patent has been amended.

As far as the patent in the form as granted is concerned, examination of the opposition is limited, in accordance with Art. 101 (1) and (2) EPC, to the question whether at least one ground for opposition prejudices the maintenance of the patent. However, if amendments have been made by the proprietor, the allowability of the amendment is to be examined and the patent is to be maintained only if the patent as amended and the invention to which it relates meets the requirements of the Convention, as prescribed in Art. 101 (3) a) EPC. This has been interpreted by consistent case law to mean that deficiencies arising out of the amendments have to be considered even if no relevant ground for opposition was invoked or if the respective deficiency does not qualify as a ground for opposition under Art. 100 EPC. In this case, as a rule, all requirements of the EPC, in particular including Art. 84 EPC, are applicable.

As to the question whether any deficiency arises out of an amendment, the case law following decision T 301/87 (OJ EPO 1990, 335) did not allow formal objections to features if the respective claim resulted from a combination of features already present in the claims as granted. Hence, a ground of opposition raised against an amended claim which could have been raised against the corresponding claim(s) of the granted patent was considered a fresh ground of opposition (T 496/02 of January 11, 2005, not in OJ EPO).



The reported decision has taken a different approach, apparently extending the scope of examination of amendments in opposition proceedings. The patent was related to a method and apparatus for discriminating and counting documents, in particular bills of different denominations. In first instance proceedings, the proprietor deleted the product claims and limited the independent process claim by combining it with a dependent process claim. Whereas the opponent raised the objection of added subject-matter, the opposition division considered the requirements of Art. 123 (2) EPC as fulfilled.

In his statement of grounds of appeal, the opponent did not pursue his objection of added subject-matter. However, in its communication accompanying the summons the Board noted as an aside that considerations concerning the assessment of inventive step might give rise to verifications as to the basis of disclosure of the relevant features of claim 1 in the original documents, since it would make little sense to discuss the inventive nature of features and functions which had not been originally disclosed. As a matter of fact, when dealing with the question of Art. 123 (2) EPC, the opposition division had erroneously referred to pieces of information provided in the patent documents as granted.

In its decision, the Board concluded that there was no basis of disclosure for the combination of amended claim 1. As to the extent of examination, the Board phrased the following head note:

By deleting all claims as granted of one category, restricting the defence of the patent to the subject-matter of a combination of granted claims of another category and relying on an alleged combinatory effect of the features of the thereby formed independent claim, the amendments made to the patent as granted have in substance created a fresh case which justifies examination as to whether the amended patent meets the requirements of the EPC.

Since the contested claim was a combination of 2 granted claims, there was no doubt that the ground for opposition pursuant to Art. 100 c) EPC could already have been raised against the patent as granted. There is no reason to assume

that the deficiency was not apparent when examining the granted claims in respect of the requirements according to Art. 123 (2) EPC. In order to justify a full examination, the Board introduces the concept of "fresh case" developed in the case law dealing with late submissions. The Board notes that, according to common EPO practice in examination, opposition and appeal, decisions are generally made as to the merits of the independent claims of a request. Usually, the subject-matter of dependent claims comes into focus only after it has been incorporated into an independent claim. Therefore, the Board considers it inequitable to deny to an opponent any comparable level of procedural efficiency and to demand a different standard of scrutiny for the reasoning in a notice of opposition by forcing an opponent to deal already then, for reasons of precaution, with any possible feature combination which is comprised in the dependent claims of a patent as granted. The Board sees confirmation for its view in the head note of decision G 9/91, stating that claims depending on an independent claim which falls in opposition or appeal proceedings may be revoked even if they have not been explicitly opposed, provided their validity is prima facie in doubt, on the basis of already available information.

The addition of a head note to the decision shows the general importance which the Board attributes to its approach. It appears that the Board considered the case as an opportunity to emphasize that the ground of added subject-matter could be considered as a new ground in appeal proceedings in the given situation. The Board could have easily justified its competence to examine the matter under the criteria given in G 9 and G10/91 by relying on the fact that the opposition division had answered the question of original disclosure in the affirmative. It remains to be seen whether other Boards will follow this approach. If no uniform practice emerges, only a referral to the Enlarged Board of Appeal may result in clear rules for the Boards and for the users of the European patent system.

Reported by Dr. Rudolf Teschemacher



## **2. European Patent Office: Patentability of dosage regime remains contested among the Technical Boards of Appeal - Enlarged Board of Appeal of the EPO asked to give authoritative interpretation of the law**

The following questions of law have been referred to the Enlarged Board of Appeal in decision T 1319/04 of April 22, 2008.

1. Where it is already known to use a particular medicament to treat a particular illness, can this known medicament be patented under the provisions of Articles 53 (c) and 54 (5) EPC 2000 for use in a different, new and inventive treatment by therapy of the same illness ?
2. If the answer to question 1 is yes, is such patenting also possible where the only novel feature of the treatment is a new and inventive dosage regime ?
3. Are any special considerations applicable when interpreting and applying Articles 53 (c) and 54 (5) EPC ?

Questions of law in the biotechnological and medical fields keep the Enlarged Board of Appeal busy. Four cases already being pending, the Technical Board of Appeal 3.3.02, mainly competent for medical preparations, made another referral. The divergence in the present case law becomes crystal clear from the second question, i.e. can the dosage regime establish novelty if the medicament and the illness to be treated are known.

Under the EPC, methods for treatment by surgery or therapy and diagnostic methods practised on the human or animal body (medical treatment) are not patentable. As a counterbalance the legislators of the EPC 1973 provided protection for the first medical use of known substances in the claim format “substance X for use as a medicament”. As to further medical uses of known substances, the Enlarged Board of Appeal in its landmark decision G 5/83 (OJ EPO 1985, 64) allowed protection in the claim format “use of substance X for the manufacture of a medicament for therapeutic application Z” (“Swiss-type” claim).

The divergence in the case law concerning further medical uses arose from deci-

sion T 1020/03 (OJ EPO 2007, 204). In this decision, Technical Board of Appeal 3.3.04 held that any use allows a second medical use claim, irrespective of the detail with which the therapy is stated, provided that the use is novel and inventive. In its reasoning, the Board gave a review of previous decisions rendered by Board 3.3.02, taking the position that Swiss-type claims were only available for uses by which a different illness or a different subject is treated. Board 3.3.04 considered this restriction to be arbitrary, finding no basis for it neither in the Convention nor in G 5/83. Hence, it concluded that the administration pattern contained in the claimed invention was a feature establishing novelty. A referral to the Enlarged Board of Appeal was not considered necessary since the clear answer to the question what therapies could give rise to an allowable claim in second medical use form could be given on the basis of G 5/83.

It is not surprising that the matter did not seem so clear to everybody. Whereas the practice of the first instance appeared to follow T 1020/03, Board 3.3.02 was not prepared to abandon its previous approach. In the case underlying the referring decision T 1319/04, the only feature of the claim not disclosed in the prior art is that the administration of the medicament is “once per day prior to sleep”.

In discussing the relevance of this feature, the Board points to the fact that the EPC 2000 applies to the application-in-suit. Whereas under Art. 52 (4) EPC 1973 medical treatment was not to be regarded as susceptible of industrial application, it is now listed in Art. 53 (c) EPC among the inventions for which European patents shall not be granted. Pursuant to new Article 54 (5) EPC 2000, the patentability of known substances for any specific use in medical treatment shall not be excluded, provided that such use is new. Looking at the proceedings of the Diplomatic Conference for the revision of the EPC, the Board finds that the purpose of these amendments was that the case law regarding further medical uses as evolved by the Enlarged Board of Appeal, should be enshrined in the Convention.

Considering G 5/83 and its parallel cases, Board 3.3.02 notes that the Enlarged



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Board of Appeal was only concerned with uses of a known medicament to treat a further illness. Hence, whereas the language of G 5/83 was broad enough to allow patenting of a further medical use only characterized by a new dosage regime, it could only be a matter of speculation whether the Enlarged Board of Appeal had such cases in mind. Reviewing the difference between the previous case law and T 1020/03, the Board states that applicants have to know for certain whether or not patentability is excluded. An authoritative answer could only be given by the Enlarged Board of Appeal.

Establishing that a decision of the Enlarged Board of Appeal is required in order to decide the pending case, Board 3.3.02 assessed novelty and inventive step of the claimed invention on the basis of the assumption that the dosage regime could be considered as a distinguishing feature. This examination shows that the invention was not only related to modifying the dosage and thereby also modifying the known effects of the known medicament. Rather, the specific mode of administration was plausibly shown to avoid negative toxic effects although the dose taken was higher than in the state of the art, disclosing administration twice daily. Hence, it can be said that the invention involves a new medical effect although the same illness is treated. This distinguishes this case from cases in which Examining Divisions, after T 1020/03 became known, granted patents for a new dosage regime which did not cause a new effect compared to the state of the art and did not even improve the known effect. Rather, the medical use was considered to be inventive as a mere alternative on the basis of the differing dosage regime.

The case underlying the referring decision became pending under the EPC 1973 and is to be decided under the EPC 2000. The main request recited in the facts and submissions of the decision is still in the Swiss-type format. The Board did not address the question whether this claim format is still available under Art. 54 (5) EPC, allowing product claims for further medical uses. This is answered in the affirmative in the Guidelines for Examination in the EPO, C-IV, 4.8, citing G 5/83. However, the legal situation has

changed since this decision was rendered. G 5/83 aimed at filling a lacuna in the law, caused by the exclusion of medical treatment from patent protection, without providing an adequate possibility of protection for further medical uses of known medicaments. To this end the Enlarged Board of Appeal has recognized, in analogy to Art. 54 (5) EPC 1973, that the manufacture of a medicament may derive its novelty from the new therapeutic use of the medicament. The Enlarged Board of Appeal emphasized that this specific notion of novelty was not to be applied to non-medical uses. The legislator of the EPC 2000 has remedied the situation. The lacuna in the written law does no longer exist. This may raise the question whether the analogy in G 5/83 is still necessary and justified.

Reported by Dr. Rudolf Teschemacher





**3. Düsseldorf Court of Appeals: Implicit non-disclosure obligation by general terms and conditions of a contractual offer according to the legal principle of good faith. (Judgement of January 25, 2008, Case I-2 U 137/99, Drahtinjektionseinrichtung / Wire Injection Device)**

**A contractual offer disclosing the technical teaching of a later filed patent application does not make the technical teaching available to the public if the recipient of the offer is obliged to secrecy. Such obligation may result from general terms and conditions accompanying the contractual offer according to the legal principle of good faith.**

In the decided case, the defendant argued that the patent-in-suit relating to a method for controlling a wire injection device was invalid since its technical teaching was made available to the public by a written contractual offer for a supply agreement on corresponding devices, disclosing the technical teaching to its recipient prior to the filing date of the underlying patent application. Undisputedly, the offer did disclose the technical teaching of the patent-in-suit and was sent to the recipient prior to the filing date. However, the offer was made under general terms and conditions including a regulation that any technical documentation, such as technical drawings or other related documents which are provided with the offer shall be treated confidentially and shall not be made available to third parties. Further, it could not be established that the recipient did in fact disclose the technical teaching to a third party prior to the filing date of the patent application on which the patent-in-suit was granted.

In view of these facts, the Düsseldorf Court of Appeals found that an implicit non-disclosure agreement was concluded between the offeror and, in particular, the recipient, since the recipient did not object to the offeror's general terms and conditions. Apparently, it was irrelevant for the court whether the offer itself did lead to the conclusion of a supply agreement or not. Rather, the court took the point of view that a need for a valid non-disclosure agreement would exist even if an offer – disclosing secret information in

a readily identifiable manner – does not lead to the conclusion of a contract. Therefore, the assumption of an implicit non-disclosure agreement would result from the circumstances of the offer as well as from the legal principle of good faith when entering into contract negotiations.

As a side note, the court further pointed out that this consequence would still apply when considering that the recipient of the offer used in his own general terms and conditions a standard clause excluding any other party's general terms and conditions. In this respect, the court emphasized that also the general terms and conditions of the recipient of the offer comprise, besides this standard clause, a regulation obliging its suppliers to secrecy with regard to any technical specifications provided by it in the context of the supply agreement, i.e. a clause underlying the same idea of non-disclosure as the regulation used by the offeror. Consequently, the Düsseldorf Court of Appeals rejected the defendant's argument and found that the technical teaching of the patent-in-suit would not have been made available to the public in view of the implicit non-disclosure agreement which the recipient of the offer did in fact comply with. Thus, the court assumed the validity of the patent-in-suit.

The present decision is clearly in conformity with some recent decisions of the German Federal Supreme Court on the conclusion and effect of non-disclosure agreements. It is a particularly striking example for a binding non-disclosure agreement resulting from good faith established between the parties in view of the circumstances of an individual case. However, for reducing practical risks, it is clearly advisable not to rely on general terms and conditions insofar, but to explicitly agree on a well-drafted non-disclosure agreement specifying its subject matter and related security mechanisms in appropriate detail. In this context it should be noted that, according to the permanent case law of the German Federal Supreme Court, a non-disclosure agreement as such is not sufficient to exclude public availability of the technical teaching. It is further required that the technical teaching is in fact kept confidential, i.e. that the non-disclosure obligation is actually respected. Therefore,



contractual security mechanisms helping to safeguard secrecy are all the more vital for successfully dealing within promising business collaborations. Such security mechanisms should be tailored to the needs and practical requirements of the individual case and may, for example, include specific measures as to where and how confidential documents are to be stored and which persons are to have (possibly limited) access.

Reported by Dr. Tilman Müller-Stoy



#### **4. District Court Düsseldorf: Grant of claims for recall and removal of infringing products from the distribution channels (Case 4a O 427/06 - WC-Körbchen/WC-baskets of February 12, 2008)**

**According to Article 10 (1) of the “Enforcement”-Directive EC/2004/48 which had to be implemented into the national laws of the Member States by April 29, 2006, the Member States shall ensure that the courts may order, at the request of the plaintiff, appropriate measures with regard to goods found to be infringing an intellectual property right. Such measures shall include, inter alia, recall and definitive removal of the goods from the channels of commerce. Although the “Enforcement”-Directive was not yet implemented into German national law at the time of the decision, the District Court Düsseldorf held that claims for recall and removal exist nonetheless under German law and may be awarded for patent infringement.**

In the decided case, the plaintiff filed a lawsuit against the defendants for infringement of a patent concerning a device for dispensing active substance fluids into the flushing liquid in a toilet bowl. The plaintiff filed a request for an order to cease and desist, rendering of account, destruction of the infringing products, liability for damages and, additionally, to order the defendants to recall and to remove the infringing products from the distribution channels .

Despite the fact that the “Enforcement” Directive was not yet implemented into German law, the Court held that the claims for recall of the already distributed infringing products and for their definite removal from the distribution channels result from Section 139 (1) German Patent Act in connection with Section 1004 (1) German Civil Code, when interpreted in conformity with Article 10 (1) of the “Enforcement”-Directive.

In its reasoning, the Court relied on a well-established principle of European law, namely on the principle of a national court’s obligation to interpret the national law in conformity with an EC directive, if the deadline to implement the EC directive has already lapsed. This principle was



just recently confirmed again by the European Court of Justice. To support its argumentation, the Court further pointed to the draft law of the German Government with which the “Enforcement”-Directive shall be implemented into German law and which shows, according to the Court, the tendency to subsume the respective claims already under the existing law. Finally, the Court held that assuming the respective claims is generally not disproportional.

In the author’s opinion, it would have been helpful if the Court would have clarified what the terms “recall” and “definite removal from the distribution channels” actually mean. The Court did not provide guidelines as to what minimum requirements a defendant has to comply with in this context, in particular, whether it has to comply at all, and if yes, at which point an undue burden on the defendant may be assumed. Further, it may be worth noting that the decision was appealed by the defendants and is therefore not final. In any event, the present decision as well as particularly a recent decision of the German Federal Supreme Court on potential measures for the preservation of evidence show a clear tendency of the German patent courts to adopt new legal concepts which are governed by European law and – if necessary – to find a way to derive them from the already existing German law. Finally, it should be noted that the German draft law implementing the “Enforcement”-Directive is about to be passed by the German legislative chambers and is expected to enter into force this summer. This will certainly bring about a number of further legal tools which the owners of intellectual property rights can use to fight infringers.

Reported by Bernd Rupprecht



## 5. European Court of Justice: Preliminary rulings.

### **Likelihood of confusion – The famous Adidas THREE STRIPES prevail over a public interest argument – ECJ Judgment of April 10, 2008, Case V 102/07 – adidas AG v. Marca Mode CV**

The “saga” of the litigation undertaken by Adidas in The Netherlands, on the basis of its registered figurative THREE STRIPES mark, against various users of a two stripe version on their clothing goes on. The issue of the scope of protection of the THREE STRIPES mark has reached the European Court of Justice three times, the latest judgment having been rendered on April 10, 2008.

The questions that were referred this time by the Dutch Supreme Court (Hoge Raad) asked for a determination whether, when judging likelihood of confusion, a public interest in using particular signs or indications should be taken into account. The questions were the following:

1. In the determination of the extent to which protection should be given to a trade mark formed by a sign which does not in itself have any distinctive character or by a designation which corresponds to the description in Article 3 (1) (c) of the Directive... but which has become a trade mark through the process of becoming customary (“inburgering”) and has been registered, should account be taken of the general interest in ensuring that the availability of given signs is not unduly restricted for other traders offering the goods or services concerned (“Freihaltebedürfnis”)?

2. If the answer to Question 1 is in the affirmative: does it make any difference whether the signs which are referred to therein and which are to be held available are seen by the relevant public as being signs used to distinguish goods or merely to embellish them?

3. If the answer to Question 1 is in the affirmative: does it, further, make any difference whether the sign contested by the holder of a trade mark is devoid of distinctive character, within the terms of Article 3 (1) (b) of the Directive ... or contains a designation, within the terms of Article 3 (1) (c) of the Directive?





The ECJ concluded unequivocally against a public interest analysis.

The criteria to be taken into account in analysing the presence or absence of likelihood of confusion, under the ECJ's "all circumstances of the case" doctrine, do not include extraneous elements such as "public interest". The "public interest" analysis has its place in the absolute grounds of refusal, and in the "free use" limitation under Article 6 (1) (b) of the Trade Marks Directive, but not in the infringement analysis, be it under likelihood of confusion, or be it under anti-dilution.

The Court's answer is succinct:

First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that the requirement of availability cannot be taken into account in the assessment of the scope of the exclusive rights of the proprietor of a trade mark, except in so far as the limitation of the effects of the trade mark defined in Article 6 (1) (b) of the Directive applies.

As is natural in a preliminary ruling, the Court did not decide whether there actually was likelihood of confusion or detriment to the reputed THREE STRIPES mark of Adidas. This is for the national court to decide. However, in saying so, the Court made an interesting statement regarding the defence that the allegedly infringing sign is not used as a mark, but rather decoratively:

33 It is for the national court to determine whether such a likelihood of confusion exists. For the purpose of that determination, it is useful to examine the national court's question seeking to ascertain whether it is important to determine whether the public perceives the sign used by the third party as mere decoration of the goods in question.

34 In that respect, it should be pointed out that the public's perception that a sign is a decoration cannot constitute a restriction on the protection conferred by Article 5 (1) (b) of the Directive when, despite its decorative nature, that sign is so similar to the registered trade mark that the relevant public is likely to per-

ceive that the goods come from the same undertaking or, as the case may be, from economically-linked undertakings.

35 In the present case, it must therefore be determined whether the average consumer, when he sees sports or leisure garments featuring stripe motifs in the same places and with the same characteristics as the stripes logo registered by adidas, except for the fact that they consist of two rather than three stripes, may be mistaken as to the origin of those goods, believing that they are marketed by adidas AG, adidas Benelux BV or an undertaking linked economically to those undertakings.

36 As is clear from the 10th recital in the Directive, that appreciation depends not solely on the degree of similarity between the trade mark and the sign, but also on the ease with which the sign may be associated with the mark having regard, in particular, to the recognition of the latter on the market. The more the mark is well known, the greater the number of operators who will want to use similar signs. The presence on the market of a large quantity of goods covered by similar signs might adversely affect the trade mark in so far as it could reduce the distinctive character of the mark and jeopardise its essential function, which is to ensure that consumers know where the goods concerned come from.

It follows from these statements that decorative use is no defence when the similarity of the signs is such that the public may be led to believe that the goods have the same origin or come from related ("economically-linked") enterprises.

This seems to mean (inter alia) that when the allegedly infringed mark is used as a mark, whether decorating the product or not, the defendant's use will also constitute infringing use, whether used decoratively or not. The debate – currently dominating the legal analysis in particular in Germany – whether infringing use must always be use "as a mark" is likely to continue after this most recent judgment of the ECJ.

Reported by Alexander von Mühlendahl



## 6. Review of OHIM Decisions

**The review of Court of First Instance judgments by the European Court of Justice has led to four decisions recently.**

**EUROHYPO for financial services refused as not distinctive – European Court of Justice annuls Court of First Instance decision and nevertheless holds against CTM applicant – ECJ Judgment of May 8, 2008, Case C-304/06 P, Eurohyo AG v. OHIM – EUROHYPO**

OHIM's Board of Appeals had refused EUROHYPO for financial services (financial affairs, monetary affairs, real estate affairs, provision of financial services, financing) in cl. 36, considering EURO to be the currency name and HYPO as referring, at least in German, to real-estate financing (mortgages etc.), applying not the descriptiveness rule (Article 7 (1) (c) CTMR), but holding the mark to be not distinctive (Article 7 (1) (b) CTMR). [To much surprise, the Board accepted the mark for "financial analysis, investment affairs, insurance affairs."]

The applicant's appeal to the Court of First Instance was dismissed two years ago (CFI Judgment of May 3, 2006, Case T-439/04). The CFI held that the mark was descriptive and therefore lacking distinctiveness.

The applicant's further appeal on points of law was dismissed by the ECJ, albeit by a somewhat curious route. The ECJ accepted that the CFI had evaluated the mark not only as to its elements, but also as a whole. However, the CFI had misapplied Article 7 (1) (b) CTMR by failing to take into account the public interest underlying that provision, instead examining the mark under the descriptiveness criteria only. This led the ECJ to annul the contested judgment. The ECJ went on, however, to judge the mark on its own under the proper Article 7 (1) (b) CTMR standards and held, in a few succinct paragraphs, that EUROHYPO was properly refused by OHIM for absence of distinctiveness, concluding as follows:

69 As OHIM correctly stated in the contested decision, the relevant public, in the field covered by the trade mark application, understand the word sign EURO-

HYPO as referring, as a whole and in general, to financial services requiring real securities and, in particular, to mortgage loans paid in the currency of the European Economic and Monetary Union. Furthermore, there is no additional element which would allow the view to be reached that the combination, created by the current and usual components EURO and HYPO, is unusual or might have its own meaning which, in the perception of the relevant public, distinguishes the services offered by the appellant from those of a different commercial origin. Therefore, the relevant public perceives the trade mark in question as providing details of the type of services which it designates and not as indicating the origin of those services.

The judgment seems to disavow the earlier well-known decisions in the BIOMILD and POSTKANTOOR cases, pursuant to which a descriptive mark is, because of its descriptiveness, also not distinctive, but adds little to the ongoing debate about the degree of overlap and independence between the various grounds of refusal listed in Article 7 (1) (b), (c), and (d) CTMR.

**FERRERO is held to be highly distinctive and prevails over FERRO – ECJ Judgment of April 17, 2008, Case C-108/07 P – Ferrero Deutschland GmbH v. OHIM – Cornu SA Fontain**

Ferrero's opposition against FERRO, applied for "biscuits sales" in cl. 30, was dismissed by OHIM's opposition division on 30 April 2002, Ferrero having proved use only for specific sweet confectionary products. The Board of Appeal confirmed two years later, on March 22, 2004, in view of the differences between the marks and the slight similarities between the products, and rejected Ferrero's argument that FERRERO had become highly distinctive through the use made of that mark.

The Court of First Instance, again more than two years later, dismissed Ferrero's appeal (Judgment of December 15, 2006, Case T-310/04). The CFI considered that Ferrero had proved before the Board that its mark enjoyed "a certain degree of distinctiveness", but nevertheless found that there was no likelihood of confusion.



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Ferrero's appeal on points of law led to the annulment of the CFI judgment and the underlying OHIM decision. The Court found that the CFI had committed legal error by limiting itself to examining the elements of proof each on its own, rather than undertaking a global appreciation as required.

The ECJ then went on to undertake that examination on its own (rather than remitting the case to the CFI), and concluded that Ferrero had established a high degree of distinctiveness of the FERRERO mark in Germany. Together with the degree of similarity of the marks and the similarities between the products in question, the high degree of distinctiveness led to the conclusion that there was indeed likelihood of confusion.

The case is remarkable for the "ease" with which the ECJ overturned the lower court's decision, and the rather straightforward analysis of the evidence presented to the CFI.

The ECJ had held in an earlier decision that the CFI had properly decided that the same mark FERRERO prevailed over a composite mark consisting of the word FERRÓ and a device, in accordance with the decisions of the opposition division and the Board of Appeals (Order of September 11, 2007, Case C- 225/06 P – Athinaiki Oikogeniaki Artopoiia AVEE v. OHIM – Ferrero Deutschland GmbH). The Board's decisions in the earlier case and in the present case are hardly consistent. The ECJ did not as much as to refer to its earlier judgment.

**The mark "terra" with device prevails over the word mark "Terranus" – ECJ Order of February 15, 2008, Case C-243/07 P – Brinkmann v. OHIM – Terra Networks, S.A.**

The finding of likelihood of confusion leading to the refusal of the word mark "Terranus" based on the earlier mark "terra" with device, both for services in cl. 36, was confirmed by OHIM's Board of Appeals and by the Court of First Instance (Judgment of March 22, 2007, Case T-322/05).

A further appeal on points of law was dismissed by order of the ECJ as obvi-

ously without merits. The CFI's findings as to likelihood of confusion were classified as factual and thus not subject to review by the ECJ.

**HAIRTRANSFER properly refused as descriptive – ECJ Order of February 13, 2008, Case C-212/07 P – Indorata-Servicos e Gestao Lda v. OHIM – HAIRTRANSFER)**

A refusal of the mark HAIRTRANSFER as descriptive and not distinctive for artificial and genuine hair in cl. 22, training and educational services in cl. 41, and health and beauty services, in particular in relation to hair, in cl. 44 by OHIM was confirmed by the Board of Appeals and by the Court of First Instance (Judgment of 15 February 2007, Case T-204/04).

The further appeal on points of law was – as could have been expected – dismissed by the ECJ, only one year later, by order as being obviously without merits.

Reported by  
Dr. Alexander von Mühlendahl





**7. German Federal Supreme Court holds that the principle of a fair hearing guarantees that the parties have the opportunity to comment on the facts and the legal position (points of law) in respect of the case and that the Court consider these comments. However, the principle of a fair hearing is not violated merely because the Court does not explicitly reject a party's arguments entirely (Decision of February 21, 2008, Case I ZB 70/07 – Melissengeist/Melissa Spirit).**

With a view to the German Federal Patent Court's assessment on distinctiveness of the mark-in-suit, the related fields of trade, the secondary meaning of the mark-in-suit and the Federal Patent Court's overall conclusion, the plaintiff had argued that the principle of a fair hearing (Article 103 [1] GG) had been violated, because the Court of Appeals did not explicitly reject all the arguments provided by the plaintiff.

The Court upholds the general principle that it is not compulsory to name every single argument of a party in order not to violate the principle of a fair hearing.

The plaintiff had argued that, generally, the designation "Melissengeist" was only used with reference to the plaintiff and that, therefore, the mark-in-suit was not descriptive for the specific goods covered by the trademark (inter alia pharmaceuticals). In contrast, the Federal Patent Court had held that the mark-in-suit was merely descriptive. The Federal Patent Court's decision was based on the same grounds the German Patent and Trademark Office (GPTO) as the first instance had found in its earlier decision of the same case. However, the Federal Patent Court did not explicitly name all of the GPTO's arguments, but simply referred to the GPTO's decision. In contrast to the plaintiff's claim, the German Federal Supreme Court decided that the Federal Patent Court had not violated the principle of a fair hearing.

As to the plaintiff's argument that the principle of a fair hearing was violated, because the Federal Patent Court did not only take into account the circles of experts but also the average consumer, the German Federal Supreme Court ruled that the plaintiff, in fact, did only criticize

the Federal Patent Court's legal point of view. Given that the Federal Patent Court had taken all relevant aspects into account that had been provided by the plaintiff - however appraising them to be not only irrelevant but also inapplicable - the Court's legal point of view, obviously, does not per se infringe the plaintiff's rights.

Furthermore, the Federal Supreme Court rejected the plaintiff's argument that the Federal Patent Court had violated the principle of a fair hearing, because the Court stipulated its own view on the secondary meaning of the mark-in-suit which was different from the result of the survey commissioned by the plaintiff. Contrary to the result of the plaintiff's survey, the Court did not only consider purchasers and users of pharmaceuticals and natural remedies, but the average consumer. Again, the Federal Supreme Court held that the plaintiff was only trying to contest the unwelcome point of view of the Federal Patent Court, but did not provide any substantial arguments for the allegation that the principle of a fair hearing had been violated.

Finally, the plaintiff unsuccessfully alleged that the overall conclusion made by the Federal Patent Court violated the principle of fair use. The German Federal Supreme Court upheld the Federal Patent Court's findings that if a descriptive designation is used only in combination with a distinctive element, the mere facts concerning the trademark holder's position as a significant market leader and its considerable advertising expenses do not lead to the conclusion that the related fields of trade will notice the descriptive designation as a trademark. Again, the plaintiff did only allege the Federal Patent Court's unfavourable legal point of view. Nothing different can be derived from the ECJ's decision (Judgement of July 7, 2005, Case C-353/03 – Nestlé/Mars) that secondary meaning can also be a result of use of a trademark as part of or in combination with other trademarks, because the critical question remains: Will the related fields of trade, when encountering products marked only with the mark-in-suit, recognize these products originating from one specific company?

The decision clearly shows that a party's efforts to change a Court's decision for



violating the principle of a fair hearing are restricted to very limited cases. Particularly, the mere allegation that a Court did not explicitly name a party's arguments entirely is not enough to override such decision.

Reported by Philippe Kutschke



#### **8. German Federal Supreme Court confirms cancellation of a 3D trademark registration for a front lid of a car (Decision of May 24, 2007 – Case I ZB 37/04 – Fronthaube/Front Lid).**

**The Federal Supreme Court ruled in this only recently published decision that a 3D trademark for a car lid – although comprising the typical shape of the “BMW-Kidney” – is excluded from registration because of being devoid of any distinctive character as well as being descriptive for the registered goods, but is not excluded by Section 3 (2) No. 2 and 3 of the German Trademark Act, i.e., consisting exclusively of the shape of goods which is necessary to obtain a technical result or which gives substantial value to the goods.**

In 2001, a 3D trademark for a car lid comprising also the typical shape of the “BMW-Kidney” was registered with the German Patent and Trademark Office (GPTO) under No. 301 14 507 for “car parts”. On request of the applicant, the Trademark Department of the GPTO cancelled this registration in 2003. On appeal the Federal Patent Court affirmed the cancellation decision based on Section 3 (2) No. 2 and 3 as well as Section 8 (1) and (2) of the German Trademark Act.

Section 3 (2) No. 2 and 3 of the German Trademark Act states that signs consisting exclusively of the shape of goods which is necessary to obtain a technical result or which gives substantial value to the goods are excluded from registration. According to the Federal Supreme Court,

Section 3 (2) of the German Trademark Act precludes that a trademark owner is able to block competitors from using common technical solutions or known advantageous features for their products. However, the Federal Supreme Court held that the findings of the Federal Patent Court did not fulfil the requirements of No. 2 or 3 of that provision.

Regarding No. 2 of said provision, the Federal Patent Court found, on the one hand, that the shape of a front lid is dominated by technical factors such as stability, deformability and the purpose of it being built into the car in a dimensionally accurate way. On the other hand, the Federal Patent Court found that the shape of a front lid is not inevitably determined by this kind of goods, because variations of the specific basic shape are possible when it is used as a tuning or aerodynamic part. In light of this, the Federal Supreme Court denied the application of this provision because of its technical determination.

According to the Federal Supreme Court, Section 3 (2) No. 3 of the German Trademark Act requires that the public perceives the aesthetic content of a shape solely as the substantial value of the product, i.e. the public perceives the aesthetic shape as the actual tradable good. This is true for a work of art, for example, but not for a front lid of a car even if its aesthetic shape is somehow successful.

Nevertheless, the Federal Supreme Court confirmed the result of the Federal Patent Court that the trademark is to be cancelled because of being devoid of any distinctive character as well as being descriptive for the registered goods. In applying its long standing case law regarding 3D trademarks, the Federal Supreme Court stated that a trademark consisting of the shape of the goods themselves lacks distinctive character, because this shape does normally not serve as a sign of origin. Therefore, 3D trade-marks have to be assessed with regard to the question whether the shape primarily embodies a descriptive content such as a front lid in this case. If there are any features of the shape which are not only descriptive it has to be assessed further whether such features can be perceived as a sign of origin.



The Federal Supreme Court confirmed the result of the Federal Patent Court that the public does not, in general, perceive the shape of car parts and, in particular, the present front lid as a sign of origin. Distinctive character of the challenged trademark was denied, because the challenged trademark does not differ significantly from shapes in the sector of goods concerned. The trademark owner argued to the contrary that the characteristic shape of engine cooler grills as used in cars of specific manufacturers demonstrate that they do differ, referring also to the typical shape of the “BMW-Kidney”. This argument was dismissed, because the trademark does not seek protection for a cooler grill according to the “BMW-Kidney”, but for a front lid that comprises also features other than the two holes in the front part. Furthermore, the feature of two holes in the front part of a front lid is also known from other manufacturers.

For the same reasons, the Federal Supreme Court also held the trademark to be descriptive, because the challenged trademark only represents the outer shape of the goods concerned, i.e., the front lid of a car. Therefore, the trademark consists exclusively of a sign which designates the features of the goods, according to the Federal Supreme Court.

This decision of the Federal Supreme Court has to be seen in a broader context of recent developments in European design legislation that is set to exclude spare parts such as front lids from protection by national and Community design law (see IP Report 2007 V No. 12). In light of this and of the present decision, protection for the design of car body parts may become very difficult in the future.



Reported by Thomas Huber

**9. German Federal Supreme Court: liability for violation of name rights on the platform of the Internet auction house eBay (Federal Supreme Court, Decision of April, 10 2008 – Case I ZR 227/05 I – Namensklau im Inter-**

**net/Name Nicking on the Internet). The Federal Supreme Court had to decide about a case in which the personal data of a private individual were abused for registration with eBay by an unknown person. The Federal Supreme Court determines the requirements for a claim for cease and desist against eBay based on the violation of name rights on its internet platform analogously to the cases where trademark rights were infringed (see IP Report 2007 II No. 9 – Rolex II).**

The claimant, who was registered with the Internet auction platform eBay sued eBay for violation of his name rights. Although he did not do any trading on that platform, the claimant received calls from displeased buyers. It turned out that an unknown person used the name, address, birth date and email address of the claimant when he registered with eBay under a pseudonym. This unknown person then used this account to sell fake brand pullovers via the eBay platform. After the claimant had notified eBay in November 2003, this seller was blocked by eBay. Nevertheless, further registrations with eBay occurred under pseudonyms using the data of the claimant .

The claimant sought for a cease-and-desist order against eBay under the German legal concept of liability as a “disturber” (Störerhaftung) for violation of his name rights. Under this concept anyone who, without being the infringer or an accessory, in any way makes a deliberate and causally adequate contribution to the infringement of property rights can be held liable for cease and desist. Both, the District Court as well as the Appeal Court allowed the claim under that concept.

On further appeal, the Federal Supreme Court confirmed the findings of the Appeal Court: On notification of the claimant, eBay is obliged to prevent further violations of the name rights, taking up measures within the bounds of what could reasonably be expected. This obligation exists already due to the first notification of the claimant, according to the present decision of the Federal Supreme Court. Nevertheless, pursuant to the law it is not allowed to establish general examination duties for the operator of an Internet platform (host provider) which oblige the operator to check all the infor-



mation stored and placed on the Internet for violations of rights. The Federal Supreme Court held that, as soon as a host provider is notified of a clear violation of rights, he not only must block this seller, but also prevent further offences in the future, again within the bounds of what could reasonably be expected.

The Federal Supreme Court set aside the judgement of the Appeal Court, because the Appeal Court did not evaluate the facts regarding the key issue in dispute between the parties. This key issue is whether it was technically feasible and reasonable for eBay to prevent further violations of the claimant's name rights committed by the users of the auction platform. Furthermore, the Federal Supreme Court found that the claimant has to bear the burden of proof of whether such technical measures are reasonable, but nevertheless eBay must substantiate its submission if it denies the applicability of reasonable measures. In order to meet the secrecy interest of eBay, the public can be excluded or, as the case may be, a secrecy order can be issued by the court.

It is very important that the Federal Supreme Court found eBay in principle liable for the abuse of the claimant's name. As the case clearly demonstrates, although the buyers of the fake pullovers were cheated and the personal rights of an innocent person were violated, eBay earned its fees without any risk. One may not oblige eBay to verify the identity of all its users. But one should keep in mind that other enterprises who are exposed to the financial risks associated with the anonymity of the Internet, such as banks, do check the identity of their users carefully by way of, for example, so called "post ident proceedings". In the light of this, it is regrettable that the Federal Supreme Court did not shift the burden of proof for "reasonable measures" to eBay in this case. It is technically not difficult to create an automatic blocking if specific known personal data are used for registration. The "eBay problem" was recently again the topic of a judgment of the Federal Supreme Court concerning trademark infringements on eBay, which will be reported in the next edition of this newsletter.

Reported by Thomas Huber

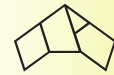
## **10. Frankfurt Appeal Court again denies infringement of rights conferred by the Lindt Easter Bunny (Case 6 U 10/03 – Goldhase II/Golden Bunny II)**

**On November 12, 2007, the Frankfurt Appeal Court had to decide, for a second time, whether the distribution of the contested design of the "Riegelein" bunny amounts to an infringement of the Lindt rights conferred by the registered Community trademark right. The case had been remanded to the Frankfurt Appeal Court after the Federal Supreme Court lifted a former ruling (see IP-Report 2006 VI No. 5).**

Interestingly, the Frankfurt Appeal Court accepted the Supreme Court's position according to which the shape and color of such a complex composite trademark may have a (co-)dominating significance for the overall impression when the distinctive character of such elements is increased (through use). Nonetheless, the Frankfurt Appeal Court rejected Lindt's asserted infringement claims for a second time.

In this ruling, only published on March 28, 2008, the Frankfurt Appeal Court did not (as in the earlier judgment) focus on the – indeed deviating – word elements, but considered the additional elements (i.e., shape of the bunny, color of the golden foil, color of the red necklace including loop and little bell, and the physiognomy of the bunny).

According to the Court, as a first step, the distinctive character of a complex mark (such as the "Lindt Golden Bunny") and its degree of distinctiveness must be assessed with a view to the mark as a whole, not contemplating isolated individual elements. Under this assumption, the Court confirmed an increased degree of distinctiveness of the mark-in-suit. Nonetheless, the Frankfurt Appeal Court somehow surprisingly denied, in spite of existing identity of goods and the mark-in-suit's increased degree of distinctiveness, sufficient similarity of signs and, consequently, any likelihood of confusion on behalf of the public. Except for the corresponding form of the conflicting signs, all other distinctive elements were differentiated in the view of the Court, i.e., a bronze foil (instead of a golden foil), a brown necklace including a loop but with-



out a bell (instead of a the red necklace including a loop and little bell) and the physiognomy of the bunny were not deemed similar.

However, following the Court's line of argument, much depends on the question whether the individual elements are indeed non-similar – given their increased individual distinctiveness. If it is true that highly distinctive trademarks and/or parts of their elements lead to an extended scope of protection of the mark-in-suit, then it appears debatable why, for instance, the distinctive element of a golden foil did not protect against a bronze foil (or a red necklace including loop and little bell against a brown necklace including a loop albeit without a bell). This seems to be even more questionable since, according to German and European case law, consumers will not compare both conflicting signs one-to-one but rather decide, on the grounds of the so-called “doctrine of imperfect recollection”, according to the characteristic elements of the mark-in-suit retained in their memory.

Reported by Dr. Henning Hartwig



## 11. European Court of Justice on the concept of distribution to the public under the Copyright Directive (Judgment of April 17, 2008, Case C-456/06 – Peek & Cloppenburg KG v. Cassina SpA)

**The concept of distribution to the public, otherwise than through sale, of the original of a work or a copy thereof, for the purpose of Article 4 (1) Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (hereafter: Copyright Directive) applies only where there is a transfer of the ownership of that object. As a result, neither granting to the public the right to use reproductions of a work protected by copyright nor exhibiting to the public those reproductions without actually granting a right to use them can constitute such form of distribution.**

In its most recent decision of April 17, 2008 the ECJ ruled on questions referred to it by the German Federal Supreme Court in an action regarding copyright infringement. Peek & Cloppenburg (a fashion retailer operating shops throughout Germany) has set up in one of its shops a rest area for customers, fitted out with armchairs, sofas and a low table from the “Le Corbusier” series. Furthermore, in a display window of its outlet, Peek & Cloppenburg placed an armchair from the “Le Corbusier” series for decorative purposes. Cassina, a manufacturer of chairs having the exclusive right of distribution of furniture manufactured to the “Le Corbusier” design, for the purpose of Section 17 German Copyright Act brought an action against Peek & Cloppenburg inter alia, claiming for cease and desist from the described practice.

The questions referred were:

“(1) (a) Can it be assumed that there is a distribution to the public otherwise than by sale, within the meaning of Article 4 (1) Copyright Directive, in the case where it is made possible for third parties to make use of items of copyright-protected works without the grant of user involving a transfer of de facto power to dispose of those items?

(b) Is there a distribution under Article 4 (1) Copyright Directive also in the case in





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which items of copyright-protected works are shown publicly without the possibility of using those items being granted to third parties?

(2) If the answers are in the affirmative: Can the protection accorded to the free movement of goods preclude, in the abovementioned cases, exercise of the distribution right if the items presented are not under copyright protection in the Member State in which they were manufactured and placed on the market?"

According to Cassina, the concept of "distribution of the original of a work or a copy thereof to the public otherwise than by sale" must be interpreted broadly, since Recitals 9 to 11 Copyright Directive state that harmonisation of copyright shall take as a basis a high level of protection, that authors have to receive an appropriate reward for the use of their work and that the system for the protection of copyright must be rigorous and effective. Additionally, as set forth by Cassina, Peek&Cloppenburg's actions at issue in the main proceedings are objectionable, because Cassina, as the copyright owner, obtained no remuneration for the use of copies of its work, which is protected under the legislation of the Member State where those copies are used.

However, the Court did not accept Cassina's plea. According to the ruling of the court, it is common ground that Article 4 (1) Copyright Directive which formulates the obligation of the Member States to provide for authors, in respect of copies of originals of their works, the exclusive right to authorise or prohibit any form of distribution to the public by sale or otherwise – must be interpreted, as far as possible, in the light of the definitions given in the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), since the Copyright Directive (cf. Recital 15) intends to implement at Community level the Community's obligations under WCT and WPPT.

Article 6 (1) WCT defines the concept of the right of distribution enjoyed by authors of literary and artistic works as the exclusive right of authorising the making available to the public of the original and copies of their works through sale or "other transfer of ownership". Moreover, Articles 8 and 12 WPPT contain the same definitions of the right of distribution

enjoyed by performers and producers of phonograms. Thus, pursuant to the findings of the Court, the relevant international treaties link the concept of distribution exclusively to that of transfer of ownership. Since Article 4 (1) Copyright Directive provides, in such a context, for "distribution by sale or otherwise", that concept should be interpreted in accordance with those treaties as a form of distribution which entails a transfer of ownership. In line with said conclusions, the answers given by the Court were:

"1. The concept of distribution to the public, otherwise than through sale, of the original of a work or a copy thereof, for the purpose of Article 4 (1) Copyright Directive applies only where there is a transfer of the ownership of that object. As a result, neither granting to the public the right to use reproductions of a work protected by copyright nor exhibiting to the public those reproductions without actually granting a right to use them can constitute such a form of distribution.  
2. Since the answer to Question 1 was in the negative, there is no need to answer Question 2."

It has to be pointed out that this decision goes far beyond the findings of the Federal Supreme Court in the underlying decision (judgment of October 5, 2006, Case I ZR 247/03 – Le Corbusier). As can be learned from its grounds, the Court tended to affirm a "putting into circulation" according to Section 17 (1) German Copyright Act in case the copyright-protected work is made available to the public for the purpose of use, irrespective of whether the user is granted a transfer of de facto power to dispose of that work. However, the Federal Supreme Court doubted whether the mere placement of a work in a display window of an outlet constitutes a distribution to the public "otherwise than by sale". However, the criterion indirectly set out by the Federal Supreme Court, that the decisive factor must be seen in the physical assignment of the work has been overruled by the underlying decision of the ECJ.

Reported by Verena Wintergerst





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## 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  
www.bardehle.com

Editor:  
Dr. Henning Hartwig

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