

IP Report

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Firm News

Bardehle Pagenberg strengthens its French operations

French attorneys-at-law Michèle Lesage-Catel, Stéphanie Legrand, Olivier Legrand, and their associates join Bardehle Pagenberg in Paris.



The Paris office of Bardehle Pagenberg, founded in 1992, is being managed by Julien Fréneaux since 2002



With ten attorneys admitted to the Paris bar, backed by eleven experienced lawyers, paralegals and staff, the French office of Bardehle Pagenberg now ranks among the largest teams of attorneys-at-law specializing in intellectual property in Paris.



BARDEHLE PAGENBERG's Paris office at 10 blvd Haussmann

German Patent and Trademark Office introduces claim fee system

The German Patent and Trademark Office (GPTO) follows the example of the European Patent Office and introduces claim fees.

For all German patent applications filed on or after October 1, 2009, claim fees are payable for each claim in excess of ten. The fees are 30 EUR for paper filings and 20 EUR for online filings. This is significantly lower than the amounts charged by the EPO, where the claim fees are 200 EUR for each claim in excess of 15 and 500 EUR for each claim in excess of 50.

If during the examination procedure of a German patent application the claims are amended and the number of claims increases compared with those originally filed and paid, claim fees for the newly filed claims will be due for payment either at the time of filing such new claims or, at the latest, within three months of filing. Non-payment will result in rejection of all the newly filed claims and possibly in a loss of rights, because the term set in a preceding office action will be considered not to have been met.

At the same time, the GPTO has reduced the filing fee for online filings from 50 EUR to 40 EUR. The fee for paper filings will remain at 60 EUR. For the benefit of our clients, Bardehle Pagenberg uses the online filing system whenever possible (which is not always the case given the GPTO's frequent IT problems) so as to keep official filing and claim fees to a minimum.



1. German Federal Supreme Court on the requirements for termination of an exclusive patent license agreement by the licensor (decision of March 26, 2009, Case Xa ZR 1/08 – Wet cleaning II).

A licensee's failure to exploit an exclusive patent license can justify termination of the license agreement by the licensor, even if there is no breach of contract or default by the licensee. From an objective licensor's perspective, however, there must be no prospect of an improvement in the situation in the near future, particularly if further circumstances are given that serve to undermine the licensor's confidence in his contract partner.

In the case in question, the licensor granted an exclusive license in several patents and patent applications to the licensee with agreement dated December 12, 1995, for a period of fourteen years. Under the license, the licensee was permitted to manufacture and distribute devices and to use methods for wet-cleaning gases on a worldwide basis. The licensee sold several installations using the licensed method which, however, did not work properly in practice. The cause of the malfunction was in dispute between the parties. On October 14, 1998, without informing the licensor, the licensee obtained liens from third parties on the licensed IP rights and applied for registration as the new owner of one of the licensed patents. Later, the licensee refused to engage in a related project, made payments to the licensor only via third parties, failed to fulfil promises to pay the patent attorney of the licensor and laid off several employees. On November 8, 1999, the licensor sent a letter of termination to the licensee. In 2001, an insolvency procedure was opened with regard to the assets and property of the licensee. In first and second instance, the agreement was found to be not terminated. Upon legal appeal, the German Federal Supreme Court lifted both instance decisions and declared the agreement to be terminated with effect from the termination letter of Nov. 8, 1999.

With this decision, the German Federal Supreme Court accepted the exceptional right of the licensor to terminate the exclusive license agreement without notice for a compelling reason, taking into

account the circumstances of the case in hand and by weighing the respective interests of both parties (Section 314 German Civil Code). Summarizing, and without assuming any breach of contract or default by the licensee, the Federal Supreme Court essentially based its decision on four factors: the licensee's failed attempts to exploit the exclusive license, the duration of this period of failure (almost three years), the prospect that the licensee would not be able to exploit the exclusive license in future (due to a lack of financial means to do so), and further circumstances serving to undermine the licensor's confidence in his contract partner (in particular the secret attempt by the licensee to obtain ownership of a licensed patent).

Remarks

In summary, this decision certainly facilitates the licensor's ability to terminate an exclusive license agreement for a compelling reason, in contrast to prior decisions by the instance courts, even if there is no breach of contract or default by the licensee. It opens up this option in particular if the licensee has failed to successfully exploit the exclusive license and in all likelihood will fail to do so in future, thus in cases in which the licensor is and in all likelihood will be hindered from commercially exploiting his patent monopoly.

Reported by Jörg Wahl





2. German Federal Supreme Court on the admissibility of amendments in the claim wording (decision of April 21, 2009 – Case X ZR 153/04 – Printing press temperature control system II)

The Federal Supreme Court ruled that the subject matter of a patent does not extend beyond the content of the application as filed if terms are used in the claims that are not literally used in the application text but are summarizing words for longer descriptions in the application as filed.

The present decision relates to a German patent on a printing press temperature control system. The printing devices in a printing press need to be cooled during use. According to the patent-in-suit, this can be done in three different ways: By blowing cold air onto the rotating printing plate, by liquid cooling of the colour application rolls, and by applying cold wetting liquid to the surface of the printing plate. The patent-in-suit claims the possibility to selectively use or to combine these different cooling methods in a favourable and easy way.

The patent-in-suit is a divisional application of a former European patent application. In the patent-in-suit and in particular in its claims, terms are used which are not explicitly disclosed in said European patent application. However, these terms are summarizing keywords of some elements of the claimed temperature control system such as “wetting water application device”, “cold water cooling device” and “refrigeration generator”.

In the present case, the Federal Supreme Court held that keywords which summarize longer parts of the description of the application as filed do not extend beyond the content of the application as filed and are thus admissible.

While this finding appears to be a slight deviation from the former – usually very strict – approach of the Federal Supreme Court (and likewise the GPTO and the EPO) for support of claim amendments in the application as filed (clear and unambiguous disclosure), it should not be overestimated. Rather, it seems to be based on an exceptional situation in the individual case at hand. According to the Federal Supreme Court’s reasoning, it

was decisive that the terms used in the specification of the application as filed can be definitely, consistently and conclusively associated with the summarizing keywords in such way that no omissions or additions are given. This will mean, in the light of the decision of Federal Supreme Court, that for the person skilled in the art it must be clear which explicitly disclosed features are meant by the summarizing keywords. There must be a clear-cut association of the explicitly disclosed features and the summarizing keywords. Cases in which a structure designated by the summarizing keyword may contain a non-defined group of features are not admissible. In the light of this reasoning, it appears to be unlikely that a mere generalization of a term of the application as filed would be accepted by the Federal Supreme Court as admissible.

Remarks

Therefore, the present decision may apply in individual – rather exceptional – cases to obtain a more favourable claim wording. However, on a regular basis, it will not disburden the applicant/patentee from the need to identify explicit support in the application as filed for desired amendments. Thus, it is clearly recommendable to provide already in the application text hierarchically structured terms for features or groups of features in order to be able to use such terms if appropriate.

Reported by Alexander Wunsch





3. European Patent Office: Enlarged Board of Appeal allows the first petition for review (decision of July 22, 2009 – Case R 7/09)

The primary ground on which petitions for review have been based so far is a fundamental violation of a party's right to be heard. In R 7/09, the Enlarged Board of Appeal accepted that such a violation occurred because the patentee had not been given the opportunity to comment on the opponent's statement of grounds of appeal before the patent was revoked in written proceedings.

In the case underlying the petition for review, the opponent filed a notice of appeal against the decision of the Opposition Division rejecting the opposition. The patentee was duly informed of the appeal by the Registrar of the Technical Board of Appeal. The opponent filed his statement of grounds of appeal in due time. As prescribed by Rule 100(1) in conjunction with Rule 79(1) EPC, the Registrar prepared a communication addressed to the patentee's representative annexing a copy of the statement of grounds of appeal and giving the opportunity to comment within a time limit of 4 months. In the absence of any submissions from the proprietor and as the opponent had asked for oral proceedings only as an auxiliary request, the Board revoked the patent in written proceedings.

The patentee filed a petition for review, submitting that he had never received the communication transmitting a copy of the statement of grounds of appeal. In absence of this information, he had made no submissions or request for oral proceedings. In consequence, he had not been given the right to be heard in the appeal proceedings.

The Enlarged Board of Appeal inquired ex officio about the notification of the above communication and was informed by the EPO's mailroom that no record of dispatch could be located. Thereupon, the Board in its composition with three members, competent for unanimous decisions rejecting the petition as clearly inadmissible or unallowable, submitted the case to the Board in its full composition with five members. The parties were informed

accordingly and made no further substantive submissions.

In its decision, the Board noted that the EPO was not able to establish delivery of the critical communication within the meaning of Rule 126(2) EPC and in the absence of any evidence to the contrary, the statement setting out the grounds of appeal must be considered not to have been communicated to the patentee as prescribed. There was also no indication whatsoever that the patentee actually learned about the statement of the grounds of appeal in any other way, e.g. by a courtesy copy from the opponent or by file inspection.

It was true that the statement of the grounds was readily available to the public by way of electronic file inspection. However, this opportunity had no bearing on the right of parties to proceedings before the EPO to be individually and specifically informed by the Office as prescribed in the EPC. The parties had no duty to monitor the proceedings themselves by regularly inspecting the electronic file.

The Enlarged Board of Appeal concludes that the patentee had no opportunity at all to comment on the grounds for the decision under review which objectively came as a total surprise to him, both as to its timing and its content. This qualified as a fundamental violation of Article 113 EPC pursuant to Article 112a(2)(c) EPC, so that the decision under review was set aside and the proceedings before the Technical Board of Appeal were re-opened for a new decision in substance to be taken. Reimbursement of the fee for the petition for review was ordered.

The further question of whether the failure of notification would equally qualify as a fundamental violation of the right to be heard if the patentee had learned about the communication in another way was expressly left undecided.

Since the entering into force of Article 112a EPC on December 13, 2007, twenty-five petitions for review have been filed and seventeen cases have been settled. This has to be seen in relation to some 1800 cases settled by the Technical Boards of Appeal and the Legal Board of



Appeal in 2008. R 7/09 is the first case in which the petition was successful. In a number of cases, the Enlarged Board of Appeal held the petition inadmissible on the ground that the petitioner had not properly objected to the alleged fundamental procedural defect in the proceedings before the Board of Appeal in accordance with the strict standard developed by the Enlarged Board in interpreting Rule 106 EPC. This was not a question in case R 7/09 because the procedural violation had not become apparent to the patentee until he received the decision revoking the patent.

Reported by Dr. Rudolf Teschemacher

By the decision under appeal, the application had been refused on the ground of lack of novelty. In appeal proceedings, the appellant submitted two sets of claims as main and auxiliary requests. Claim 1 of the main request corresponded exactly to the subject-matter of claim 3 when dependent on claim 1 of the patent granted on the parent application. Claim 1 of the auxiliary request contained some amendments in the terminology and, according to the appellant, it differed in substance from claim 3 of the granted patent only in that one component of the claimed composition was defined in a broader manner as a water-soluble alcohol instead of a water-soluble aliphatic alcohol. Both requests were not allowed into the proceedings.

As to the main request the Board refers in its reasoning to decision G 1/05 and expressly deviates from decision T 587/98 (OJ EPO 2000, 497) which had concluded that there was no basis in the EPC prohibiting “conflicting claims”. The Board relied on Article 60 EPC from which the decision deduces the fundamental principle of prohibition of double patenting. For this reason alone, the Board concluded that the main request was not allowable.

In respect of the auxiliary request, the Board stated that claim 1 would be re-patenting the subject-matter of claim 3 of the granted patent and seeking protection for additional subject-matter, namely where the water-soluble alcohol is not aliphatic. According to the Board, the double patenting objection can be raised where subject-matter of the granted claim is encompassed by the subject-matter of the claim that was put forward later. The Board did not regard the extent of double patenting as de minimis, considering that the subject-matter which would be double patented was the preferred embodiment of the application.

To avoid the objection of double patenting the appellants would have had to confine the claimed subject-matter to subject-matter not already patented in the patent granted on the parent application.

Remarks

The decision has raised serious concerns among the users of the European patent

4. European Patent Office (Technical Board of Appeal 3.3.07) declares the principle of prohibition of double patenting applicable under the European Patent Convention – a double patenting objection can be raised where the subject-matter of a granted claim is encompassed by a claim submitted in a divisional application (decision of July 3, 2007 – Case T 307/03 – ARCO/double patenting).

In its decision G 1/05 (see IP Report 2007-III) the Enlarged Board of Appeal accepted that the principle of double patenting exists on the basis that an applicant has no legitimate interest in proceedings leading to the grant of a second patent for the same subject-matter if he already possesses one granted patent for it. According to decision T 307/03 the principle also applies to situations in which the claims are not identical.



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system. So far it has been common practice that in parallel applications embodiments may be claimed which would be drafted in the same application as an independent claim and a claim depending on it. In other words, it was possible to claim a generic and a more specific embodiment. There may be many situations in which such a course of action seems appropriate. For example, it may not seem plausible to the Examining Division that the effects ascribed to the invention are achieved over the whole range claimed. The applicant may react in trying his case in appeal proceedings or to establish test reports for a number of alternatives which are representative for the whole range claimed, in order to convince the Examining Division that the objection is not justified.

Both approaches imply a considerable delay of the grant proceedings. An applicant in a competitive market who has to face imminent uses of the invention has a vital interest in getting the patent as soon as possible. Therefore, he may be tempted to take the patent in a limited form that can be immediately enforced. This is, however, no reason to deny him the possibility of obtaining protection for the more general teaching by filing a divisional application. In such a situation, the recommendation in T 307/03 that the broader claim should be pursued in the parent application is not very helpful.

The decision contains the further rather vague recommendation that the objection of double protection may be overcome if the subject-matter in the divisional application is confined to subject-matter not already patented in the patent granted on the parent application. Considering the strict standard for amendments applied by the EPO, it may, as a rule, be quite difficult to find an acceptable basis for positive features delimiting the claims in the divisional application from the claims in the granted patent. The decision does not indicate whether the Board would accept a negative delimitation in the form of a disclaimer containing the features of the respective claim of the granted patent.

Even if a disclaimer was accepted the question would remain: cui bono? To whose harm was the previous practice and were are the positive effects of the new approach? So far, the applicant, after

having obtained broader protection by the patent granted on the divisional application, had no longer any interest in maintaining the patent granted on the parent application. In future two patents have to be maintained for full protection, and the existence of two patents and the delimitation in the claims of the second patent do certainly not improve the clarity of the situation for the competitor. In infringement proceedings, the scope of protection of two patents instead of one may have to be determined.

In summary, the basic question which may be asked on the basis of the Enlarged Board's of Appeal considerations in G 1/05 - may there be a legitimate interest in pursuing claims of different scope in parallel proceedings? - is not answered by the Board's reference to Art. 60 EPC, a provision totally unrelated to substantive requirements of patentability or formal requirements of an application. Reconsideration of the matter by another Board of Appeal may be a hope for the applicants and legal security might be achieved by a referral to the Enlarged Board of Appeal.

Reported by Dr. Rudolf Teschemacher





5. Karlsruhe Appeal Court on the stay of enforcement of an injunction pending appeal (decision of May 11, 2009 – Case 7 O 94/08)

The Karlsruhe Appeal Court stayed the enforcement of an injunction issued by the Mannheim District Court until the appeal is decided, in a case where the plaintiff is a non-practicing entity with little equity capital.

In Germany, injunctions issued by the district courts in first instance decisions in general can be immediately enforced by the plaintiff upon deposit of a security bond, even while an appeal is pending. The appeal court may stay at its discretion the enforcement pending appeal if the defendant so requests, but the appeal courts grant such requests only under exceptional circumstances. In a patent infringement case the Karlsruhe Appeal Court recently found such exceptional circumstances and stayed the enforcement of an injunction issued by the Mannheim District Court, until the appeal is decided.

In the case at hand, plaintiff IPCom is a German non-practicing entity, which acquired Robert Bosch's patent portfolio in the field of mobile phone technology and aims to enforce it against various players in the industry, including Nokia. The defendant is the Taiwanese smartphone manufacturer HTC. IPCom alleges that the patent-in-suit covers a key aspect of the UMTS standard and is infringed by all UMTS devices. The Mannheim District Court issued an injunction against HTC on February 27, 2009. IPCom enforced the injunction two weeks later. HTC appealed the injunction and requested that the enforcement be stayed, pending appeal.

The Karlsruhe Appeal Court found that a number of factors justified the stay of the injunction in this case. The court noted, first of all, that after a preliminary assessment it remained "entirely open" whether infringement would be confirmed on appeal. Secondly, it was somewhat unclear whether the plaintiff had in fact directed its complaint against all UMTS-capable devices or only against one specific model. Furthermore, because an allegedly standard-essential patent was asserted, the defendant could have an antitrust defence against the injunction.

More importantly, one factor for the stay of the enforcement was that the plaintiff is a non-practicing entity. The court observed that IPCom did not have to protect a market position with respect to own products by enforcing the injunction. IPCom had therefore no interest in HTC not selling the attacked products in Germany; to the contrary, the damages IPCom could recover if the first instance decision was confirmed on appeal would only increase by HTC's continuing sales. IPCom's interest in putting pressure on the defendant by enforcing the injunction before the appeal is decided was not deemed worthy of protection by the court.

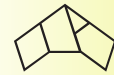
Another important factor for the court was that the defendant's risk of not being able to recover its damages caused by the preliminary enforcement was extremely high in this case. HTC's sold UMTS devices worth € 140 million every year in Germany. However, because HTC had not exactly specified this amount in the first instance proceedings, the district court had set the security bond to be placed by IPCom at only € 1 million. In view of IPCom being a limited liability company with little equity capital, it seems unlikely that IPCom could have compensated HTC for its damages in case the first instance decision was reversed on appeal. HTC in turn had to place a bond of € 7,5 million for the enforcement to be stayed. This amount had been offered by HTC for a license to IPCom's entire portfolio.

Remarks

The large number of factors involved makes it difficult to predict whether the appeal courts will find such "exceptional circumstances" also in similar cases in the future. However, the decision seems to indicate that non-practicing entities with little equity capital may find it more difficult to enforce injunctions issued by the district courts before the appeal is decided.

Reported by Dr. Christof Karl, LL.M.





6. European Court of Justice (Fifth Chamber): Protection of marks on the basis of acquired distinctiveness – secondary meaning – relevant point in time (decision of June 11, 2009 – Case C-542/07 P – Imagination Technologies Ltd v OHIM – PURE DIGITAL)

An application for registration of PURE DIGITAL for goods and services in classes 9 and 38 was refused by OHIM and its Board of appeals, and also by the CFI (decision of September 20, 2007, Case T-461/04). Imagination Technologies sought review by the ECJ, limited to a single issue of law, namely the relevant date for determining whether a mark was registrable on the basis of acquired distinctiveness (secondary meaning). Imagination Technologies claimed that, while the mark may have been descriptive on the application date, it had thereafter acquired distinctiveness.

The ECJ concluded that the relevant point in time is the filing date. In its comprehensive judgment, the ECJ examined the wording, the context, as well as the legislative history and the parallel provision in the Trade Marks Directive.

Remarks

We should like to point out that a similar issue – namely the question whether in a cancellation action relating to a mark which, according to the claimant, had become nondistinctive between the filing date and the registration date, the distinctiveness must be judged only as of the filing date or also as of the registration date – is pending before the ECJ in Case C-332/09 P, OHIM v. Frosch Touristik (“Flugbörse”).

Reported by
Dr. Alexander von Mühlendahl, LL.M.

7. European Court of Justice (Second Chamber): Conflict between geographical indication and trade mark – protection of geographical indications pursuant to bilateral agreements – relationship of national protection to Community protection for designations of origin and geographical indications for foodstuffs and agricultural products (decision of September 8, 2009 – Case C-478/07 – Budejovický Budvar, n.p. v. Rudolf Ammersin GmbH – BUD – AMERICAN BUD II)

The battle between the Czech company Budejovický Budvar, located in Budvar (formerly Budweis), and the American Anheuser-Busch company, located in St. Louis, Missouri, over the use of BUDWEISER or the shorter BUD is far from over:

In Austria, the Czech company is suing a distributor of AMERICAN BUD on the basis of BUD being protected in Austria as a geographical indication protected pursuant to a bilateral agreement originally entered into between Czechoslovakia and Austria and since continued between the Czech Republic and Austria. In a previous reference involving the same case, the ECJ had concluded that the protection was in principle legitimate (Judgment of November 18, 2003 in Case C-216/01). The case had gone from the first instance to the Austrian Supreme Court and back, and the first instance court (Handelsgericht Wien) decided to ask the ECJ for an interpretation of its first judgment and for an answer to the question whether the Community-wide protection under Regulation (EC) No. 510/2006 was exhaustive and pre-empted any protection available under national law or bilateral agreements between Member States. The ECJ gave the following answers:

1. It follows from paragraph 101 of the judgment of 18 November 2003 in Case C 216/01 Budejovický Budvar that:

– in order to determine whether a designation can be considered to constitute a simple and indirect indication of geographical provenance, protection of which under the bilateral instruments at issue is capable of being justified on the basis of the criteria laid down in Article 30 EC, the national court must ascertain whether, according to factual circum-



stances and perceptions prevailing in the Czech Republic, that designation, even if it is not in itself a geographical name, is at least capable of informing the consumer that the product bearing that indication comes from a particular place or region of that Member State;

– the national court must, in addition, ascertain, once again in the light of factual circumstances and perceptions prevailing in the Czech Republic, whether, as stated in paragraph 99 of that judgment, the designation at issue in the main proceedings has not, either at the time of the entry into force of the bilateral instruments at issue in the main proceedings or subsequently, become generic in that Member State, the Court of Justice of the European Communities having already held, in paragraphs 99 and 100 of that judgment, that the aim of the system of protection introduced by those instruments falls within the sphere of the protection of industrial and commercial property within the meaning of Article 30 EC;

– in the absence of any Community provision in that regard, it is for the national court to decide, in accordance with its own national law, whether a consumer survey should be commissioned for the purpose of clarifying the factual circumstances and perceptions prevailing in the Czech Republic in order to ascertain whether the designation ‘Bud’ at issue in the main proceedings can be classified as a simple and indirect indication of geographical provenance and has not become generic in that Member State. It is also in the light of that national law that the national court, if it finds it necessary to commission a consumer survey, must determine, for the purposes of making the necessary assessments, the percentage of consumers that would be sufficiently significant; and

– Article 30 EC does not lay down specific requirements as to the quality and the duration of the use made of a designation in the Member State of origin for its protection to be justified in the light of that article. Whether such requirements apply in the context of the dispute in the main proceedings must be determined by the national court in the light of the applicable national law, in particular the system of protection laid down by the bilateral instruments at issue in the main proceedings.

2. The Community system of protection laid down by Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs is exhaustive in nature, with the result that that regulation precludes the application of a system of protection laid down by agreements between two Member States, such as the bilateral instruments at issue in the main proceedings, which confers on a designation, which is recognised under the law of a Member State as constituting a designation of origin, protection in another Member State where that protection is actually claimed, despite the fact that no application for registration of that designation of origin has been made in accordance with that regulation.

Remarks

The consequences seem to be the following: If BUD is found to be a “qualified” geographical indication in principle protectible under Regulation 510/2009, national protection under the bilateral agreement or any other national rules cannot be granted. This follows from No 2 of the answers. What remains open, it seems, is whether, in any event, the use as a misleading indication can or even must be prohibited. If it is found that BUD as a beer designation is a “simple” geographical indication, the court must establish whether BUD is recognised as such by the Czech public, in accordance with the answers given by the ECJ. If yes, the use of AMERICAN BUD may be prohibited, if no, the case would end. The case is now back in the hands of the Handelsgericht Wien.

Reported by
Dr. Alexander von Mühlendahl, LL.M.





8. European Court of Justice: Trade mark infringement through sale and purchase of “adwords” (Opinion of Advocate General Poiares Maduro of September 22, 2009 – Joined Cases C-236, 237 and 238/2008 – Google France v Louis Vuitton Malletier, Viaticum et al, CNRRH et al.)

The question of trade mark and other IP rights infringement through activity on the Internet occupies the courts and the legal profession throughout the world. One of the most contentious questions is whether Google, or other search engine operators, or their customers commit trade mark infringement when they sell or purchase so-called “adwords”, which allow the purchasers of such “adwords” to place (paid) advertising next to natural search results appearing when a word identical with or similar to the “adword” is entered in the search bar.

The highest courts in France, Germany, Austria and The Netherlands, as well as the High Court in England have referred questions to the ECJ seeking an answer to the questions arising in this regard. The first series of cases, confronting Google and trade mark proprietors in France, were referred by the French Cour de cassation. These cases were argued before the ECJ in March 2009.

On September 22, 2009, the Advocate General Poiares Maduro presented his conclusions (“Opinion”). In his opinion, neither Google as provider nor the purchasers of “adwords” are liable for trade mark infringement, regardless of the reputation of the marks involved, which in this case include the world-famous “LOUIS VUITTON” marks. The results of his analysis are summarised as follows:

(1) The selection by an economic operator, by means of an agreement on paid internet referencing, of a keyword which will trigger, in the event of a request using that word, the display of a link proposing connection to a site operated by that economic operator for the purposes of offering for sale goods or services, and which reproduces or imitates a trade mark registered by a third party and covering identical or similar goods, without the authorisation of the proprietor of that trade mark, does not constitute in itself an infringement of the exclusive right guaranteed to

the latter under Article 5 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks.

(2) Article 5(1)(a) and (b) of Directive 89/104 and Article 9(1)(a) and (b) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark must be interpreted as meaning that a trade mark proprietor may not prevent the provider of a paid referencing service from making available to advertisers keywords which reproduce or imitate registered trade marks or from arranging under the referencing agreement for advertising links to sites to be created and favourably displayed, on the basis of those keywords.

(3) In the event that the trade marks have a reputation, the trade mark proprietor may not oppose such use under Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation No 40/94.

(4) The provider of the paid referencing service cannot be regarded as providing an information society service consisting in the storage of information provided by the recipient of the service within the meaning of Article 14 of Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market (‘Directive on electronic commerce’).

The injunction issued by the French courts on the basis of an unfair competition claim is not affected by the reference. The Advocate General also points out that any liability of Google or of the purchasers of “adwords” under a theory of contributory infringement is for the national court to decide. Also, whether announcements placed by purchasers of “adwords” constitute an infringement is not part of these three references. A decision by the ECJ is expected in the first half of 2010.

The other cases pending before the ECJ are the references from Austria, C-278/08 (BergSpechte), The Netherlands, C-558/08 (Portakabin), from Germany, Case C-91/09 (bananabay), and from the UK, Cases C-323/09 (Interflora), and C-324/09 (L’Oréal).

Dr. Alexander von Mühlendahl, LL.M.



9. European Court of Justice (Second Chamber): Protection of Community trade marks with reputation – territorial extent of reputation (decision of October 6, 2009 – Case C-301/07 – PAGO International v Tirolmilch – PAGO)

PAGO, an Austrian company, is proprietor of a Community trade mark representing a green glass bottle, a glass, and the word PAGO:



The mark is widely used and well-established in Austria. PAGO sought to prohibit Tirolmilch, also an Austrian company, from using a similar bottle for a milk-based drink. The Austrian Supreme Court confirmed a finding of absence of likelihood of confusion, but considered to issue the requested injunction on the basis of the reputation of the earlier mark. In view of the fact that reputation could only be shown to exist in Austria, the Austrian Supreme Court referred the following questions to the ECJ for a preliminary ruling:

1. Is a Community trade mark protected in the whole Community as a “trade mark with a reputation” for the purposes of Article 9(1)(c) of [the regulation] if it has a “reputation” only in one Member State?
2. If the answer to the first question is in the negative: is a mark which has a “reputation” only in one Member State protected in that Member State under Article 9(1)(c) of [the regulation], so that a prohibition limited to that Member State may be issued?

The Advocate General Sharpston, in her opinion of April 30, 2009, had concluded that the requirement of reputation “in the Community” is not met when the reputation exists only in a single Member State. In its eagerly awaited judgment, rendered on October 6, 2009, the ECJ came out strongly in favour of the Community trade mark: For a Community trade mark to have reputation “in the Community”, reputation in a substantial part of the Community is sufficient, and Austria, under the circumstances of the case, suffices:

27 Territorially, the condition as to reputation must be considered to be fulfilled when the Community trade mark has a reputation in a substantial part of the territory of the Community (see, by way of analogy, General Motors, paragraph 28).

28 It should be noted that the Court has already ruled that, with regard to a Benelux trade mark, it is sufficient, for the purposes of Article 5(2) of the directive, that it has a reputation in a substantial part of the Benelux territory, which part may consist of a part of one of the Benelux countries (General Motors, paragraph 29).

29 As the present case concerns a Community trade mark with a reputation throughout the territory of a Member State, namely Austria, the view may be taken, regard being had to the circumstances of the main proceedings, that the territorial requirement imposed by Article 9(1)(c) of the regulation is satisfied.

30 The answer to the first question referred is therefore that Article 9(1)(c) of the regulation must be interpreted as meaning that, in order to benefit from the protection afforded in that provision, a Community trade mark must be known by a significant part of the public concerned by the products or services covered by that trade mark, in a substantial part of the territory of the Community, and that, in view of the facts of the main proceedings, the territory of the Member State in question may be considered to constitute a substantial part of the territory of the Community.

Remarks

The judgment comes as a relief, after the disappointing conclusions of the Advocate General, because it confirms the understanding that a Community trade mark must not be treated less favourably than a national mark. If reputation extending beyond the territory of a Member State had been required, obtaining and maintaining national marks would have been necessary in many situations. The ECJ did not deal with, or even mention, the issue whether in a case with limited reputation relief must necessarily be granted EU wide, covering parts of the EU where the earlier mark has no reputation.

Reported by
Dr. Alexander von Mühlendahl, LL.M.



10. German Federal Supreme Court on using the ® symbol without the user being the owner or licensee of the corresponding trademark (decision of February 26, 2009 – Case I ZR 219/06 – Thermoroll)

The German Federal Supreme Court has ruled that the practice of using the ® symbol in advertising by a person or entity other than the owner of the corresponding registered trademark or without any other entitlement to use it, e.g. as a licensee, is a significantly misleading – and thus unfair – commercial practice, which is prohibited. An exception to this rule can be made, according to the court, if the advertiser is entitled to use a trademark that is similar to the sign used in connection with ® and the use of such sign constitutes genuine use of the trademark under Section 26 (3) Trademark Act.

The claimant, a licensee of the German trademark registration “Termorol” for curtains, was using the sign “Thermoroll®” for curtains (roller blinds) in advertising. However, this use was unauthorised until February 16, 2006. When the defendant sued for information and damages, the German Federal Supreme Court held as follows:

The use of the “Thermoroll®” sign suggests to the relevant public both that there exists a registered trademark of exactly this appearance and that the advertiser is entitled to use this trademark in the corresponding advertisement. Since the claimant was not entitled to use the “Thermoroll” trademark until February 16, 2006, use of the “Thermoroll®” sign was held to be misleading. The fact that the claimant was the authorised licensee of the “Termorol” registered trademark (for curtains) did not affect the judgment of misleading use. Due to the phonetic and conceptual differences between “Termorol” and “Thermoroll” – the two words are pronounced differently, and the prefix “Therm” in particular is associated by the relevant public with heat –, using “Termorol” did not constitute genuine use of “Thermoroll”. Thus, the relevant public does not relate “Thermoroll®” to the claimant’s trademark “Termorol”, and the advertising is misleading.

Since it is likely to cause the average consumer to make a buying decision that he/she would not otherwise have taken, this type of deception of the relevant public is also deemed a relevant criterion under Section 5 Act against Unfair Competition, i.e., its relevance does not need to be further examined by the court.

Because the claimant itself attached great importance to the “Thermoroll®” sign and was well aware of the difference between the two signs, it is obvious that the claimant expected its use of “Thermoroll®” to have a beneficial effect on consumers. Against this background and due to the fact that the purpose of prohibiting misleading commercial practices is to prevent competitors from using false information in the course of their business, a competitor using the ® symbol without being entitled to use the corresponding registered trademark is acting in a misleading manner and is thus in breach of Section 5 Act against Unfair Competition.

Remarks

This decision is a welcome clarification: Under the re-codified German Act Against Unfair Competition, any competitor adding the ® symbol to a sign in advertising without being the authorised licensee or owner of the registered trademark is misleading the public to a relevant extent. Related comments in legal literature arguing that making reference to a registered trademark in advertising is of little importance to the relevant public do not prevail in leading case law.

Reported by Verena Wintergerst, LL.M.





11. German Federal Supreme Court on circumstances demonstrating filing of a trademark application in bad faith (decision of April 2, 2009 – Case I ZB 8/06 – Ivadal).

The German Federal Supreme Court has now ruled in three cancellation proceedings on absolute grounds for refusal, namely bad faith on the part of the applicant (Case I ZB 8/06 – Ivadal; Case I ZB 5/08 – Flixotide; Case I ZB 9/06 – Cordarone), all of them concerning trademark applications filed by the same company. The Court clarified the circumstances under which the filing of a trademark application by a trademark agency constitutes bad faith according to Section 8 (2) No. 10 Trademark Act. In all three cases the Court – in contrast to the German Federal Patent Court – confirmed bad faith on the part of the applicant and remitted the cases to the German Federal Patent Court for reconsideration.

The trademark applicant, a company specializing in licensing trademarks, had filed various German trademark applications covering “pharmaceutical products, in particular medicines for human purposes”. The trademark applications concerned designations which are currently used by pharmaceutical companies for their products outside Germany. However, in the German market, the pharmaceutical companies themselves distribute these products under different product names and thus did not file German trademark applications for the foreign product names. Notwithstanding this, German distributors of these pharmaceutical products offer the imported products of the pharmaceutical companies in Germany under the names used by the pharmaceutical companies outside Germany.

The Court held that if because of the business area of a trademark owner genuine use of the trademark involved only comes into consideration by way of licensing or transferring the trademark, a trademark application may have been filed in bad faith, if it is likely that the trademark owner will use unlawful means to persuade third parties to obtain a license from him. The Court stated that such unlawfulness may arise not where the licensee or purchaser

of the trademark is a large, undefined group of companies, but where it is a specific company interested in obtaining a license. In the latter case, the fear for such companies is that the trademark owner would prevent them from using the trademark that they had been able to use freely before the trademark application was filed.

The relevant date for determining bad faith is the date of the trademark application. However, the Court held that the date of the trademark application means the date of the decision regarding the eligibility of the trademark for registration.

Further, the Court held that in cancellation proceedings on absolute grounds for refusal (Section 50 German Trademark Act) bad faith does not have to be obvious, as opposed to application proceedings. On the contrary, all relevant circumstances of the case must be thoroughly examined.

Remarks

This decision will be welcomed by companies that have missed to file German trademark applications for their international and/or foreign trademarks, and which are now facing trademark registrations from third parties for identical designations covering identical goods and/or services. The decision demonstrates that the German Federal Supreme Court does indeed consider the overall situation of a trademark holder’s rights, including rights acquired in countries outside Germany. Furthermore, the Court’s finding that the relevant date for determining bad faith is the date of the decision on the trademark application (this could be a decision by the GPTO, the German Federal Patent Court or the Federal Supreme Court) is likely to help these companies in respect of the generally onerous proof of bad faith, because it allows consideration of a longer period.

Reported by Philippe Kutschke





12. Munich Appeal Court on the restriction of sales on online auction platforms (decision of July 2, 2009 – Case U [K] 4842/08 – eBay)

The Munich Appeal Court has ruled that distributors can be prohibited from selling contract goods that are protected by trade marks or other IP rights on online auction platforms such as eBay. The restriction on distribution via eBay is exempted from the general prohibition with regard to restriction of competition because it does not contain a hardcore restriction within the meaning of the EC Block Exemption Regulation on vertical agreements.

In the specific case decided by the Munich Appeal Court, a manufacturer of sportswear imposed a distribution restriction on its commercial customers (retailers). According to the distribution agreements these retailers were prevented from selling the products on eBay or other online auction platforms and from selling the products to third party retailers who market products on eBay. Essentially, these restrictions were imposed on the customers in order to maintain the prestige of the trade mark and to ensure that customers complied with the manufacturer's quality requirements with regard to its online exposure. The claimant argued that such contractual provisions contained an unlawful restriction of competition and claimed non-compliance with European antitrust laws as set out in Article 81 of the EC Treaty and the corresponding Block Exemption Regulation on vertical agreements (EC No. 2790/1999 – "BER-VA").

The claimant's main argument was that the distribution agreement restricted sales to a group of customers to whom the distributor may sell the contract goods. The claimant therefore assumed that the distribution agreement contained a "hardcore restriction" according to Article 4 (b) of the BER-VA. Thus the contractual provision would be considered to be void and the defendant would not have complied with the requirements of European antitrust law.

The Court did not concur with these assumptions and found no violation of antitrust laws. In particular, the Court ruled that restricting sales on eBay (and

similar platforms) does not constitute a restriction of customers as there is no group of customers that can be defined as "users of online auction platforms". These users do not differ from Internet users in general. Therefore, the contractual provision does not apply to a group of customers (Internet users as such) but sets out certain requirements for one particular distribution channel. In other words, distributors are free to sell to this group of customers (Internet users) by other channels that comply with the manufacturer's quality requirements, for example via their own website.

Remarks

The decision of the Munich Appeal Court emphasizes that brand owners have numerous options for managing their Internet policy and the appearance of their products and brands on the Internet – notwithstanding the decision of the German Federal Supreme Court in 2003 that a general prohibition on marketing products on the Internet does not comply with the requirements of antitrust laws (see Federal Supreme Court, decision of November 4, 2003 – Case KZR 2/02 – Depotkosmetik im Internet). The Munich Appeal Court confirms decisions made by the District Court of Berlin stating that rights owners can decide which requirements in terms of Web quality and design need to be fulfilled by their distributors.

The case is a further indication that restrictions regarding online activities are the focus of licensing and distribution agreements. The European Commission is currently working on a new version of the Block Exemption Regulation on vertical agreements and the Guidelines on Vertical Restraints, in which these activities and the related aspects of antitrust laws are one of the main issues. In the draft version of the Guidelines, the European Commission points out that the restriction of Internet sales "as such" is to be considered a hardcore restriction. However, it also acknowledges that rights holders are free to determine certain quality requirements with regard to its distributors' websites in order to maintain the image and prestige of the trade mark.

In addition, this decision underlines the importance of distribution issues for the enforcement of trademarks. If a distribu-



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tor does not comply with a valid sales restriction, brand owners are entitled to claim trademark infringement against the third party customer (reseller) who obtained the protected goods from the unauthorised distributor. Brand owners can therefore directly claim trademark infringement and prohibit sales by the reseller, even though no contractual relationship exists.

In this regard, it should be noted that the ECJ recently ruled in the Copad/Dior case (Case C-59/08, see IP Report 2009/II) that a breach of a contractual provision restricting a certain channel of distribution (e.g. sales to discount stores, sales on eBay) may constitute a trademark infringement where such resale damages the reputation of the mark. In such cases, the unauthorised distributor and its customer (reseller) cannot rely on the principle of exhaustion and are therefore liable to the brand owner.

Reported by Pascal Böhner



13. Czech Arbitration Court issues ADR decisions on bad faith based on non-use (decision of January 12, 2009 – CAC 05208 – haug.eu and decision of January 26, 2009 – CAC 05231 – boltze.eu)

The Czech Arbitration Court (CAC), being the sole ADR provider thus far for .eu domain names, has recently issued two decisions based on one of the most hotly debated new provisions of Commission Regulation (EC) No. 874/2004 of April 28, 2004, which relates to bad faith based on non-use of the domain name for two years, in accordance with Article 21 (3) (b) (ii) of the Regulation.

When introducing the new legal framework for .eu domain names in 2004 and earlier, the Commission differed significantly in comparison with the UDRP (Uniform Domain Name Dispute Resolution) regime. Whereas the main requirements in the UDRP must be met in a cumulative way, under the new regulation it is only necessary to substantiate a likelihood of confusion and a lack of legitimate rights or use in bad faith. Furthermore, it is no longer necessary to prove bad faith both at the time of the application and the actual date, but only at one of these points in time.

While these changes are welcomed by many practitioners, another provision, Article 21 (3) (b) (ii) of the Regulation, is still being hotly debated, i.e. that bad faith is assumed in accordance with the regulation if the domain name has not been used in a relevant way for at least two years from the date of registration.

The CAC has now issued the first decisions dealing with this provision following the expiration of the two year period for many challenged registrations since the introduction of the .eu domain.

In the first case, which concerned the domain name haug.eu (CAC 05208, January 12, 2009), Haug GmbH & Co. KG applied for the transfer of the domain name haug.eu from a Mr Haug, a private person. While a likelihood of confusion was present, the defendant could clearly claim a legitimate interest in the use of his own name. The panel decided, however, that bad faith must be assumed following



non-evident use for more than two years as claimed by the claimant. The defendant argued, albeit without providing evidence to that effect, that he is using the domain name for his e-mail addresses for private purposes. The panel decided that the burden of proof for the argument that use did not occur is not with the complainant, but with the defendant. The mere existence of an e-mail address was insufficient to achieve a satisfactorily practical level of use, assuming that the Commission intended to require substantial use by introducing this specific use provision. As far as we could derive from Internet sources, the defendant is challenging this decision by filing a main action in accordance with Article 22 (13) of the regulation.

In another case (CAC 05231, January 26, 2009), boltze.eu, Boltze Gruppe GmbH filed the complaint against a Ms Boltze. Ms Boltze was not represented by a lawyer in these proceedings and did not properly file her response in accordance with the requirements of the ADR rules, but sent a letter to the court stating that she properly registered the domain name and that by this act had acquired a right of exclusive use. The panel acknowledged a likelihood of confusion and that Ms Boltze had a legitimate interest, although she had not properly filed her response, concluding that the existence of her name was evident from the registration document.

With regard to the use requirement of Article 21 (3) (b) (ii), the panel considered that this provision was an exception to the rule and must be interpreted restrictively. In particular, if the domain name is used for a family name, a link to another website with clear use could be sufficient. However, the defendant had not even mentioned or substantiated any use, so the panel was unable to consider her defence as successful. The only use on the website was not sufficient, and stated simply (in German, translated here): “We will soon be online! Our company will be represented here with its own homepage. Please be patient and try again a little later.”

Remarks

In the end, the domain name was transferred to the claimant in both decisions.

The question of whether the above provision is a use requirement for domain names (which is a term from trademark practice) is not critical. The wording of this provision requires some degree of use without specifying further details. It is to be expected that the panels will require at least own use by the registrants to avoid a successful challenge from claimants. Accordingly, computer-generated use, which most Internet providers provide without asking, will probably not be enough to substantiate use with respect to this provision, and a few lines announcing later use also seem to be insufficient. However, also the decisions reported here do not clarify the exact level of use required by the registrant.

Providing their own and individual content, even in a rather limited way, should be a starting point for advising clients and is a possible guideline for further decisions of the CAC panels.

Reported by Dietrich Beier





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