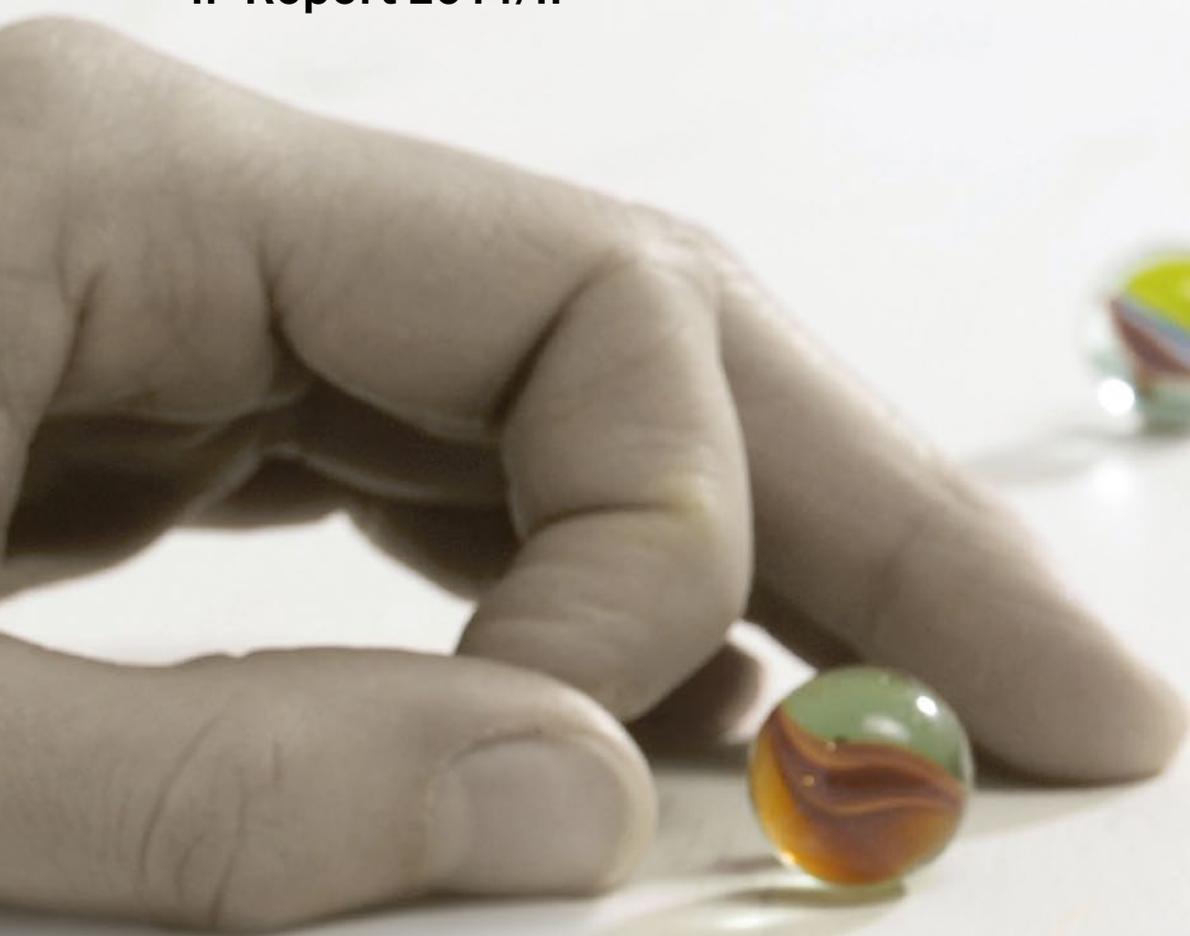




IP Report 2011/II

**BARDEHLE
PAGENBERG**





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1. Court of Justice of the European Union: Work on a European Patent Jurisdiction System continues – Effects of the Opinion of the Court of Justice (opinion of March 8, 2011 – Case 1/09)

Reported by Dr. Jochen Pagenberg, LL.M.

In first discussions with the interested circles and experts the EU Commission announced that it will continue its work for a patent jurisdiction system and is planning amendments of the Draft Agreement of March 23, 2009 (Sto7928) which shall comply with the opinion of the Court of Justice of the European Union (CJEU) in order to achieve compatibility with the EU Treaties.

Membership limitation

At a meeting of the Expert Group in Brussels, the Commission agreed in its interpretation of the Court Opinion with publications of practitioners that it will not be possible as planned to let countries join as members of an international court which are not members of the EU. Users see this as an undesired modification of the original concept. The Commission is considering whether one can remedy this problem by a kind of “Patent Lugano Convention” in order to connect EFTA countries with the EU court system if they wish so. Details have not yet been disclosed.

Legal basis for the jurisdiction system

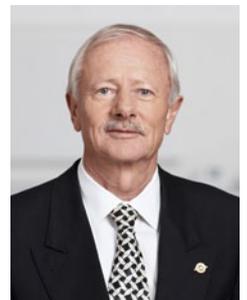
The Commission regards Article 352 TFEU (Treaty on the Functioning of the European Union, the former Lisbon Treaty) as a basis for the intended Agreement which requires ratification by the Member States and unanimity in the Council. Suggestions from industry to establish

the court system rather by way of a regulation would not be a way to move forward, according to the Commission, since Member States feel that they need the approval of the national parliaments. The Commission nevertheless would like to speed up the procedure. It intends to propose a *quorum* by specifying a number of countries which would be necessary for the establishment of the Court. Those who sign after the expiration of the deadline would have to join later.

Implementation of referral rules into the Agreement

The most important question which met with the greatest reservations in the Expert Group is the degree of involvement of the CJEU in the future patent procedure. The EU Commission intends to amend the Draft Agreement by including the rules from Article 267 *et seq.* TFEU with strict obligations for the judges and sanctions in case of violations of EU law. Such sanctions also include damage claims which can be raised by private parties against Member States and even against the Patent Court itself.

Members of the Expert Group warned against such amendments for several reasons. The most evident result is a considerable delay of the patent infringement proceeding. While the infringement procedure under the Draft Agreement provides for a first instance and a second (and last) instance before the Court of Appeals, a referral of a legal question to the CJEU would double the number of instances.



Jochen Pagenberg

A referral, in accordance with the general practice, would first open a new – third – instance before the CJEU which would last two to three years. This includes a hearing before the CJEU and the preparation of the conclusions of the Advocate General. When the CJEU has issued its decision and the “case” comes back to the Court of Appeals, another – the fourth – instance before the Appeal Court will start. The parties will discuss with the Appeal Court what the effect of the CJEU’s answer will have for the outcome of the infringement case. With an exchange of one or two briefs by the parties and another hearing the minimum of this part of the proceeding will be six months; in trademark cases this often takes up to twelve months. This means that the expected duration of about three years in the two instances of the Patent Court as it had been calculated so far will more than double.

Limitation of the EU legal order for patent law

Even if the number of cases might in theory be very low, it must be expected that in view of the threat of damage claims looming above the heads of the patent court judges, the number of referrals would considerably increase compared with the situation of the national courts today. But the number of referrals will also largely depend on the definition of what part of patent law must be counted as “EU patent law” from which questions for a referral could arise.

After some discussion the experts suggested that by the creation of the unitary patent and the jurisdiction system the present scope of the EU legal order in the field of patent law should neither be restricted nor expanded. As a result, rules which deal with substantive patent law should only be included into the Agreement and the Regulations if this is absolutely necessary. For this reason the Commission agreed to delete Articles 6 and 7 of Draft Regulation 215/3 on direct and indirect use as well as Article 8

concerning the limitation of the effects of the unitary patent.

The experts also requested that in order to avoid any uncertainty there should be an exhaustive and binding enumeration of the patent law rules which belong to the EU legal order (such as the Biotech Directive, the Enforcement Directive and a few procedural rules). Similarly, non-exhaustive examples of patent fields which do not belong to the EU legal order, in particular of substantive patent law, should also be added, such as the patentability requirements, revocation grounds and rules on claim interpretation and scope of protection contained in the EPC, to name only a few examples; not to forget the harmonized rules of the Member States which have been implemented into the national patent laws from the Strasbourg Convention, or the text of the Community Patent Convention of 1975 which has never entered into force.

Outlook

Some members of the Expert Group, although they were in favour of a clear delimitation of the legal areas which would be subject to referrals, expressed concerns that, in spite of such legislative clarifications, parties interested in delaying proceedings could nevertheless do so. They could, for example, argue in a patent infringement case that the patent was granted in violation of the (EPC) patentability requirements and that the allegedly invalid patent would constitute an infringement of the competition rules of the EU Treaty, a matter for which the CJEU has jurisdiction. On such and similar grounds referrals could be obtained fraudulently, and it could be expected that the CJEU might nevertheless deal with questions of patentability and other rules of EPC substantive law, which means that uncertainties will remain.

The Commission will now work on proposals for the above amendments and it remains to be seen what the views of the users are.

2. Court of Justice of the European Union issues Opinion of the Advocate General in re Oliver Brüstle v Greenpeace (opinion of March 10, 2011 – Case C-34/10 – Brüstle v Greenpeace)

Reported by Dr. Thomas Friede

The German patent DE 1975864 C1 (“Brüstle Patent”) contains claims directed to neural precursor cells derived from embryonic stem (ES) cells and methods for producing such neural precursor cells. The claims do not mention the use of embryos for producing the ES cells. Greenpeace filed a nullity action before the German Federal Patent Court for partial revocation of the German patent insofar as the claims comprise neural precursor cells derived from human ES cells. The nullity action was exclusively based on the ground that the subject matter claimed would not comply with the morality requirement of Section 2 (2) No 1 in combination with Section 2 (2) No 3 German Patent Act. The latter provision stipulates that no patents are granted for the use of human embryos for industrial or commercial purposes.

Greenpeace alleged that the practice of the invention insofar as it related to neural precursor cells derived from human ES cells would inevitably require the destruction of human embryos which is being considered to be immoral.

The Federal Patent Court decided to uphold in amended form a patent containing claims directed to neural precursor cells derived from ES cells, subject to the limitation that cells are excluded which are derived from ES cells prepared from human embryos. The patentee filed an appeal against said decision with the German-Federal Supreme Court. Since the wording of the relevant provision Section 2 (2) No 3 German Patent Act is identical to Article 6 (2) (c) of the EU Biotech Directive 98/44 and requires

inter alia an interpretation of the term “human embryo”, the Federal Supreme Court decided to refer questions of law to the Court of Justice of the European Union. Submissions were filed by some of the Member States. On March 10, 2011 the Advocate General rendered his opinion on the referred questions.

The first referred question relates to the meaning of the term “human embryos” in Article 6 (2) (c) of Directive 98/44 and whether this term includes all stages of the development of human life, beginning with the fertilisation of the ovum, or whether further requirements, such as the attainment of a certain stage of development, are satisfied. According to the Advocate General, the concept of a human embryo applies from the fertilisation stage to the initial totipotent cells and to the entire ensuing process of the development and formation of the human body, including the blastocyst. The Advocate General provided this definition in the knowledge of controversy among the Member States with respect to said term.

The Federal Supreme Court further inquired whether, in particular, unfertilised human eggs into which a cell nucleus from a mature human cell has been transplanted, or unfertilised human eggs whose division and further development have been stimulated by parthenogenesis are encompassed by the term “human embryos”. This question relates to alternative sources for creating human embryonic stem cells, i.e. therapeutic cloning and parthenogenesis. According to the Advocate General, unfertilised eggs into which a cell nucleus from a mature human cell has been transplanted or whose division and further development have been stimulated



Thomas Friede

by parthenogenesis are also included in the concept of a human embryo insofar as the use of such techniques would result in totipotent cells being obtained.

The referring Court in particular wanted to know whether pluripotent embryonic stem cells obtained from human embryos at the blastocyst stage were considered as human embryos. The Advocate General considered that isolated pluripotent embryonic stem cells are not included in that concept because they do not in themselves have the capacity to develop into a human being.

The further questions of the referral related to the expression “uses of human embryos for industrial or commercial purposes” and whether this would include any commercial exploitation within the meaning of Article 6 (1) of Directive 98/44, especially use for the purposes of scientific research. Finally, the referring Court inquired whether a technical teaching is considered to be non-patentable pursuant to Article 6 (2) (c) of the Directive even if the use

of human embryos does not form part of the technical teaching claimed by the patent, but is a necessary precondition for the application of that teaching (a) because the patent concerns a product the production of which necessitates the prior destruction of human embryos, (b) or because the patent concerns a process for which such a product is needed as base material.

In his opinion the Advocate General suggests to the Court to decide that an invention should be excluded from patentability where the application of the technical process for which the patent is filed necessitates the prior destruction of human embryos or their use as base material, even if the description of that process does not contain any reference to the use of human embryos. The exception to the non-patentability of uses of human embryos for industrial or commercial purposes according to the Advocate General concerns only inventions for therapeutic or diagnostic purposes which are applied to the human embryo and are useful to this particular embryo.

Remarks

For the practitioner in the field of Life Sciences-related patent law it may be noted that the present opinion of the Advocate General is stricter than the decision of the German Federal Patent Court which gave rise to the appeal and the referral. If the Court of Justice of the European Union should adhere to the opinion of the Advocate General, this may result in a lack of patentability for all human embryonic stem cell-related inventions in the European Member States. According to the current practice of the

EPO, human embryonic stem cell-related inventions are granted if they were filed after 1998 when human embryonic stem cell lines became available and the stem cell lines could be used instead of the previous approach to prepare human embryonic stem cells from the blastocyst stage of human embryos.

The Decision of the Court of Justice of the European Union may be expected in summer 2011.

3. European Commission publishes two draft regulations on unitary patent protection
Reported by Dr. Rudolf Teschemacher

In December 2009, the last attempt was made to realise the community patent when the EU Council adopted conclusions on an “Enhanced patent system for Europe”. The Commission adopted a proposal for a Council Regulation on the translation arrangements for the EU patent. However, no agreement could be reached and at the Competitive Council, in December 2010, the failure of the project was confirmed: the necessary unanimous agreement on the translation arrangements could not be reached. As a reaction, the Commission proposed to launch an “enhanced cooperation”, as foreseen in the Treaties as a last resort if objectives of the Union cannot be attained within a reasonable period by the Union as a whole. At the outset, twelve Member States were prepared to take this route, and in the meantime thirteen more followed, leaving Spain and Italy as the only states staying aside. On April 13, 2011, the Commission published its proposals.

Two regulations are proposed. The first one is concerned with the creation of unitary protection. It is limited to the post-grant stage of proceedings before the European Patent Office (EPO). The European patent with unitary effect is offered as an option, while applicants remain free to obtain a national patent or a European patent taking effect in one or more of the European Patent Convention (EPC) signatory states.

The proprietor of the patent may request within one month after publication of the grant of the European patent the registration of the unitary effect of the patent. Unitary effect of the patent is defined in Article 3 of the draft as providing

uniform protection and having equal effect in all participating Member States. This has the consequence that the patent may only be limited, licensed, transferred, revoked or lapse in respect of all participating Member States.

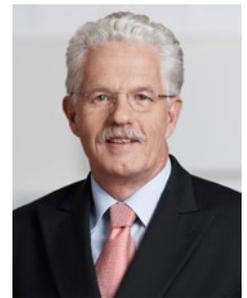
The draft contains a chapter on the effects of the patent which corresponds to Articles 29 to 31 of the Community Patent Convention of 1975 which in turn were the model for harmonising national legislation on infringing acts in the member states to the EPC.

The EPO is entrusted in particular with

- administering the requests for unitary effect,
- making entries on patents with unitary effect within the European patent register, and
- collecting the respective renewal fees.

Within the Administrative Council a select committee within the meaning of Article 145 EPC is to be set up for ensuring governance and supervision of the EPO’s activities related to the tasks entrusted to it. Decisions of the EPO in carrying out the entrusted tasks are subject to legal review before a national court.

The level of renewal fees to be set by the Commission shall be progressive throughout the term of the patent and shall be sufficient to ensure a balanced budget of the European Patent Organisation together with the procedural fees to be paid during the pre-grant stage. 50 percent of the renewal fees minus the costs incurred by the EPO in administering the unitary patent protection shall be distributed among the participating Member States. *Inter alia*, the share of distribution to be set by the Commission should provide compensation for Member States having an official language other than one of the official languages of the EPO.



Rudolf Teschemacher



The second draft regulation is concerned with the translation arrangements for the European patent with unitary effect. Article 14 (6) EPC provides that the European patent specification is published in the language of proceedings before the EPO, i.e. English, French or German, and that the specification includes a translation of the claims into the other two official languages. Article 65 EPC empowers the contracting states to prescribe a full translation of the patent to be supplied for validating the European patent. However, Article 3 of the draft regulation provides, without prejudice to the exceptions in Articles 4 and 6 of the draft, that no further translation is required. In accordance with Article 4, the alleged infringer or the competent national court may request a full translation.

Article 6 provides for a transitional scheme which may last up to 12 years from the entry into force of both regulations and will end before as soon as an expert committee concludes that high quality machine translations into all official languages of the Union are available. During the transitional period a full translation of the specification into English has to be filed with the request for unitary effect if the language of the proceedings before the EPO was not English.

If the language of the proceedings was English, a full translation of the specification into any official language of the participating member states that is an official language of the Union is to be filed. According to the Commission, this costs less than EUR 2,500. The translations are to be published by the EPO for information purposes only.

Article 5 provides for a compensation scheme of reimbursing all translation costs up to a ceiling for applicants from EPO Member States filing in one of the languages of the Union that is not an official language of the EPO. The costs are covered by the renewal fees paid for patents with unitary effect.

Both drafts are transmitted to the EU Council and the European Parliament for adoption. The regulation on the European patent with unitary effect requires a qualified majority of the participating 25 Member States in the Council and a favourable vote in the Parliament; for the regulation on the translation arrangements the participating Member States must act unanimously in the Council after having consulted the Parliament.

Remarks

The proposals try to break the deadlock arising from the fact that Spain and Italy have blocked any attempt to implement a language regime for the community patent resulting in an attractive solution for applicants. However, reducing translation costs would also have been possible by making further progress with the London Agreement, if it is assumed that there is the political will to achieve such progress and to put

aside the interests of lobbying groups representing those whose business is the existing big translation machinery.

Compared to the London Agreement, the simplified form of the community patent as proposed now has the further advantage of common administration of the granted patent, in particular the central collection of renewal fees by the EPO.

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But simplification also has its price. One element is lacking which has been essential in previous proposals: a common litigation system. This may be the result of the opinion of the Court of Justice of the European Union (CJEU) 1/09, dated March 8, 2011 concluding that the draft agreement for creating a unified patent litigation system (named “European and Community Patents Court”) was not compatible with the provisions of the EU Treaties. The Commission is still analysing this opinion. So far it has not become clear how to overcome the concerns of the CJEU.

Without a clear framework about which court can decide on the validity of a unitary European patent under which circumstances and with effect to whom, a single European title may appear dangerous.

In addition to the two draft regulations, the Commission has published four additional documents, to be viewed at:

http://ec.europa.eu/internal_market/indprop/patent/index_en.htm

4. German Federal Patent Court on whether an examination report issued for a first application has also effect for an application for a “patent of addition” in case the additional application was later converted into an independent application (decision of November 15, 2010 – Case 20 W (pat) 20/09 – Zusatzmeldung/Patent of Addition)

Reported by Dr. Tilman Müller-Stoy and Dr. Niels Malkomes

Administrative acts such as examination reports formerly issued for a first application do not have any continued legal effect for a corresponding additional application for a “patent of addition” and thus do not affect the additional application. In this respect, additional applications for “patents of addition” have to be treated as independent applications.

The German Patent Act provides the concept of a so-called “patent of addition” (cf. Section 16 German Patent Act) allowing the applicant of a first application to file another application based on an improvement of the first application. This, for instance, serves to save annual fees.

In the present case, the applicant had filed a first application. Later on, the applicant also filed an “additional application” without requesting an examination. Both applications shared the same independent claim 1. After receiving a negative examination report for the first application, the applicant converted the additional application into an independent application. This independent application was rejected by the German Patent and Trademark Office without issuing an examination report, since the objections raised in the examination report of the first application also applied to the additional application. In response, the applicant lodged an appeal against this rejection and defended the application with amended claims.

The Federal Patent Court set aside the decision, ordered to refund the appeal fee and remitted the case to the Patent Office.

According to the Federal Patent Court, the principle of a fair trial was violated which justified the refund of the appeal fee. The Patent Office had been obliged to state the objections against patentability of the additional application and to give the applicant the opportunity to reply. This obligation which was violated by the Patent Office results from several aspects: i) Upon conversion of the additional application into an independent application, there was no longer any procedural connection to the first application. ii) Even in case the rejected application was still an additional application, the formal material difference between the first application and the additional application would have prevented that earlier administrative acts such as examination reports concerning the first application also applied to the additional application.

The Court stated that this was an important difference compared to a divisional application which is treated according to the same status the parent application had at the time of filing of the divisional application.

The present decision strengthens the legal certainty in case of applications for a patent of addition.



Tilman Müller-Stoy



Niels Malkomes

5. Dusseldorf Appeal Court on the requirement to be the registered owner of a patent or utility model in suit for asserting infringement claims (decision of October 1, 2009 – Case 2 U 41/07 – Glasverbundplatten/Composite Glass Plates)

Reported by Stefan Bianchin

In the present case, the plaintiff, an employee, sued his two former employers, two companies headed by the same managing directors and having the same share holders, for the provision of information on the extent of their use of inventions made by the employee. In addition the plaintiff requested a declaratory judgment that both defendants are obliged to pay him damages for this use. Initially, the plaintiff was an employee of defendant 1) where he had made several employee inventions. Subsequently, the plaintiff was employed by defendant 2). Notably, in most of the cases, not defendant 1), where the plaintiff made the employee inventions, filed respective protective rights, but defendant 2). Accordingly, defendant 2) was recorded as the owner of these protective rights in the register with the German Patent and Trademark Office (GPTO).

In first instance the Dusseldorf District Court found that the plaintiff's employee inventions were not validly claimed by defendant 1) (under the old version of the German Employee Invention Act). According to that, the rights in the inventions rested with the plaintiff and both defendants were not authorized to use plaintiff's inventions. Therefore, the Dusseldorf District Court came to the result that both defendants were liable for unauthorized use of plaintiff's inventions and decided – in this respect – in the plaintiff's favor.

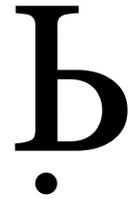
The Dusseldorf Appeal Court confirmed that the plaintiff's employee inventions were not validly claimed by defendant 1). However, the Appeal

Court found that the plaintiff was formally not entitled to assert claims against defendant 1) with respect to these protective rights for which defendant 2) was registered as owner with the GPTO. The Appeal Court explained that the asserted claims were – in view of their content – infringement claims based on an infringement of protective rights and that, pursuant to Section 30 PatG (German Patent Act), respectively Section 13 (3) GebMG (German Utility Model Act), only the registered owner is principally entitled to assert such infringement claims. However, the Appeal Court pointed out that in the case law, it is established that a non-registered substantive owner was exceptionally entitled to assert infringement claims, however, only against the wrongly registered owner of the patent. Thus, even if the plaintiff was not registered as the owner, he was entitled to assert infringement claims against defendant 2), but not against defendant 1). As a result, the Appeal Court revoked the first instance decision insofar as defendant 1) was respectively burdened. According to the Appeal Court, this result was not unfair vis-à-vis the substantive owner, since the substantive owner was able to take action against the wrongly registered owner (i.e. to sue the wrongly registered owner to declare consent to the transfer of ownership).

In its decision, the Dusseldorf Appeal Court explicitly explained that it did not agree with the viewpoint of the Dusseldorf District Court as stated in several other decisions, that also a non-registered but substantive owner can be entitled to assert damage claims. The Appeal Court explained that this point was not consistent with the intention of Section 30 PatG, respectively Section 13 (3) GebMG which shall provide



Stefan Bianchin



legal certainty for third parties. Moreover, the Appeal Court stated that also the fact that damage claims may be assigned and therefore may also be asserted by someone who is not the

registered owner cannot exempt the owner from the requirement to register his ownership in order to be entitled to assert damage claims.

Remarks

As a result, the substantive owner is only entitled to assert infringement claims against the wrongly registered owner, but not against other infringing third parties. Interestingly, the Dusseldorf Appeal Court noted that this question may be answered differently, i.e. the substantive owner may be entitled to assert infringement claims against infringing third parties if the wrongly registered owner is simultaneously sued to declare consent to the transfer of ownership. However, the Appeal Court only raised this question, leaving the answer open.

Thus, if the worst comes to the worst, the substantive owner may have to file a first lawsuit, suing the wrongly registered owner to declare consent to the transfer of ownership. Only when this lawsuit has been successfully concluded, infringing third parties can be attacked – an in total burdensome and eventually long-lasting process. However, filing a request for a preliminary injunction against the infringing third parties may help to achieve a quicker result.

6. Mannheim District Court: Exhibiting a product on a trade fair does not constitute a patent-related offer of this product (decision of October 29, 2010 – Case 7 O 214/10 – Sauggreifer/Vacuum Gripper)

Reported by Thomas Schachl, LL.M.

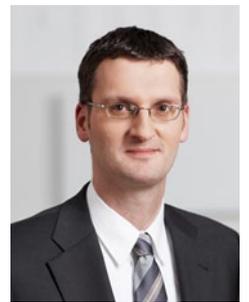
The plaintiff is the owner of a German patent. On an international trade fair in Stuttgart, the defendant had exhibited a product covered by the claims of the plaintiff's patent and had also displayed this product in a catalogue with an order number. The plaintiff had ordered the product in Germany by use of this order number, but only received a non-infringing version. The plaintiff then filed a request for preliminary injunction for patent infringement based on the exhibition of the patent infringing product at the German trade fair.

The court held that the mere exhibition of products at a leading international trade fair in Germany is not to be regarded as an infringing act of offering in the sense of the German Patent Act.

Due to the significant consequences for the defendants, preliminary injunctions may only

be granted if patent infringement can easily be determined and if there are no doubts on the validity of the patent. Regarding the determination of patent infringement, there must be no doubts about the realization of the patented features as well as the specific type of the infringing acts.

In view of the specific type of infringing act, the court had remaining doubts whether the product was offered in Germany. There was no (further) evidence that the defendant had offered this product to specific customers. In view of the international character of this trade fair, the court found that it was also possible that the product had just been part of an (albeit non-infringing) exhibition without any intention for distribution in Germany. Although even the court considered a different legal evaluation may also be justifiable, the court held that merely the remaining doubts are causing the requirements for granting a preliminary injunction not to be fulfilled.



Thomas Schachl

Remarks

This decision is continuing the recent case law of the German Federal Supreme Court in trademark cases (cf. Federal Supreme Court, April 22, 2010, I ZR 17/05 – Pralinenform II/praline shape II) and is also applying these legal principles to patent cases. However, it remains to be seen whether other German patent infringe-

ment courts will adopt them accordingly. As a consequence of this new case law, it is, at least for the time being, all the more advisable for patent owners to carefully record any infringing acts and – especially in case of a trade fair – to obtain or even provoke evidence for offers explicitly directed to the accused product.

7. Court of Justice of the European Union: Descriptiveness of numbers (decision of March 10, 2011 – Case C-51/10 P – Agencja Wydawnicza Technopol v OHIM – 1000)
Reported by Dr. Alexander von Mühlendahl, J.D., LL.M.

Agencja Wydawnicza Technopol had sought registration of the number “1000” as a mark to be used for printed publications, newspapers, and brochures in class 16. OHIM had rejected the mark as descriptive, OHIM’s Board of Appeal confirmed. An appeal to the General Court remained unsuccessful – the Court confirmed that OHIM had not committed any error in refusing the mark “1000” as descriptive.

Technopol appealed to the Court of Justice, arguing that the General Court had applied the wrong criteria in assessing descriptiveness and had not properly applied the relationship between descriptiveness and the defence of fair use (Article 12 (b) CTMR). Technopol also invoked OHIM practice of registering numbers without any word or device element.

Technopol’s appeal was dismissed as unfounded.

As regards descriptiveness, the Court of Justice held that descriptiveness may arise when an indication may be used to indicate the content of a product. In the present case, it may well be possible that Technopol’s publications contain 1000 items of puzzles (one of the examples referred to by the General Court) (paragraph 56):

“Where an application for registration refers, in particular, to a category of goods the content of which is easily and typically designated by the numeral indicating the number of units they contain, it is reasonable to believe that a sign composed of numerals – such as that at issue – will actually be recognised by the relevant class of persons as a description of that quantity and therefore as a characteristic of those goods.”

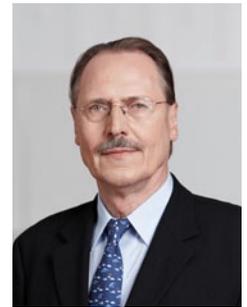
The argument that, in order to be refused, OHIM must show that the term to be registered is part of the common language of average members of the public to which the mark is addressed – as explained in the famous “Baby-Dry” judgment of 2000 – was rejected by the Court (paragraph 40):

“It follows from the foregoing that the application of Article 7 (1) (c) of Regulation No 40/94 does not require the sign at issue to be the usual means of designation. Paragraph 37 of *Procter & Gamble v OHIM*, which is relied upon by Technopol and which uses the terms ‘no different from the usual way of designating the relevant goods or services or their characteristics’, cannot therefore be understood as defining a condition for refusing to register a sign as a Community trademark.”

The argument based on the relationship between Article 7 (1) (c) CTMR and Article 12 (b) CTMR was similarly rejected – the fact that a person may use a term or indication descriptively does not mean that such descriptive terms may be registered as trademarks.

As regards OHIM practice, the Court affirmed the duty of OHIM to take its own practice into account, but also stated that this duty must be weighed against the principle of legality (paragraphs 73-76):

“As Technopol rightly submits, OHIM is under a duty to exercise its powers in accordance with the general principles of European Union law, such as the principle of equal treatment and the principle of sound administration.



Alexander von Mühlendahl

In the light of those two principles, OHIM must, when examining an application for registration of a Community trademark, take into account the decisions already taken in respect of similar applications and consider with especial care whether it should decide in the same way or not (see, by analogy, with regard to Article 3 (1) (b) and (c) of Directive 89/104, order of February 12, 2009 in *Joined Cases C 39/08 and C-43/08 – Bild digital and ZVS*, summary published at ECR I 20, paragraph 17).

That said, the way in which the principles of equal treatment and sound administration are applied must be consistent with respect for legality.

Consequently, a person who files an application for registration of a sign as a trademark cannot rely, to his advantage and in order to secure an identical decision, on a possibly unlawful act committed to the benefit of someone else (see, to that effect, order in *Bild digital and ZVS*, paragraph 18).”

Remarks

While numbers are specifically mentioned in Article 4 CTMR as signs eligible for trademark protection through registration, the Court of Justice’s approach to numbers makes it very difficult to obtain registration without acquired distinctiveness: Whenever the examining authority takes the view that the number indicates a quantity and that the quantity may refer to items (here: puzzles) in the goods for which protection is claimed (here: publications), the number will be found to be descriptive. The novelty in the Court of Justice’s judgment lies in the characterisation of the content of a publication as one of its characteristics within the meaning of Article 7 (1) (c) CTMR. In the appeal, the appellant had referred (without success) to the long since abandoned “Penguin” practice of

the UK Patent Office which had held the word mark “Penguin” to be descriptive of publications, because these may actually deal with penguins.

The difficulty of relying on OHIM practice as an argument in favour of registrability is well demonstrated in this case: The appellant had provided the courts with dozens of examples of mere numbers having been registered for a variety of goods, including goods in class 16. Nevertheless, the introductory statements by the Court of Justice in paragraphs 73 and 74, reproduced above, will be helpful in future cases.

Agencja Wydawnicza Technopol was represented by BARDEHLE PAGENBERG before the ECJ.

8. Court of Justice of the European Union: Geographical indications as earlier rights (decision of March 29, 2011 – Case C-96/09 P – Anheuser-Busch v Budějovický Budvar – BUD/BUD)

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

The latest chapter in the saga of Anheuser-Busch against the Czech company Budejovicky Budvar, both claiming rights in the mark and name “BUDWEISER”, was resolved by the ECJ in favour of the US company (now merged with the Belgian giant InBev).

The case was about rights in “BUD”. Anheuser-Busch had a 1996 filing date, Budejovicky Budvar brought an opposition relying on a registration of “BUD” as an appellation of origin under the 1958 Lisbon Agreement with effect *inter alia* in France, and “BUD” protected under a bilateral agreement with the Czech Republic in Austria. Anheuser-Busch prevailed before OHIM, the Czech company before the General Court.

The Court of Justice reversed and remanded to the General Court. Anheuser-Busch had challenged the General Court’s judgment as erroneous on several grounds, claiming that “BUD” was not validly protected as a geographical indication and that “BUD” did not fulfil all the requirements

of Article 8 (4) CTMR according to which any other earlier rights acquired on the basis of use may be invoked against a CTM application.

The Court of Justice rejected the challenges to the validity of the “BUD” registration and protection in spite of lower court decisions holding in favour of Anheuser-Busch on that issue: OHIM must take the earlier rights as valid unless there is a final decision in the Member State holding the indication to be invalid. As regards Article 8 (4) CTMR, the Court of Justice held that the earlier rights must have been established through use. “Use” within the meaning of Article 8 (4) CTMR was not to be interpreted as equivalent to “genuine use” within the meaning of Articles 15 and 42 CTMR. However, contrary to the holding of the General Court, the use must have been of more than local extent and must have covered a substantial part of the territory of the Member State where the sign is protected. Furthermore the use must have occurred prior to the filing date (and not the publication date, as the General Court had decided) of the opposed CTM.

Remarks

The Court of Justice corrected obvious errors in the judgment of the General Court, which itself had corrected serious errors in the contested OHIM decisions. That the Court of Justice accepted only some of the challenges raised by Anheuser-Busch and rejected others, notably those relating to the validity of the various rights in the appellation BUD, will not prevent Anheuser-Busch from claiming complete victory, as the Czech company is unlikely to be able to prove any use prior to the filing date of the Anheuser-

Busch “BUD” mark. On the issue whether an earlier right within the meaning of Article 8 (4) CTMR must have been used extensively or must (merely) be able to show that its scope of protection under national law (or EU law, for example relating to protected geographical indications) is nationwide (or EU-wide), the Max Planck Institute Study (subject of a separate mention in this IP Report) concludes that scope of protection rather than territorial extent of use should be decisive.

9. Court of Justice of the European Union: Scope of injunctive relief against infringement of a Community trademark (decision of April 12, 2011 – Case C-235/08 – DHL Express France v Chronopost – WEBSHIPPING)

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

Chronopost sued DHL in France, claiming infringement of its Community trademark (CTM) WEBSHIPPING for internet-based shipping services, and sought an injunction covering not only France but the EU as a whole. When the case reached the French Cour de cassation (Supreme Court), that court referred the following questions to the Court of Justice of the European Union:

1. “Must Article 98 of [...] Regulation [No 40/94] be interpreted as meaning that the prohibition issued by a Community trademark court has effect as a matter of law throughout the entire area of the [European Union]?”
2. If not, is that court entitled to apply specifically that prohibition to the territories of other States in which the acts of infringement are committed or threatened?
3. In either case, are the coercive measures which the court, by application of its national law, has attached to the prohibition issued by it applicable within the territories of the Member States in which that prohibition would have effect?
4. In the contrary case, may that court order such a coercive measure, similar to or different from that which it adopts pursuant to its national law, by application of the national laws of the States in which that prohibition would have effect?”

The Court (Grand Chamber) answered as follows:

“1. Article 98 (1) of Council Regulation (EC) No 40/94 of December 20, 1993 on the Community

trademark, as amended by Council Regulation (EC) No 3288/94 of December 22, 1994, must be interpreted as meaning that the scope of the prohibition against further infringement or threatened infringement of a Community trademark, issued by a Community trademark court whose jurisdiction is based on Articles 93 (1) to (4) and 94 (1) of that regulation, extends, as a rule, to the entire area of the European Union.

2. Article 98 (1), second sentence, of Regulation No 40/94, as amended by Regulation No 3288/94, must be interpreted as meaning that a coercive measure, such as a periodic penalty payment, ordered by a Community trademark court by application of its national law, in order to ensure compliance with a prohibition against further infringement or threatened infringement which it has issued, has effect in Member States to which the territorial scope of such a prohibition extends other than the Member State of that court, under the conditions laid down, in Chapter III of Council Regulation (EC) No 44/2001 of December 22, 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, with regard to the recognition and enforcement of judgments. Where the national law of one of those other Member States does not contain a coercive measure similar to that ordered by the Community trademark court, the objective pursued by that measure must be attained by the competent court of that other Member State by having recourse to the relevant provisions of its national law which are such as to ensure that the prohibition is complied with in an equivalent manner.”

Remarks

The ECJ judgment puts to rest some of the doubts that have been raised regarding the ability to obtain EU-wide relief on the basis of a CTM. These doubts had been raised notably regarding situations where the use complained of did not extend beyond the territory of many or more than one Member State. The ECJ confirms that as a matter of principle the right to relief extends to the whole territory where the mark alleged to have been infringed is valid, i.e. for CTMs to the whole territory of the EU.

The court expressly admits two exceptions to the rule: A claimant may expressly limit the claim for relief to a territory more limited than the EU, and an infringement may be excluded for linguistic reasons in parts of the EU (for which the defendant bears the burden of proof):

48 Accordingly, if a Community trademark court hearing a case in circumstances such as

those of the main proceedings finds that the acts of infringement or threatened infringement of a Community trademark are limited to a single Member State or to part of the territory of the European Union, in particular because the applicant for a prohibition order has restricted the territorial scope of its action in exercising its freedom to determine the extent of that action or because the defendant proves that the use of the sign at issue does not affect or is not liable to affect the functions of the trademark, for example on linguistic grounds, that court must limit the territorial scope of the prohibition which it issues.

A further exception, it is submitted, should apply in cases where protection is claimed for a “reputed” mark in accordance with Article 9 (1) (c) CTMR, but the reputation does not extend to the territory where the allegedly infringing acts are occurring or threatened.

10. German Federal Supreme Court: Misleading consumers is legally irrelevant if services rendered by a competitor are expected to originate from a former monopolist and if such expectations are fed by the former monopoly (decision of May 12, 2010 – Case I ZR 214/07 – Rote Briefkästen/Red Mail Boxes)

Reported by Philippe Kutschke

A competitor of the Deutsche Post, the former state-owned monopolist, placed its red mail boxes, which are of similar size and shape as the mail boxes of Deutsche Post, providing the designation “Brief 24” (“letter 24”), close to Deutsche Post offices and next to its mail boxes. Deutsche Post challenged this practice based on German unfair competition law, arguing that consumers would be misled because they would expect that mail boxes next to Deutsche Post offices were run by Deutsche Post.

Both the Nuremberg District Court and Nuremberg Appeal Court decided in favour of Deutsche Post. However, the Federal Supreme Court overruled the decision of the Appeal

Court. According to the Supreme Court, similarities between the mail boxes are not relevant for the assessment whether or not the defendant’s practice constitutes an act of unfair competition, because the features of the mail boxes were quite “natural” or at least obvious. Further to that, “Brief 24” was clearly descriptive for the services rendered by the defendant and, thus, not qualified to mislead consumers about the origin of the mail boxes. Finally, competitors would have a legitimate interest to place their mail boxes near Deutsche Post mail boxes, since most of the consumers would recognize the differences of the mail boxes or, in case of any doubts, could ask for clarification in Deutsche Post offices. According to the Court, any case of misleading consumers would originate from the former monopoly of Deutsche Post.



Philippe Kutschke

Remarks

The present decision strengthens the position and opportunities of competitors in the postal sector and thus, supports the European efforts to liberalize this industry. Interestingly, as far as is known, although Deutsche Post argued

that the mail boxes of the parties were similar, the claimant did not claim infringement of its registered German 3-D trademark covering the shape of a mail box (Reg. No 300 794 11).

11. German Federal Supreme Court finds the designation “TOOOR!” not to be merely descriptive for goods such as clothing if the sign is attached in a specific manner (decision of June 24, 2010 – Case I ZB 115/08 – TOOOR!/GOOOAL!)

Reported by Philippe Kutschke

The word mark “TOOOR!” was registered in 2005 for various goods and services in classes 9, 16, 25, 28, 35, 38 and 41. Upon request of a third party, the German Patent and Trademark Office (GPTO) cancelled the trademark on the grounds of Section 8 (2) (1) Trademark Act (i.e., descriptiveness of the sign).

The trademark holder’s partial complaint remained unsuccessful; the Federal Patent Court confirmed the decision of the GPTO. The Federal Supreme Court overruled the decision in respect of various goods in class 25 (*inter alia*, clothing) and remanded the case to the Federal Patent Court for reconsideration. As for the rest of the goods and services covered by the challenged trademark, the Supreme Court confirmed the preceding decision.

The Federal Patent Court had argued that the designation “TOOOR!” was a word of everyday language, broadly used to express excitement when a goal is scored in a ball game. The Federal Supreme Court reviewed this argument for

every single product and service covered by the trademark at dispute but contested the GPTO line of argument in respect of certain goods in class 25. In accordance with its earlier decision, the Federal Supreme Court stressed that one also had to consider the labelling practice in the specific field of trade, including the positioning of a trademark on the goods concerned. Therefore, a sign was already distinctive in terms of Section 8 (1) (2) Trademark Act, said the Court, if opportunities existed that were obvious and important in daily business to attach the sign in a manner so that it will be perceived “as a trademark”. If such a mark was perceived “as a trademark” (i.e., indicating the source of the products) when attached to the products in specific manner, the mark could not be invalidated, because it could have been registered as a position mark. To the contrary, in application proceedings it had to be determined, said the Court, whether the candidate sign will be perceived strictly in a descriptive sense (Section 8 [2] [1] Trademark Act), irrespective of its concrete presentation on the labels, tags, patches or the packaging of the goods concerned.

Remarks

It will be interesting to keep an eye on the impact of the present decision on the practice of the GPTO. Although the arguments, in general, might be applied in case of other goods, too, it seems conceivable that the present decision re-

mains a flash in the pan, limited to trademarks for clothing. Further to that, trademark holders will ask why they should apply for a position mark, if optional positions of the mark have to be taken into account in any event.

12. Paris Appeal Court: Declaration of invalidity of marks consisting of a single colour confirmed in spite of surrender of marks (decision of February 23, 2011 – Masterfoods, Mars et al v Société des Produits Nestlé)

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

The Swiss company Nestlé had sought before the French courts to obtain cancellation of seven marks consisting of single colours (black, yellow, purple, ...) registered by Mars or subsidiaries of marks for food products and animal foodstuffs. Nestlé claimed that these marks were devoid of distinctiveness. The court of first instance, the Tribunal de grande instance in Paris, in a judgment of July 1, 2009, agreed and ordered the marks to be removed from the French trademark register. Mars and its affiliated companies appealed, but also surrendered their French registrations.

On appeal, Mars argued that the surrender had put an end to the dispute. The Paris Appeal Court disagreed: Since Mars had maintained its appeal, although having surrendered its colour marks, Nestlé had a legitimate interest in obtaining a judgment on the appeal. In substance the court held that the marks should not have been registered as they were devoid of distinctiveness. It also ordered Mars to pay the costs and in addition an amount of EUR 20,000 as indemnity.

Remarks

The decision is remarkable in two respects primarily:

The registrations of colour marks, including Mars' widely used "purple" colour for cat food, which the French IP Office (INPI) had granted without a showing of acquired distinctiveness, were all declared to be invalid, thus bringing France in line with the case law of the ECJ.

The judgment was rendered even though Mars had in the meantime surrendered the contested marks, and Mars' argument that the case had become "moot" was dismissed. It would have been for Mars to draw the necessary consequences, such as by also withdrawing its appeal.

Société des Produits Nestlé, SA was represented by the Paris office of BARDEHLE PAGENBERG.

**13. Max Planck Institute for Intellectual Property and Competition Law, Munich:
Study on the Overall Functioning of the European Trade Mark System**

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

On February 15, 2011, the Max Planck Institute submitted to the European Commission its Final Report entitled “Study on the Overall Functioning of the European Trade Mark System”, which had been commissioned by the European Commission in November 2009. The Study is an important step in the process toward a review and eventual amendment and revision of European trademark legislation (Harmonisation Directive, originally adopted in 1988, and Community Trade Mark Regulation [CTMR], originally adopted in 1993).

The Study, based on extensive interviews with national trademark offices and opinions submitted by a large number of interested organisations, a comprehensive online interview and opinion survey of users of the CTM system conducted by the well-known “Institut für Demoskopie Allensbach” and accompanied by an economic study carried out by “INNO-tec”, an institute of the University of Munich, consists of a comprehensive analysis of current European trademark law and practice and contains

proposals for reform, amending the CTMR as well as the Directive. The Study is available at the Institute’s website:

(http://www.ip.mpg.de/shared/data/pdf/mpi_final_report.pdf)

as well as at the website of the European Commission:

(http://ec.europa.eu/internal_market/indprop/tm/index_en.htm)

The Study’s principal authors, Prof. Dr. Annette Kur and Dr. Roland Knaak, were assisted by Rechtsanwalt Dr. Alexander von Mühlendahl of the law firm BARDEHLE PAGENBERG, formerly Vice-President of OHIM, who acted as a consultant to the Max Planck Institute.

The Study will be the subject of a session of the Working Party “Intellectual Property” of the Council of Ministers in Brussels on May 11, 2011, and of a European Commission Hearing of interested non-governmental organisations in Brussels on May 26, 2011.

14. Berlin District Court rejects action for declaratory judgment challenging a UDRP .com-domain name decision (decision of February 8, 2011 – Case 16 O 54/09)

Reported by Anna Sophie Steinmeister, LL.M.

The Berlin District Court rejected a court action for a negative declaratory judgment which was brought by the holder of a .com domain name against the defendant who had obtained a favourable decision before the World Intellectual Property Organization (WIPO) under the Uniform Domain Name Dispute Resolution Policy (UDRP).

The defendant is the owner of numerous trademarks in Latin America (but not in Germany) similar or identical to the disputed .com domain name. The domain name was originally registered in 1996 and transferred to the plaintiff in June 2008. In November 2008, the defendant submitted a complaint to the WIPO Arbitration and Mediation Centre under the UDRP. WIPO ordered that the domain name be transferred to the defendant since the domain name holder acquired it in bad faith and had no legitimate interest in the domain name.

The plaintiff launched an action before the Berlin District Court, seeking a declaration that the defendant was not entitled to claim transfer of the domain name. As an auxiliary request, the plaintiff asked the Court to declare that the registration and use of the domain name was not “contrary to the applicable German law”.

With respect to the plaintiff’s main request, it should be noted that this would almost automatically have to be successful because German case law does not provide for a transfer claim but only for the relinquishment of the ownership in the domain name for the benefit of a

third party (Federal Supreme Court – shell.de). In the case at hand, however, the Court held that even if a claim for transfer existed under German case law, its existence or non-existence was not relevant with respect to the question whether a claim for transfer exists under the regime of the UDRP.

The plaintiff, as a user of the .com domain name system, accepted the UDRP as a private legal regime with binding rules. This legal regime provides that, in case of a dispute, WIPO may order the transfer of a domain name to the authorized person. Taking the foregoing into account, the Court rejected the plaintiff’s action with respect to its main request as being inadmissible for lack of legal interest.

The plaintiff’s auxiliary request was construed by the Court as a request to determine whether or not the decision rendered by WIPO was in breach of German law, because the issue of the use of the domain name could not be considered separately from WIPO’s decision. Taking into account that the plaintiff accepted the UDRP as a binding contract, the Court found that the plaintiff must accept WIPO’s decision which has been rendered in line with the UDRP, unless it was contrary to “cogent German law”. According to the Court, this was not the case and not even claimed by the plaintiff. Therefore, the plaintiff’s auxiliary request was considered to be admissible, but without merits. The decision of the District Court of Berlin is not final.

The defendant was represented by attorneys of BARDEHLE PAGENBERG.



Anna Sophie Steinmeister

Remarks

The decision is particularly interesting since it provides further guidance as regards the relationship between the UDRP and national German law. Paragraph 4 (k) of the UDRP regulates that the UDRP shall not prevent the parties from submitting a dispute to a national court. Notwithstanding, the Berlin District Court had already found in an earlier case that filing for a declaratory judgement of non-existence of a claim for transfer under German law in order to overturn a decision rendered under the UDRP was an abuse of rights and rejected the complaint as being without merits (decision

of March 2, 2010 – Case 15 O 79/09 – *essque.com*). In the case at hand, the Court used similar arguments but rejected the plaintiff's action as being inadmissible for lack of legal interest. Both decisions accept the UDRP as a concept of binding the users of a .com domain name system to a global contract for dispute resolution. A decision which is rendered under the rules of the UDRP can only be overturned if it is contrary to "cogent" national law. The mere fact that German law does not provide for a domain name transfer claim is irrelevant.

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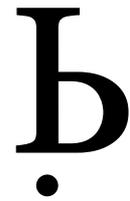
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