IP Report 2013/IV

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IP Report 2013/IV
Content

Patent Law

4 1. Recent amendments of German patent law – Harmonizing improvements and new opportunities for applicants

7 2. German Federal Supreme Court on the likelihood of damages in case of indirect infringement and the entitlement to claim damages and rendering of accounts after assignment of the patent (decision of May 7, 2013 – Case X ZR 69/11 – Fräsverfahren/ Milling Method)

10 3. European Patent Office (Technical Board of Appeal 3.3.07): Poisonous divisional applications – is the bogey going to disappear? (decision of December 4, 2012 – Case T 1222/11 – Hair cosmetic composition/KAO)

13 4. European Patent Office (Technical Board of Appeal 3.3.08) on the patentability of methods making use of human embryos and effectively disclaiming such use for industrial and commercial purposes (decision of April 9, 2013 – Case T 1836/10 – Obtaining embryonic stem cells/WÜRFEL)

15 5. European Patent Office (Enlarged Board of Appeal): Right to be heard to be construed narrowly (decision of June 17, 2013 – Case R 1/13 – Petition for review/NTT)

18 6. German Federal Patent Court on admissibility of an opposition filed against a patent based on the ground of a lack of practicability (decision of November 22, 2012 – Case 17 W (pat) 43/09 – Fluoreszenzmikroskopiesystem/fluorescence microscope system)

20 7. Karlsruhe Appeal Court on the liability of a foreign supplier regarding indirect (or contributory) patent infringement (decision of May 8, 2013 – Case 6 U 34/12 – MP2 Geräte/MP2 devices)

23 8. Barcelona Commercial Court No. 4: Admission of protective briefs in patent infringement proceedings (decisions of January 18, 2013, February 8, 2013 and March 18, 2013 – Cases 8/2013 and 219/2013 – Searle and Pfizer v Teva and Ratiopharm)

IP Report 2013/IV
Content

Trademark Law

26 9. Court of Justice of the European Union: Proof of use in opposition proceedings before OHIM (decision of July 18, 2013 – C-621/11 P – New Yorker SHK Jeans v OHIM – Vallis K.-Vallis A. & Co. OE – FISHBONE)

28 10. Court of Justice of the European Union: Proof of use in revocation proceedings before OHIM (decisions of September 26, 2013 – C-609/11 P – centrotherm Clean Solutions v OHIM – Centrotherm Systemtechnik; C-610/11 P – Centrotherm Systemtechnik v OHIM – centrotherm Clean Solutions – CENTROTHERM)

31 11. Court of Justice of the European Union: Submission of new or additional evidence before Opposition Division or Board of Appeal – Validity and renewal of the earlier mark (decisions of October 3, 2013 – C-120/12 P – Rintisch v OHIM – Bariatrix Europe; C-121/12 P – Rintisch v OHIM – Valfleurs Pâtes alimentaires; C-122/12 P – Rintisch v OHIM – Valfleurs Pâtes alimentaires – PROTI)

34 12. German Federal Supreme Court: Need for aesthetic compatibility between original and imitation will defeat claim of misappropriation based on likelihood of confusion (decision of January 24, 2013 – Case I ZR 136/11 – Regalsystem/Shelving System)

36 13. German Federal Supreme Court: Genuine use of a Community trademark exclusively used in Germany – Use of a mark as part of a company name (decision of February 6, 2013 – Case I ZR 106/11 – VOODOO)

38 14. German Federal Supreme Court: One representation of a 3D trademark can suffice to clearly reveal the subject matter of a sign (decision of February 28, 2013 – Case I ZB 56/11 – Schokoladenstäbchen II/Chocolate Sticks II)

40 15. German Federal Supreme Court: Coexistence of conflicting marks over a long period – Acquiescence and prescription (statute of limitations) – Parallel application of trademark law and unfair competition law (decision of August 15, 2013 – Case I ZR 188/11 – Hard Rock Cafe)

Design Law

43 16. Recent amendments of German design law – old wine in new skins?

1. Recent amendments of German patent law - Harmonizing improvements and new opportunities for applicants

Reported by Dr. Stefan V. Steinbrener and Dr. Hans Wegner. The authors contributed to the recent amendments by counselling the committee on legal affairs of the German Parliament.

The proposed amendments of the German Patent Law (Patentgesetz, PatG) and further industrial property laws were adopted by the German Parliament (Bundestag) on June 27, 2013 and passed the Federal Council (Bundesrat) on July 5, 2013. The new regulations, which will presumably enter into force in spring 2014, entail major improvements for applicants, in particular by harmonizing requirements of the German Patent and Trademark Office (GPTO) with the practice of the European Patent Office (EPO), making file inspection easier for the public and offering some interesting opportunities for non-German applicants. The most important changes are summarized below:

1. Electronic file inspection finally available

The new provisions in § 31 PatG and § 8 GebrMG of the German Utility Model Law provide the legal basis for an online file inspection. Such a possibility has been available at the EPO for many years and has been long awaited for the files of the GPTO. Up to now, files could only be manually inspected by personally visiting the GPTO or by ordering paper copies, both alternatives typically involving costly service providers. Based on the new provisions, anybody can directly perform an online file inspection after publication of an application. The GPTO has already announced in its Newsletter of July 2013 that it is going to offer online file inspection of patent and utility model files progressively from autumn 2013 onwards. However, it remains to be seen, whether all parts of a file will indeed be available online. This question arises in particular regarding non-patent prior art documents, *e.g.* scientific articles, where copyright may be considered to interfere with the public online access.

2. Facilitated translation requirements and filing German applications in English

All translation requirements have been removed from amended § 35 PatG. As a result, a filing date may be accorded irrespective of whether or not a translation is timely filed. Failure to do so may lead to the application being withdrawn but not to a loss of the filing date. As a result, it is still possible to claim the priority of such a withdrawn application for future filings. Analogous amendments are provided in the German Utility Model Law.

Notably, subparagraph (2) of new § 35a PatG provides a special extension of the time limit for filing translations up to twelve months if the application is written in English or French (in case a priority is claimed for the German application, the time limit expires fifteen months after the priority date). If a search or examination of the application has been requested, an examiner may ask the applicant for a translation before this time limit expires. It seems to be reasonable to expect that at least applications written in English will be searched without having to file a German translation.

Thus, the GPTO effectively extends its services to non-German applicants, who might be interested in the low-cost, high-quality searches of the GPTO to evaluate their priority applications: Such an application drawn up in English might be filed with the GPTO and an early search or examination may be requested. According to

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the GPTO Guidelines, the result of the search or examination should then be available to the applicant before the expiry of the 12 months time limit allowing an educated decision, whether or not to pursue broader patent protection, *e.g.* at the EPO or even worldwide. To this end, no translation of the German priority application is needed, since the German priority application can already be drafted in English. This is a particularly attractive service for applicants coming from countries without an experienced patent office being capable to perform reliable searches and examinations.

3. Extended search

Moreover, pursuant to amended § 43 PatG, the search services of the GPTO have been considerably enhanced. A major change is the provision of an extended search report, not only including the documents identified by the search but also a provisional assessment of patentability of the invention. Such an assessment will be very similar to the extended search report of the EPO. The provisional assessment will deal with the requirements of §§ 1 to 5 and 34 (3) to (5) PatG, *i.e.* the requirements of patent-eligible subject-matter, novelty, inventive step, industrial applicability, sufficient disclosure, unity and formal prerequisites an application must satisfy, thus providing a complete picture of the chances of success of the respective application.
The enhanced search service is offered by the GPTO for a very moderate increase of 50 € of the search fee (presently 250 €). The enhanced search services are, however, not available for German utility models; the corresponding § 7 GebrMG unfortunately remains essentially unchanged.

4. Hearings in examination and opposition proceedings (§§ 46 and 59 PatG)

If a hearing is presently requested by the applicant in examination proceedings, the request can be refused by the examiner as not being expedient. In the past, this provision has sometimes led to frustration of applicants and many discussions about the meaning of expediency. The amended version of § 46 PatG makes hearings mandatory in examination proceedings, if requested, thus also closing ranks with the EPO in this respect. The rapprochement with the European Patent Convention (EPC) goes even further in that hearings in opposition proceedings, which are already mandatory, will now normally become public (§ 59 (3) PatG). Exceptions may be due to requirements of data privacy.

5. Extension of opposition period (§ 59 [1] PatG)

Another alignment with European proceedings is accomplished by extending the opposition period from hitherto three months to nine months as provided in the EPC. Hence, more time will be available for preparing oppositions in complex cases in an international environment, this of course at the expense of suspended legal security. However, as the European experience shows, the proposed compromise should on the whole be appropriate.

6. Patentability of animals and plants (§ 2a [1] PatG)

At rather short notice, the German Parliament accepted a further amendment of § 2a (1) PatG excluding patentability of plants and animals that are exclusively obtained by essentially biological processes for the production of plants and animals. While this question is still pending before the Enlarged Board of Appeal of the EPO (see referrals G 2/12 and G 2/13), the German legislator chose to already answer the question in the negative. Whether this will lead to new harmonisation problems (and thus would run contrary to the overall goal of the amendments of further aligning German practice with that of the EPO) remains to be seen. Further legal developments regarding this important issue will be addressed in future editions of the BARDEHLE PAGENBERG IP Report.

Summary

The recent amendments are a significant step towards more user-friendly services of the GPTO. They lead to a further harmonisation of the practice of the GPTO with that established by the EPO thus reducing the probability of procedural mistakes of applicants. While some further desirable changes have not (yet) been accomplished (in particular regarding German patent applications based on preceding international applications under the Patent Cooperation Treaty), the amendments are a step in the right direction and also open new opportunities for non-German applicants, which are worth to be carefully evaluated.

2. German Federal Supreme Court on the likelihood of damages in case of indirect infringement and the entitlement to claim damages and rendering of accounts after assignment of the patent (decision of May 7, 2013 – Case X ZR 69/11 – Fräsverfahren/ Milling Method).
Reported by Nadine Heiartz and Diana Fichtner, LL.M.

A likelihood of damages – being a necessary requirement for declaratory judgment to damages – is typically given if at least a single infringing action has taken place. In case of indirect patent infringement, not only the delivery but also the offer of the essential means can establish such likelihood of damages. Further, while only the registered owner of the patent-in-suit has the formal right to raise claims for patent infringement even after an assignment, the entitlement to such claims follows from the substantive legal position. Thus, it has to be requested that damages and accounting be performed towards the new patent owner already from the point in time of the assignment (and not only starting from the later formal registration of the new patent owner in the patent register).

Plaintiff was the owner of the European Patent EP 1 034 865 (hereinafter the "patent-in-suit") concerning a milling method. Because Defendant offered software suitable for performing a milling method according to the patent-in-suit, Plaintiff filed an infringement complaint against Defendant based on indirect infringement of claim 1 of the patent-in-suit.

After Plaintiff had fully succeeded in the first instance proceedings (Munich District Court) including, *inter alia*, its motions for declaratory judgment concerning damages and for rendering of accounts, the second instance court (Munich Appeal Court) rejected such declaration for damages and accounting. The latter thereby held that a necessary likelihood of damages based on indirect patent infringement according to Section 10 German Patent Act could only be established if the essential means – here Defendant's software – had in fact been delivered to at least one customer. This could, however, not be determined in the present case.

Plaintiff appealed said decision of the Munich Appeal Court. Yet, in view of an assignment of the patent-in-suit after the second instance decision and the subsequent registration of the new patent owner in the patent register, in its appeal, Plaintiff claimed that the accounting and damage payments should be made to the new patent owner since his registration, alternatively since the assignment.

In the present decision, the German Federal Supreme Court confirmed that a declaratory judgment for damages indeed requires a certain likelihood that damages have actually occurred. However, such likelihood need not be high and can generally be assumed if at least a single illegal and culpable infringing act has been carried out. Other than the Munich Appeal Court, the Federal Supreme Court, however, held that this also applies to cases of indirect patent infringement even if a subsequent directly infringing act cannot be determined. Moreover, each of both possible acts of indirect patent infringement according to Section 10 German Patent Act – delivery or offer – can establish this likelihood of damages. According to the Supreme Court, an offer is also sufficient because it is rather likely that an offer is followed by a respective delivery so that, based on general experience, it can be expected that damages occurred.

Regarding the second but not less relevant issue at hand – the impact of a change of entitle-

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ment to a claim after assignment – the Federal Supreme Court noticed that the assignment of the patent-in-suit and the registration of change of ownership do not affect pending proceedings (*cf.* Section 265 [2] Sentence 1 German Code of Civil Procedure); a plaintiff remains entitled to conduct the litigation (standing to sue). Nonetheless, the motions need to be adapted as far as the new patent owner is entitled to the claims. Notably, the Federal Supreme Court held that the relevant point of time in this respect is the assignment and not the subsequent registration of the change of ownership in the patent register. Thereby, the Federal Supreme Court clearly distinguished between the substantive entitlement to claims arising from the patent ownership and the registration in the patent register (*cf.* Section 30 [3] Sentence 2 German Patent Act). While the latter is held to establish the standing to sue of the registered owner only, this does not have any further effect of legitimation regarding the substantive legal position. As a consequence, for the period following the assignment, damage claims and corresponding accounting claims, *i.e.* claims directed to a performance in favor of a specific person, need to be directed to a performance to the actual (substantive) patent owner, irrespective of his/her formal registration in the patent register. Meanwhile, the change of ownership does not affect the claim for injunctive relief as this general obligation is not directed to a specific beneficiary.

Nonetheless, the formal registration in the patent register is still considered to have a significant indicative effect for substantive entitlement of the registered owner. Thus, the registered owner generally does not have to prove his/her substantive entitlement, unless the opponent can show specific indications why the patent register shall be wrong in this respect. To what extent the registration of the registered patent owner indicates his/her substantive entitlement and whether his/her registration may even lead to a shift of the burden of proof to his/her favor, has explicitly been left open by the Federal Supreme Court.

Remarks

Already in 2005, the Federal Supreme Court held that in case of indirect patent infringement only such damages need to be reimbursed that occurred due to the use of the essential means in a directly patent infringing manner (GRUR 2005, 848 – Antriebsscheibenaufzug/Traction sheave elevator). This does, however, not mean that the sufficient likelihood of damages can only be assumed if in fact at least one act of direct patent infringement occurred. Rather, it is sufficient if the requirements of an indirect patent infringement are at hand (BGH GRUR 2006, 839 – Deckenheizung/Ceiling heating). In the present decision, the Supreme Court confirmed former caselaw and draws further conclusions from this case law. The Court established that already an offer of the essential means generally is a sufficient infringing act to claim a declaratory judgment regarding past and future damages.

In practice, the present decision means an easement for the plaintiff as he only has to show and prove indirect infringement of the patent-in-suit but need not demonstrate the likelihood of damages due to subsequent direct infringement. The findings of the Federal Supreme Court regarding the entitlement to claims and the standing to sue after a change of ownership of the patent-in-suit apply for cases of indirect patent infringement as well as for cases of direct patent infringement.

The Court clearly stated that standing to sue and substantive entitlement may fall apart. In that, the Supreme Court explicitly objected prior findings of German instance courts (*cf.* Dusseldorf Appeal Court, Case No 2 U 26/10, decision of June 24, 2011) according to which the formal registration of the new patent owner led to an irrefutable assumption of the entitlement to claim damages and accounting. To the contrary, the Federal Supreme Court clarified that the change of ownership impacts the right to claim damages and accounting already from the time of the assignment (not the time of the registration).

However, it remains to be decided to what extent the formal registration also implies the substantive entitlement and, conversely, which specific facts or evidence need to be presented if the substantive ownership of the registered patent owner shall be disputed. In worst case, the present decision may be understood in that the full chain of assignment would eventually have to be presented and assessed by the court.

3. European Patent Office (Technical Board of Appeal 3.3.07): Poisonous divisional applications – is the bogey going to disappear? (decision of December 4, 2012 – Case T 1222/11 – Hair cosmetic composition/KAO).
Reported by Dr. Rudolf Teschemacher

For some years patent practitioners have been alarmed by the possibility that dividing an application might have the consequence that the divisional application can become a novelty destroying reference for the parent application or *vice versa*. Decision T 1222/11 may have shown the reason for this apparent paradox.

In epi Information 2/2011, 54, the article "Poisonous EPC Divisionals" was published. It addresses (see p. 61, annex 1) the situation that in a first application an invention is disclosed in general terms (here indicated as ABC) and a European application claims the priority of the first application. The European application is divided and in the parent application a more limited version (ABC_1) is claimed which is not disclosed in the priority application. However, the priority application contains a specific example (ABC_2) falling within the limits of the claimed subject matter of the parent application (ABC_1). The description of all three applications is identical. It is suggested that the limited claim (ABC_1) in the parent application is not entitled to the priority of the first application whereas the more specific example in the description of the divisional application (ABC_2) enjoys this priority. The conclusion is drawn that the divisional application is a conflicting application within the meaning of Article 54 (3) EPC and destroys the novelty of the subject-matter claimed in the parent application.

Recent decisions of the EPO (T 1496/11 of September 2012, not published, and of the English Patents Court (*Nestec SA v Dualit Ltd*, [2013] EWHC 923) have shown that there is a real danger in this concept and have entailed many reactions in blogs and literature. Both decisions are concerned with situations in which the subject-matter in the European application was not limited but generalized in comparison with the priority application. The conclusion, however, was the same. There was no valid priority for the amended claim and the specific example in the priority application anticipated the amended claim, in T 1496/11 based on the concept of poisonous divisionals, in *Nestec SA v Dualit Ltd* as a consequence of the publication of the priority application which was a European application.

Dr. Rudolf Teschemacher

Why is the concept of poisonous divisionals paradoxical? In 1925, the right to file divisional applications was introduced into the Paris Convention in order to save the applicant from the loss of originally disclosed subject-matter which he cannot pursue in the framework of a pending application for a formal reason, *i.e.* lack of unity. This legal purpose makes clear that the division of an application is in no way intended to impair the applicant's right to the patent and has nothing to do with the requirements for patentability. The right to file a divisional application of the applicant's own volition was later added. Article 4 G of the Paris Convention stipulates for both situations that the applicant preserves as the date of the divisional application "the date of the initial application and the benefit of the right of priority, if any". This wording is taken up to the same effect in Article 76 EPC according to which "the divisional application shall be deemed to have been filed on the date of filing of the earlier application and shall enjoy any right of priority". It seems that the legislators of the Paris Convention and of the EPC wanted to express in this way that both applications have the some valid dates for their respective subject-matter. Thus,

one might assume that they have to be treated in respect of the relevant prior art in exactly the same way. This would coincide with the purpose of a divisional application being of a mere formal character and having no consequences for the assessment of the requirements of patentability.

Why does T 1496/11 come to different conclusions? The reason is that the assessment of the right of priority for the parent and the divisional application is made in different ways. For the specific example in the description, the priority is accepted whereas for the same example as an integral part of the claim to be examined, it is not accepted. Decision T 1496/11 confines itself to the statement that the claimed device has been generalized to include embodiments not disclosed in the priority document and thus does not constitute the same invention as that set out in the priority document. It does not even mention the possibility of a partial priority for the allegedly novelty destroying specific embodiment.

Nestec SA v Dualit, dealing with the same priority problem in the relation between a first European application and a second European application claiming the priority of the first, is more specific and, citing *Novartis AG v Johnson Medical Ltd* [2009] EWHC 1671, the Court states:

"I discern from this passage that the EPO considers it is permissible to afford different priority dates to different parts of a patent claim where those parts represent a limited number of clearly defined alternative subject-matters and those alternative subject-matters have been disclosed (and are enabled) by different priority documents. Further, this principle applies even if the claim has adopted a generic term to describe and encompass those alternatives."

The cited passage itself is referring to G 2/98 where the Enlarged Board of Appeal stated in pt. 6.7:

"The use of a generic term or formula in a claim for which multiple priorities are claimed in accordance with Article 88 (2) EPC, second sentence, is perfectly acceptable under Articles 87 (1) and 88 (3) EPC, provided that it gives rise to the claiming of a limited number of clearly defined alternative subject-matters."

This was interpreted by some decisions of the Boards of Appeal to mean that a continuum of a numerical range of values did not correspond to distinctive alternative embodiments. If no separable alternative embodiments could be identified within that continuum, the subject-matter of the contested claim as a whole was not entitled to the claimed priority date (T 1877/08, cited in Case Law of the Boards of Appeal, 7th ed. 2013, II.D.4.3). Following this case law, the Patents Court, finding that the broadened part of the claim covers a whole range of arrangements, denies a partial priority for the specific example.

T 1222/11, in a long *obiter dictum*, expressly disagrees with T 1877/08 and similar decisions. The Board notes that the assessment required by Article 88 (3) EPC, as to which elements (alternatives) of a claim are covered by any of the multiple priority claims can be achieved only by a comparison of the claimed subject-matter of that claim with the disclosure of the multiple priority documents. Therefore, in the context of assessing which alternatives of a contested claim are covered by any of the multiple priority documents, the words "gives rise to the claiming of a limited number of clearly defined alternative subject-matters" refer to the ability to conceptually identify by said comparison a limited number of clearly defined alternative subject-matters to which the multiple rights of priority claimed can be attributed or not. This is obviously necessary in order to identify which parts of the claims benefit from the effect of the priority right defined in Article 89 EPC.

In addition, the Board refers to the document in the Travaux préparatoires to the EPC cited in G 2/98 in respect of partial and multiple priorities, *i.e.* the FICPI Memorandum (Munich Diplomatic Conference, Doc. M 48/I, Memorandum C) which gives as an example for the concept of multiple priorities that a first priority application discloses a narrow chemical formula and a second priority application discloses a broader chemical formula within its scope including the narrower formula. The Memorandum states that in an application claiming both priorities, it would suffice to draw up a single claim directed to a compound defined by the broad formula. This claim would enjoy priority from the first priority date to the extent that the compound comes within the scope of the narrow formula, and the second priority for the rest of its scope. The Board cites two other examples given in the Memorandum for multiple priorities, the first concerning narrower and broader ranges and the second concerning specific and generic definitions in the mechanical field. The Board concludes that it is not necessary for the acknowledgement of the right of priority for a specific embodiment disclosed in the priority application to identify this embodiment in the claim of the European application as a separate embodiment. Thus, this embodiment cannot be novelty destroying if the claimed subject-matter has been generalized in the application or patent claiming the priority.

Remarks

The poisonous divisionals approach prevents a reasonable use of divisional applications. Its origin was caused by an over-restrictive attitude of some Boards of Appeal towards partial and multiple priorities. The sentence in G 2/98 that multiple priorities are acceptable provided that they give rise to the claiming of a limited number of clearly defined alternative subject-matters has been interpreted out of context, neglecting the Enlarged Board's of Appeal express statement that generic definitions are acceptable and without considering the purpose of partial and multiple priorities for which decision G 2/98 has taken recourse to the FICPI Memorandum cited above. This Memorandum clearly states that multiple priorities should avoid the need to file parallel claims, one for the subject-matter enjoying one priority and another one for the subject-matter enjoying the other priority. Precisely, remedies of this type have been suggested by commentators in order to avoid the trap of the poisonous divisionals: Drafting one claim for the specific embodiment and another one for the generic subject-matter disclaiming the specific embodiment. The possibility of avoiding the anticipation by a highly sophisticated claim drafting which is directed to the identical subject-matter should make clear that there is no substantive reason to deny protection. No legitimate interest has been shown why a partial priority should not be derived from an example in a priority application which is an embodiment within the limits of the claimed subject-matter in the application or patent claiming the priority. Within the meaning of G 2/98, the specific example is one clearly defined alternative subject-matter; the other alternative is the generic rest of the claim which has only the filing date as its valid date. It is to be hoped that other Boards will follow T 1222/11.

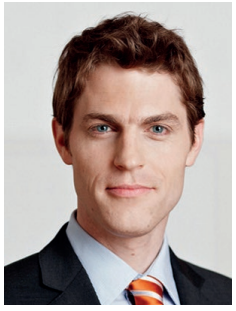
4. European Patent Office (Technical Board of Appeal 3.3.08) on the patentability of methods making use of human embryos and effectively disclaiming such use for industrial and commercial purposes (decision of April 9, 2013 – Case T 1836/10 – Obtaining embryonic stem cells/WÜRFEL).
Reported by Dr. Axel B. Berger

A method that makes use of human embryos is – in general – excluded from patentability even if the embryos are not destroyed during their use; Article 53 (a), R. 28 (c) EPC. Moreover, an (originally undisclosed) disclaimer meant to exclude a future use of human embryos in line with Article 53 (a), R. 28 (c) EPC does not restrict the subject-matter of the claim and is thus not allowable under Articles 123 (2) and 84 EPC.

The patent holder lodged an appeal against the negative decision of the Examining Division regarding European patent application 05028411.6. Claim 1 of the rejected application is directed to a method for obtaining pluripotent embryonic stem cells in an embryo preserving manner from blastocysts. After an initial positive Communication from the Examining Division, the application was rejected since the claims contravened R. 28 (c) EPC which stipulates that patents shall not be granted for biotechnological inventions concerning the use of human embryos for industrial or commercial purposes. The Examining Division outlined that the claim comprised the use of embryos that are needed as a "starting material" to perform the claimed method for industrial and commercial purposes. Referring to decision G 2/06 (the "WARF" decision) the Examining Division also indicated that the non-destruction of the embryo in the claimed method was of no importance and, moreover, the claimed method was of no benefit to the embryo itself. Consequently, the invention was found to be excluded from patentability; Article 53 (a) in combination with R. 28 (c) EPC.

In the appeal instance, the Applicant argued that there would be an exemption regarding the exclusion from patentability, namely if the invention aims at diagnostic or therapeutic purposes, which would both be possible in the case at hand. The obtained cells could be used for means of pre-implantation diagnosis, *i.e.* for diagnostic purposes and the cells could equally be used at a later stage for therapeutic purposes for the human that developed from the embryo. The Appeal Board responded that it concurred with the opinion of the Examining Division regarding the exclusion from patentability and that the purposes as outlined by the Applicant were not derivable as such from the claims. In turn, the Applicant filed a new claim-set with a disclaimer excluding the use of the obtained stem cells for industrial and commercial purposes.

Consequently, the question at stake was finally whether the introduction of such a disclaimer was permissible under Article 123 (2) EPC. In the case at hand, the negative feature cannot be derived from the application as originally filed. Based on the decisions G 1/03 and G 2/03, the Applicant argued that the disclaimer was allowable as it excluded subject-matter which, under Articles 52 to 57 EPC, is excluded from patentability for non-technical reasons. The Board of Appeal rejected this argument based on the following approach: The disclaimer would only be allowable if it indeed excluded subject-matter which was otherwise claimed. In the case at hand, the claim without the disclaimer is directed to a method for obtaining embryonic stem cells, which are the "direct product" of the claim. However, the disclaimer excluded merely the future use of the obtained stem cells. Thus, the


Dr. Axel B. Berger

Board of Appeals found that, by means of the disclaimer, the patent holder, tried to exclude something that was not even covered by the claims and the subject-matter would therefore not be limited by the disclaimer. Hence, such a disclaimer was not in line with Article 123 (2) and 84 EPC and, therefore, found to be unallowable. In consequence, the appeal was rejected.

Remarks

Both the well-known EPO "WARF" decision and the equally well-known decision of the German Federal Supreme Court in the "Brüstle" case (Case no. X ZR 58/07) likely caused a general misperception regarding the exclusion of patentability concerning inventions relating to the use of human embryos for industrial or commercial purposes. As outlined by the present decision, the issue of exclusion from patentability is independent of the fact whether the embryo is actually destroyed during its use or not. As a result, the only exception from the exclusion of patentability pursuant to Article 53 (a) in combination with R. 28 (c) EPC is that the embryo benefits from its own use, *i.e.* when it is used for own diagnostic or therapeutic purposes (*cf.* Directive 98/44/EC, rec. 42). This use, however, needs to be claimed. A mere indication of a diagnostic and/or therapeutic (future) use in a method or product claim that is not further delimiting in terms of a technical feature is at least not allowable under Article 84 EPC. Thus, the allowable frame for patentable inventions relating directly or indirectly to human embryos is very limited. As a consequence, due care has to be taken to consider the current legal background when drafting and prosecuting applications in this technical field.

5. European Patent Office (Enlarged Board of Appeal): Right to be heard to be construed narrowly (decision of June 17, 2013 – Case R 1/13 – Petition for review/NTT).
Reported by Dr. Stefan Steinbrener

In its recent decision R 1/13, the Enlarged Board of Appeal rejected the petition for review as clearly unallowable in a case where a Board of Appeal had raised clarity objections for the first time in the course of oral proceedings, and the petitioner had filed new auxiliary requests with a view to reply to these objections. The new requests were however not admitted by the Board. The Enlarged Board found that there was no right of admissibility for requests filed to overcome late-raised objections and that Article 113 (1) EPC did not overrule Article 13 (1) RPBA in the case of such requests. Rather, the right to be heard was safeguarded under these circumstances if the petitioner was afforded an opportunity to comment on the issue of admissibility.

In case T 808/11-3.5.03, the patent proprietor had filed an appeal against the decision of the Opposition Division to maintain the patent in amended form. In the course of oral proceedings before the Board, the Board did not allow the proprietor's main and first auxiliary requests and, when considering the proprietor's second auxiliary request, raised a clarity objection against a term that was already present in the claims of the patent as granted and had never been queried before. The proprietor then filed two new auxiliary requests including amendments meant for clarifying that term. Although in the course of a debate on the new requests, the chairman of the Board had indicated that the new requests now appeared to be clear, the Board, after a deliberation, announced that the new requests were not admitted into the proceedings due to a *prima facie* lack of clarity, dismissed the appeal and closed the proceedings. The patent proprietor then filed a petition for review under Article 112a EPC, in substance based on the argument that by surprisingly not admitting the new requests the Board would be in contravention of Article 113 (1) EPC.

The Enlarged Board considered the following facts as established from the file,

(a) that the Board of Appeal's objection under Article 84 EPC against claim 1 of the second auxiliary request was raised for the first time during the oral proceedings before the Board;

(b) that the new requests were filed during the oral proceedings in response to that objection; and

(c) that the chairman of the Board remarked that the claims of those newly filed requests appeared to be clear.

However, the Enlarged Board could not find any suggestion in the petition of a denial of the petitioner's opportunity to present its comments on the admissibility of those requests. Quite the contrary, far from showing a denial of an opportunity to comment, in the Enlarged Board's view the petition confirmed that the opportunity occurred.

On this basis, the Enlarged Board then rejected the petitioner's main arguments to the effect that the Board of Appeal did not consider the new requests sufficiently or was obliged to admit the new requests or exercised its discretion incorrectly, each argument being said to demonstrate a violation of Article 113 EPC.
The petitioner's first argument was based on the premise that Article 113 EPC enshrined the possibility of a full reaction to overcome any late raised objection and that a *prima facie* assess-

Dr. Stefan V. Steinbrener

ment to establish whether a new request was likely to overcome an objection was not adequate to satisfy the right to a thorough discussion under Article 113 EPC of all points at issue. In the Enlarged Board's view this premise was false. The decision in question here was whether or not to admit the petitioner's new requests, and the petitioner had and used the opportunity to comment on that issue. The petitioner's suggestion that the right to be heard carried with it, in the case of requests filed in response to late objections, a right to a full discussion which transcended the requirement of admissibility was simply incorrect. A late objection might lead to more latitude in the filing of requests in response but there was no certainty of admissibility, let alone of a more thorough discussion if admissibility was achieved. The requirement of admissibility for late-filed requests served several purposes – *inter alia* to ensure the requests offered a prospect of success – and the requirement was not suspended for latecomers, however understandable the lateness of filing their requests might be. If that were not the case, Article 13 RPBA would have little or no purpose.

The petitioner's second argument, *i.e.*, that Article 113 EPC overruled Article 13 (1) RPBA so that the Board had no discretion in respect of the admissibility of such requests, was considered by the Enlarged Board to be no more than a necessary corollary of the previous argument starting from the false premise of a "right to a thorough discussion", which would mean that Article 13 RPBA had little or no purpose. It was thus rejected for the same reason.

The petitioner's third argument that it was responding with new requests to a late objection, that the new requests were not an abuse of procedure and that therefore a *prima facie* assessment resulting in non-admissibility was also a fundamental violation of the right under Article 113 EPC to react fully to new issues, was again seen by the Enlarged Board to rely on the petitioner's fallacious view that Article 113 EPC provided a right of full response.

The petitioner's fourth and final argument was that on the assumption that the Board did have a discretion under Article 13 (1) RPBA not to admit new requests in response to late objections, the Board exercised that discretion in an unduly restrictive manner since pursuant to that Article the new requests could not be considered late and did not introduce any complexity as they attempted to overcome the objection. The state of the proceedings could not apply since the petitioner was responding to a new objection to terms which had been on file since the beginning of the appeal procedure; and procedural economy could not justify the adverse exercise of discretion since that would outweigh the right of the petitioner to defend its case. The Enlarged Board, however, found that this argument again erroneously supposed rights to flow from Article 113 EPC overriding Article 13 RPBA. Furthermore, the petitioner overlooked that Article 13 (1) RPBA stated that the Board's discretion should be exercised in view of *inter alia* those criteria. Therefore other considerations could be taken into account, a well-established one of which was whether the claims were likely to overcome the objection raised.

All its previous arguments having been found wholly unconvincing, the only remaining argument deployed by the petitioner to support a denial of opportunity to comment was that the petitioner was surprised by the decision not to admit its new requests because of the remark by the chairman of the Board that the requests appeared to be clear. The Enlarged Board also found this argument unconvincing for various reasons. Firstly, the petitioner and its representatives must have known that the remark was that of one member only and any additional significance they gave it had nothing to do with the proceedings. To seek subsequently to elevate the remark into something more in order to support a petition for review was not merely unconvincing but implausible. Rather, it was apparent that the petitioner conducted its case in reliance on its own assumptions. Hence, only the petitioner and its representatives could be

responsible if such assumption proved incorrect and the petition for review procedure was not a remedy for the consequences. Secondly, the chairman of the Board had not actually said that the new requests were admissible. In addition, Article 15 (4) RPBA could not be interpreted to mean that a remark or indication by the chairman had to be relied on by a party without question, let alone that it had the status of a ruling or the removal of a previous objection. Thirdly, the Enlarged Board observed that in accordance with established case law, surprise, while being an understandable subjective reaction of a party which expected to but did not succeed, could not affect an objective review of the decision – so if the petitioner knew the issues which might be raised and had an opportunity to comment thereon, its subsequent surprise was of no relevance.

The petition for review was therefore unanimously rejected as clearly unallowable.

Remarks

The Enlarged Board of Appeal rejected this petition by blaming the petitioner in rather trenchant wording. The decision is not isolated in the Enlarged Board's recent jurisprudence interpreting the right to be heard pursuant Article 113 EPC narrowly. As apparent from the present case, formal requirements laid down in secondary legal regulations, as the Rules of Procedure of the Boards of Appeal, prevail, thus allowing a Board not to admit new requests filed in response to its own late objections on a provisional assessment of their merits, thereby mixing up issues of admissibility and merits. While it seems acceptable that the Board still has a discretion not to admit any requests into the appeal proceedings as a reaction to late objections, that discretion must be duly exercised, and an evident attempt to overcome those objections, as in the present case, should be stringently subject to full consideration to keep the balance of argument. Furthermore, even if the chairman's remark is not binding on the Board, it carries particular weight and may well prompt legal expectations.

In this context, it might be useful to recall the finding of Board 3.3.01 in its decision T 892/92 (OJ EPO 1994, 664): "Article 113 (1) provides that the decisions of the EPO may only be based on grounds or evidence on which the parties concerned have had an opportunity to present their comments. If the parties can be said to have been surprised, from an objective point of view, by the decision and the grounds and evidence on which it is based, then this opportunity cannot have been sufficiently granted. In other words, in the Board's judgment, the term 'opportunity' in this article can only be given effective meaning by applying the principle of good faith and the right to a fair hearing."

One might therefore feel that a proper case management by the Board should aim at identifying the crucial issues at an early stage of the appeal proceedings in order to concentrate the discussion on these issues. If in the eyes of the Board an issue nevertheless only turns out to become decisive at the final oral proceedings, the Board should not hesitate to give the affected party an opportunity for a proper reaction. When a deficiency seems to have been overcome on the basis of the way the oral proceedings are conducted, a party should be informed if and why the Board has come to a different conclusion. The decisive question is not whether the Convention overrules the Rules of Procedure of the Boards of Appeal but whether the Rules of Procedure are interpreted by the Enlarged Board of Appeal so as to avoid surprise decisions as required by the right to be heard.

6. German Federal Patent Court on admissibility of an opposition filed against a patent based on the ground of a lack of practicability (decision of November 22, 2012 – Case 17 W (pat) 43/09 – Fluoreszenzmikroskopiesystem/fluorescence microscope system).
Reported by Dr. Patrick Daum

An opposition filed against a patent based on the ground of a lack of practicability is admissible even if the opposition is based on a (partially) wrong interpretation of the claim wording, as long as this wrong interpretation is not arbitrary.

In the present case, the appellant had filed an opposition against the German patent DE 10 2006 004 232 based on the ground of a lack of practicability (Section 59 German Patent Act in connection with Section 21 [1] No. 2 German Patent Act). Lack of practicability in this sense means that the patent is regarded not to disclose the invention in a manner sufficiently clear and complete for it to be carried out by the person skilled in the art.

The opposition was rejected by the German Patent and Trademark Office as being inadmissible for not fulfilling the formal requirements of an opposition (Section 59 [1] Sentence 4 German Patent Act). The German Patent and Trademark Office argued that the ground for opposition is based on a misinterpretation of the claim wording and only due to this misinterpretation the alleged lack of practicability would arise.

Against this decision, the appellant filed an appeal with the German Federal Patent Court. In its decision of November 22, 2012, the German Federal Patent Court set aside the decision of the German Patent and Trademark Office and highlighted that an opposition is admissible even if it is based on partially wrong interpretations of the claim wording, as long as these wrong interpretations are not arbitrary and may even be suggested by the claim wording. Furthermore, the Federal Patent Court highlighted that, in order to fulfill the formal requirements of an opposition (Section 59 [1] Sentence 4 German Patent Act), it would be sufficient to briefly outline the underlying facts, as long as the facts can be verified and proven by the German Patent and Trademark Office or the German Federal Patent Court, respectively. In detail, in the present case, the patent claims concerned a system for the sequential observing of different fluorescent materials. Thereby, for one mode of operation, a filter is used which blocks emissions in the infrared spectrum. However, one of the materials to be observed is emitting light in the infrared spectrum. Hence, with the filter blocking emissions in the infrared spectrum, an observation of this material would not be possible. This would give rise to the objection with regard to the lack of practicability – light which is blocked cannot be observed. Thereby, from the claim wording, it was not unambiguously clear that in the second mode of operation not the material emitting in the infrared spectrum, but another material shall be observed. The patent holder, however, was able to clarify this ambiguity based on the description, such that the patent was upheld in the amended version, eventually.

Dr. Patrick Daum

Remarks

In the present case, the German Federal Patent Court highlights that the formal requirements for an opposition to be admissible are very low and are already fulfilled if the underlying facts are briefly outlined, as long as they can be verified and proven by the German Patent and Trademark Office or the German Federal Patent Court, respectively.

However, even though the requirements for the admissibility of an opposition are set low, the German Federal Patent Court makes it unmistakably clear that there is still the question of whether or not the objection raised is also reasoned. Nevertheless, the decision seems to soften the boundary between the valid ground for opposition of a lack of practicability and the not valid ground for opposition of a lack of clarity.

Therefore, "*unclarity*" may be a door opener for oppositions. Consequently, when claims are drafted, the claim wording has to be firmly checked as to not encompass features, which may be regarded to contradict each other, even if only unclear, in order not to open the door for an admissible opposition. Because once an opposition is admissible, there is always the risk for the patent holder that the opposition may also be successful and the patent is – in its entirety or at least partially – revoked.

7. Karlsruhe Appeal Court on the liability of a foreign supplier regarding indirect (or contributory) patent infringement (decision of May 8, 2013 – Case 6 U 34/12 – MP2 Geräte/MP2 devices)

Reported by Dr. Thomas Gniadek and Michael Kobler

In cross-border cases, with respect to the "delivering within Germany" according to Section 10 (1) German Patent Act, a foreign supplier is liable for indirect infringement if he delivers the means from a foreign country to a foreign country but knows of the German patent and the country of final destination and, thus, consciously causes the delivery within Germany. The "double domestic nexus" required by Section 10 (1) German Patent Act does not mean that the foreign supplier must dispose of his control over the means in Germany.

The "offering" in accordance with Sections 9 and 10 German Patent Act does not require that the person committing the indirect infringement must actually be willing to manufacture and/or deliver the offered product. Furthermore, with respect to the "offering for use of the invention" according to Section 10 (1) German Patent Act (indirect infringement), it is not required that the (direct) offeree intends to use the invention. It is sufficient that the offeree is supposed to pass the means (product) to an end consumer who intends to use the means (product) for putting the invention into effect.

A declaratory judgment as to the obligation to pay damages requires a sufficient likelihood that the plaintiff has suffered such damage. In case of indirect patent infringement, such likelihood is generally given if at least one action of indirect infringement has taken place. Such action may be the mere offering of a means according to Section 10 (1) German Patent Act.

In the case at hand, the plaintiff was the exclusive licensee of the German part of European Patent EP 0 568 532 B1 ("patent-in-suit") concerning a process for transmitting digitized, block-coded audio signals using scale factors. The defendant was a Chinese OEM company producing and distributing MP2 devices designed to receive and decode compressed audio signals from the DVB signal – namely DVB-USB sticks, TV cards, mobile TVs with DVB receiver. At the CeBIT 2010 and CeBIT 2011 trade fairs in Germany, the defendant displayed its devices and handed out brochures with pictures of its devices. Furthermore, the defendant handed over MP2 devices to a German company in Hong Kong – knowing that the German company transports the devices from Hong Kong to Germany for the use in Germany. A delivery of devices by the defendant from abroad to Germany could not be proven by the plaintiff.

The plaintiff filed an infringement suit with the Mannheim District Court requesting a declaratory judgment that the defendant was, in principle, obliged to pay damages for indirect infringement of the patent-in-suit and requesting that the defendant be adjudged to render accounts. The Mannheim District Court dismissed the complaint – although finding that the plaintiff's MP2-devices are indeed means relating to an essential element of the invention in accordance with Section 10 (1) German Patent Act (indirect infringement). However, the Mannheim District could not find a sufficient likelihood that the plaintiff suffered damages – which, under German law, is necessary to issue a declaratory judgment as to damages. The Mannheim District Court outlined that, on the one hand, according to established case law, an indirectly patent infringing "offering" of means according to Section 10 (1) German Patent Act could not establish a sufficient likeli-

Dr. Thomas Gniadek

Michael Kobler

hood of damages because the mere "offering" of such means, generally, does not result in any loss for the patentee. On the other hand, the Mannheim District Court held that there was no "delivering" of means according to Section 10 (1) German Patent Act because the plaintiff could not prove the supply of such means by plaintiff within Germany and because handing over means to a German company in Hong Kong did not constitute a "delivery within Germany" according to Section 10 (1) German Patent Act. Thus, the aspect of "delivering" of means also could not establish a sufficient likelihood of damages necessary for the requested declaratory judgment.

In the appeal proceedings, the Karlsruhe Appeal Court set aside the Mannheim District Court's judgment granting plaintiff's requests as to the declaratory judgment and rendering of accounts, ruling on several issues as to the scope of indirect patent infringement according to Section 10 (1) German Patent Act:

First, the Karlsruhe Appeal Court confirmed that, in cases of a declaratory judgment as to damages for indirect patent infringement, the sufficient likelihood of damages may be established by showing only one action of indirect patent infringement (*cf.* also German Federal Supreme Court, GRUR 2006, 839 – Deckenheizung/ceiling heating). This is different from proceedings related to the amount of damages for indirect patent infringement where a direct patent infringement due to the use of the indirectly patent infringing means must be shown (*cf.* German Federal Supreme Court, GRUR 2005, 848 – Antriebsscheibenaufzug/traction sheave elevator). In this regard, the Karlsruhe Appeal Court found that not only "delivering" means relating to an essential element of the invention but also "offering" such means provides for a sufficient likelihood of damages. The Karlsruhe Appeal Court explicitly referred to the objective of Section 10 (1) German Patent Act. This objective was to prevent a subsequent direct patent infringement in advance – already in the "early" stages. Furthermore, by "offering" means a causal connection is started leading to a loss due to direct patent infringement.

Second, the Karlsruhe Appeal Court held that "offering" in accordance with Sections 9 and 10 German Patent Act includes preliminary activities in order to enable or facilitate a transaction regarding devices which fall within the scope of the patent-in-suit – such as displaying products and handing out brochures at trade fairs. Thus, it was irrelevant whether the defendant indeed would have reviewed the entitlement of the purchaser to exploit the patented invention before actually shipping said devices (as alleged by the defendant). This is because the "offering" according to Sections 9 and 10 German Patent Act does not require that the person committing the indirect infringement must actually be willing to manufacture and/or deliver the offered product (*cf.* also Federal Supreme Court, GRUR 2003, 1031 – Kupplung für optische Geräte/coupling for optical devices).

Third, in the case at hand, the defendant knew that the means according to Section 10 (1) German Patent Act handed over in Hong Kong were subsequently shipped from Hong Kong to Germany and that its buyer will further sell and distribute the means in Germany. Against this cross-border scenario, the Karlsruhe Appeal Court found an indirect patent infringement holding it irrelevant that the foreign supplier disposed of his control over the means not in Germany but already abroad. In this regard, the Court referred to the Supreme Court's "Funkuhr" decision (*cf.* GRUR 2002, 509) according to which there is a direct patent infringement if the foreign supplier delivers the product from a foreign country to a foreign country but knows of the German patent and the country of final destination and thereby consciously causes the delivery within Germany. The Karlsruhe Appeal Court conceded that finding an indirect patent infringement according to Section 10 German Patent Act required a "double domestic nexus" – such as that both

the offering/delivering of the means and the intended use must take place "within Germany". In the case at hand, however, the foreign supplier delivered the means from a foreign country to a foreign country – not within Germany. To overcome this obstacle for finding indirect infringement, the Karlsruhe Appeal Court applied the reasoning of the "Funkuhr" decision. Consequently, the fact that the defendant intentionally caused the subsequent distribution in Germany was found sufficient also for assuming a "delivery within Germany" in line with the standards for finding indirect infringement.

Remarks

The reported decision of the Karlsruhe Appeal Court is very instructive because it addresses a whole series of legal and factual issues of indirect patent infringement. With regard to the declaratory judgment as to damages, the Karlsruhe Appeal Court's finding is remarkably similar to the Federal Supreme Court's "Fräsverfahren" decision dated May 7, 2013 (*cf.* BARDEHLE PAGENBERG IP Report 2013/IV), *i.e.*, the day before the decision at hand was issued (incidentally, the Federal Supreme Court is also situated in Karlsruhe).

With respect to cross-border scenarios, the reported decision extends the liability of foreign manufacturers/suppliers in cases of indirect patent infringement: The "Funkuhr" decision (*cf.* above) only related to direct patent infringement which does not require a "double domestic nexus". The "Funkuhr II" decision (*cf.* Federal Supreme Court, GRUR 2007, 313) covered indirect patent infringement but the delivering of the means took place "within Germany" in a legal sense – namely from Germany to a foreign country. Contrary to the reported decision, the Mannheim District Court held in the "Luftdruck-Kontrollvorrichtung" decision (Case No 7 O 412/03) that a delivery of means from a foreign country to a foreign country was not a "delivering within Germany" according to Section 10 German Patent Act – even if the foreign supplier knew of the German patent and the country of final destination and thereby consciously caused the delivery within Germany. Now, the Karlsruhe Appeal Court deviates from the "Luftdruck-Kontrollvorrichtung" decision and extends the liability.

8. Barcelona Commercial Court No. 4: Admission of protective briefs in patent infringement proceedings (decisions of January 18, 2013, February 8, 2013 and March 18, 2013 – Cases 8/2013 and 219/2013 – Searle and Pfizer v Teva and Ratiopharm).
Reported by Xavier Fàbrega Sabaté, LL.M.

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In order to prevent the continuation of patent infringement, patent holders usually request the issue of a preliminary injunction, asking the Court to order the alleged infringer to cease manufacturing and selling the infringing products. If the patent holder can justify the urgency of the case, the preliminary injunction may be granted *ex parte*, *i.e.* without holding an oral hearing and hence without offering the defendant the possibility to submit arguments in defence. The effectiveness of preliminary injunctions lies not only in the speed with which they are issued and the summary examination of the entitlement of the claims being asserted, but principally in the surprise effect when they are issued *ex parte*.

With the aim to avoid this surprise effect, and also as a means of ensuring that the defendant's arguments are heard in an oral hearing, a practice has developed in certain countries of lodging a protective brief (also known as "protective letter", or as "Schutzschrift" in German). By means of a protective brief, a company fearing to be sued for patent infringement (for instance, because it has received a warning letter from the patent holder) informs the Court of the arguments on the basis of which the potential infringement claim is not founded. The main purpose of the protective brief is to prevent the issue of a preliminary injunction *ex parte*.

The Spanish Civil Procedural Act does not expressly provide for the possibility of filing protective briefs. Nevertheless, the Barcelona Commercial Courts are recently beginning to admit them.

On January 2, 2013, the generics companies TEVA PHARMA S.L.U. and RATIOPHARM ESPAÑA S.A. (hereinafter TEVA and RATIOPHARM) filed a protective brief requesting that, if the companies G.D. SEARLE LLC and PFIZER S.L.U. (hereinafter SEARLE and PFIZER) applied for a preliminary injunction *ex parte* for the alleged infringement of two European patents, such preliminary injunction should only be issued after holding an oral hearing. TEVA and RATIOPHARM, which agreed upon being immediately served of any potential preliminary injunction request, had previously received a warning letter from SEARLE and PFIZER regarding the patents at issue.

The case was assigned to the Barcelona Commercial Court No. 4 which, in its decision of January 18, 2013, admitted the protective brief and set out the conditions and effects thereof. Firstly, the protective brief is considered to be an act of voluntary jurisdiction, *i.e.* an act requesting the intervention of a judge without reference to any pending proceedings. Secondly, the protective brief will only be effective if the preliminary injunction is applied for before the Barcelona Commercial Courts. In such a case, the preliminary injunction proceedings must be assigned to the same Court that has already admitted the protective brief. Thirdly, the admission of the protective brief does not preclude the possibility that, in view of the circumstances of the case, any future preliminary injunction is issued *ex parte*. Fourthly, the protective brief will

only be effective if the preliminary injunction is applied for within 6 months.

The Court also stated that the admission of the protective brief must be notified to the companies having sent the warning letter, so that they may know which will be the competent Court if they decide to apply for a preliminary injunction. In this respect, on February 8, 2013 the Barcelona Commercial Court No. 4 dismissed a motion for reversal filed by TEVA and RATIOPHARM, requesting the Court that the protective brief should not be served on the potential plaintiffs since, otherwise, it would lose its surprise effect.

In March 2013, SEARLE, PFIZER and a Spanish licensee applied for a preliminary injunction against TEVA and RATIOPHARM for the alleged infringement of a European patent protecting the active ingredient of a medicine for the treatment of osteoarthritis (this was one of the two patents mentioned in the protective brief). TEVA and RATIOPHARM had already obtained a marketing authorization to sell generic medicines containing this active ingredient and had refused to wait until the expiry date of the relevant patent to put them on the market, arguing that the patent was not valid.

In its decision of March 18, 2013, the Barcelona Commercial Court No. 4 stated that, in view of the urgency of the case, the preliminary injunction should be granted *ex parte*. Indeed, the plaintiffs had asked the Court to issue the preliminary injunction before April 1, 2013, date from which the generic medicines could be prescribed in pharmacies. The Court affirmed that it was unable to hold a hearing before that date, despite the previous admission of the protective brief, and stated that the plaintiffs had quickly applied for the preliminary injunction, whereas the defendants had had more than 12 years to try to invalidate the patent at issue. The Court nevertheless considered the protective brief as useful, since it had allowed the Court to know the arguments of the defendants and would help speeding up their future opposition to the preliminary injunction.

Remarks

Protective briefs are well-known and widely used in some jurisdictions, such as Germany or the Netherlands. They are also expressly provided for in Article 207 of the draft Rules of Procedure for the Unified Patent Court.

The Barcelona Commercial Court No. 4 has now opened the door to the filing and admission of protective briefs in Spain, although their effectiveness is restricted to potential preliminary injunctions or patent infringement cases brought in Barcelona. Moreover, the admission of a protective brief does not necessarily mean that any request for a preliminary injunction *ex parte* will be rejected, as it happened in the decision of March 18, 2013.

According to the Barcelona Commercial Court No. 4, the protective brief will be effective during 6 months, thus following the draft Rules of Procedure for the Unified Patent Court. Also, whereas in Germany and other countries the patent holder is unaware of the filing of the protective brief until he applies for a preliminary injunction, the Barcelona Commercial Court No. 4 has clearly stated that when such brief is admitted it must be notified to the potential plaintiff. Furthermore, if, after being aware of

the protective brief, the plaintiff decides to apply for the preliminary injunction before another Court, he will have to inform such Court of the filing of the protective brief and explain the reasons why he has chosen a different jurisdiction. The competent Court will then have to evaluate the plaintiff's procedural behaviour, and decide whether the filing of the request for a preliminary injunction in a different jurisdiction is well-grounded or not.

The admission of protective briefs by the Barcelona Commercial Court No. 4 is a relevant precedent and will surely serve to align the Spanish legal practice in patent litigation with other countries. In this respect, it is important to note that the practice of the Barcelona Commercial Courts No. 1, 4 and 5 is particularly significant because they are the only Commercial Courts in all of Spain which have been assigned all patent cases coming before the courts in Barcelona, whereas elsewhere the Commercial Courts deal with other commercial matters as well.

9. Court of Justice of the European Union: Proof of use in opposition proceedings before OHIM – Submission of new or additional evidence before Opposition Division – Discretion whether or not to admit additional evidence (decision of July 18, 2013, C-621/11 P – New Yorker SHK Jeans GmbH & Co. KG v. OHIM – Vallis K.-Vallis A. & Co. OE – "FISHBONE").

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

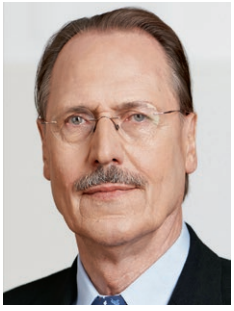
The Court of Justice of the European Union (ECJ), in a series of seven judgments rendered in July, September and October 2013, clarified the rules applicable to late submission of evidence in opposition and cancellation proceedings before OHIM – "late" in this context refers to submission of evidence by a party to the proceedings outside of the time limit set by OHIM for the submission of such evidence. The cases are the three *Rintisch* cases of October 2013 (*cf.* IP Report Special), two *Centrotherm* cases decided in September 2013 (see separate Report), and the *New Yorker SHK Jeans* case, decided in July 2013, reported here.

In the *NewYorker SHK Jeans* case, an opposition based on a Greek figurative mark FISHBONE BEACHWARE against the word mark FISHBONE, for clothing, the applicant had requested proof of use. The proof provided by the Opponent was considered inadequate by the applicant, whereupon the opponent provided additional evidence, which was taken into account by the Opposition Division and subsequently by the Board of Appeal in partially upholding the opposition. The applicant's appeal to the General Court was dismissed and the appeal on points of law to the ECJ was also dismissed as unfounded.

According to the ECJ, OHIM's Opposition Division was entitled to consider additional use evidence filed after a first timely submission. Rule 22 (2) CTMIR, which mandates a rejection of an opposition when no proof of use is provided within the time limit set by OHIM was not applicable because the opponent had submitted relevant evidence within the time limit. The Court added that OHIM's Opposition Division was not obliged to analyse the acceptance of the late evidence specifically under the aspect of exercise of discretion when the relevance of the evidence and the absence of delay was confirmed:

(33) As regards the exercise of that discretion by OHIM for the purposes of the possible taking into account of evidence submitted out of time, it should be noted that the Court has already held that where OHIM is called upon to give judgment in the context of opposition proceedings, taking such facts or evidence into account is particularly likely to be justified where OHIM considers, first, that the material produced late is, on the face of it, likely to be relevant to the outcome of the opposition brought before it and, second, that the stage of the proceedings at which that late submission takes place and the circumstances surrounding it do not preclude such matters being taken into account (OHIM v Kaul, paragraph 44).

(34) It is apparent, in this respect, from the findings of fact made by the General Court at, *inter alia*, paragraphs 33 and 34 of the judgment under appeal, that the taking into account of the evidence submitted out of time by Vallis K.-Vallis A., in addition to the relevant proof initially submitted by it, made it possible for the Opposition Division and then the Board of Appeal to decide on the genuine use of the earlier mark on the basis of all the relevant facts and evidence, and that the stage of the proceedings at which the submission of that additional



Professor Dr. Alexander v. Mühlendahl, J.D., LL.M.

evidence took place and the circumstances surrounding it do not preclude such matters being taken into account.

(35) Since it is thus not disputed that the taking into account of the additional evidence submitted out of time permitted OHIM to establish a genuine use of the earlier mark, the argument by which New Yorker Jeans alleges that OHIM did not determine whether that evidence was relevant can clearly not succeed.

(36) In addition, it must be noted that, at paragraph 31 of the judgment under appeal, the General Court held that Vallis K.-Vallis A. had not abused the time limits set by knowingly employing delaying tactics or by demonstrating manifest negligence, but that that party had merely submitted additional documents after the relevant evidence which it had initially submitted had been challenged by New Yorker Jeans.

Remarks

The ECJ judgment in the New Yorker SHK Jeans case establishes that additional evidence of use submitted after expiry of an initial time limit set by OHIM in an opposition case, in reply to observations by the applicant, must be evaluated under the criteria established by the ECJ in the famous *Kaul* case, namely, that in the absence of a provision absolutely prohibiting such evidence to be taken into account, "(...) taking facts or evidence submitted out of time into account is particularly likely to be justified where OHIM considers, first, that the material which has been produced late is, on the face of it, likely to be relevant to the outcome of the opposition brought before it and, second, that the stage of the proceedings at which that late submission takes place and the circumstances surrounding it do not argue against such matters being taken into account" (*Kaul* judgment, paragraph 44). It thus did not constitute an error that OHIM's Opposition Division took such evidence into account and upheld the opposition.

The first *Centrotherm* case (C-609/11 P), reported separately, deals with proof of use in revocation proceedings, where additional evidence was submitted to the Board, and comes to the same result as for opposition cases – Rule 40 (5) CTMIR mandates a revocation only when the CTM proprietor does not submit any evidence of use within the time limit set by OHIM.

The three *Rintisch* judgments, also reported separately, deal with additional evidence to prove continued validity of earlier marks in opposition cases.

The lesson of these judgments should not be that opponents may safely rely on a second round as regards proof of use or additional evidence in general – it may well happen that OHIM rejects such subsequent evidence out of order because it could have been submitted in time. If the exercise of discretion is properly reasoned by OHIM attempts to have later evidence considered may well fail. The same applies when such additional evidence is submitted to the Board of Appeal.

We also refer to the Remarks to the *Centrotherm* and *Rintisch* judgments.

10. Court of Justice of the European Union: Proof of use in revocation proceedings before OHIM – Submission of new or additional evidence before Board of Appeal – Discretion whether or not to admit additional evidence (decisions of September 26, 2013, C-609/11 P – centrotherm Clean Solutions GmbH & Co. KG v. OHIM – Centrotherm Systemtechnik GmbH; C-610/11 P – Centrotherm Systemtechnik GmbH v. OHIM – centrotherm Clean Solutions GmbH & Co. KG – "CENTROTHERM").
Reported by Professor Dr. Alexander von Mühlendahl, J.D., LL.M.

The Court of Justice of the European Union ("ECJ"), in a series of seven judgments rendered in July, September and October 2013, clarified the rules applicable to late submission of evidence in opposition and cancellation proceedings before OHIM – "late" in this context refers to submission of evidence by a party to the proceedings outside of the time limit set by OHIM for the submission of such evidence. The cases are the three *Rintisch* cases of October 2013 (*cf.* separate Report), two *Centrotherm* cases decided in September 2013 (this Report), and the *New Yorker SHK Jeans* case, decided in July 2013 (*cf.* separate Report).

In the *Centrotherm* cases, an application by centrotherm for revocation of the mark CENTROTHERM, registered in 2001, was based on absence of genuine use. The proprietor (Centrotherm) provided some evidence within the time limit set by OHIM's Cancellation Division, which found the proof of use insufficient. On appeal by Centrotherm, OHIM's Board of Appeal in part annulled the contested decision, finding that proof of use had been established for some of the goods, and confirmed the revocation for the remaining goods.

Each party appealed to the General Court of the European Union. The appeal by Centrotherm against the partial refusal of revocation was successful before the General Court (Case T-427/09). The General Court found that the evidence supplied by Centrotherm was not sufficient to establish genuine use. This decision was confirmed by the ECJ in Case C-609/11 P. The appeal by Centrotherm was dismissed by the General Court in a separate judgment (Case T-434/09). The General Court considered that the Board had been correct in not taking into account the additional evidence provided before the Board. This decision was annulled by the ECJ in Case C-610/11 P.

Case C-609/11 P is remarkable for the way in which it deals with alleged errors committed by the General Court in assessing the genuineness of use in view of the evidence supplied by the proprietor of the CENTROTHERM mark. The present case, as all of these cases are, is very fact-specific and thus not meriting much analysis, except that it shows how much a trademark proprietor may torpedo his own case when submitting only limited amounts of evidence. In the present context of "late" evidence, Centrotherm tried to argue that the General Court should have found error on the part of OHIM for not taking into account the evidence supplied to the Board. This line of argument failed because Centrotherm had not properly pleaded an error on the part of the Board and requested appropriate relief in the statement of intervention before the General Court.

In Case C-610/11 P the principal issue was whether the Board should have taken into account the additional evidence submitted to it after the Cancellation Division had decided that Centrotherm had failed to prove genuine use. Contrary to the General Court, the ECJ held that the Board should have exercised its discretion whether or not to consider the additional

evidence. Just as in opposition cases, also in revocation cases where a party had submitted some relevant evidence of use, the submission of additional evidence was not absolutely excluded. Rule 40 (5) CTMIR, which is similarly worded as Rule 20 (2) CTMIR, applicable in opposition proceedings, does not preclude absolutely additional evidence.

Having concluded that the Board's decision was based on an erroneous reading of the applicable rules, the ECJ then proceeded, as it is entitled under Article 61 of the Statute of the Court, to decide itself whether the appeal against the Board decision was justified. The ECJ concluded that the Board had committed an error when arguing – as an alternative ground for dismissing the appeal – that in the exercise of its discretion it would have rejected the new evidence. The Court explained its result as follows:

(114) In the present case, relevant circumstances liable to be taken into consideration include the fact that the revocation decision of the Cancellation Division of OHIM was given after initial evidence had been submitted – within the time set by the Cancellation Division – of use of the mark at issue, accompanied by remarks expressing reservations as to confidentiality and containing an offer to furnish additional evidence.

(115) Yet it does not seem that the Board of Appeal conducted a proper examination of these aspects, or of any other potentially relevant evidence. Nor does it seem to have considered the potential relevance of the additional evidence submitted by Centrotherm Systemtechnik.
(116) Moreover, contrary to what is suggested in paragraph 37 of the contested decision, it is not necessary that the party concerned be unable to submit evidence within the time limit in order for additional evidence of use of the mark submitted after expiry of the time limit referred to in Rule 40 (5) of Regulation No 2868/95 to be taken into account.

The case was remitted to the Board.

Remarks

The ECJ judgment in the second *CENTROTHERM* case establishes that additional evidence submitted after expiry of an initial time limit set by OHIM in a revocation case where non-use is claimed must be evaluated under the criteria established by the ECJ in the famous *Kaul* case, namely, that in the absence of a provision absolutely prohibiting such evidence to be taken into account, "(…) taking facts or evidence submitted out of time into account is particularly likely to be justified where OHIM considers, first, that the material which has been produced late is, on the face of it, likely to be relevant to the outcome of the opposition brought before it and, second, that the stage of the proceedings at which that late submission takes place and the circumstances surrounding it do not argue against such matters being taken into account" (*Kaul* judgment, paragraph 44).

The ruling thus aligns the principles applicable in revocation cases with those applicable in opposition cases, as confirmed in the *New Yorker SHK Jeans* case, reported separately.

For proprietors of Community trademarks the lesson nevertheless should be that full proof of genuine use should be made on the first occasion, *i.e.* within the time limit set by OHIM, which may be extended upon proper timely application. Relying on the ability to present additional evidence in a second round is very

risky. In a revocation case it is reasonable to expect that the proprietor will undertake all efforts in proving genuine use when having lost in first instance – otherwise his mark will disappear. This is different from opposition cases where inability or mistakes in seeking to prove genuine use – even though the mark was actually genuinely used – are not fatal, as a later cancellation action based on the same earlier mark is not precluded.

The *Centrotherm* cases also had a certainly bitter ending for the CTM proprietor: to the extent that the Board had considered proof of use made, the case was still finally lost when the ECJ confirmed the General Court's holding that the proof was insufficient, while in the reverse situation – insufficient proof according to Board and General Court – the case is now sent back to the Board for evaluation the additional evidence which may (or may not) be sufficient to maintain the mark for some of the goods.

We also refer to the Remarks in the Reports of the *New Yorker SHK Jeans* case and the three *Rintisch* cases.

11. Court of Justice of the European Union: Submission of new or additional evidence before Opposition Division or Board of Appeal – Validity and renewal of the earlier mark – Discretion whether or not to admit new or additional evidence (decisions of October 3, 2013, C-120/12 P – Rintisch v. OHIM – Bariatrix Europe Inc.; C-121/12 P – Rintisch v. OHIM – Valfleurs Pâtes alimentaires SA; C-122/12 P – Rintisch v. OHIM – Valfleurs Pâtes alimentaires SA – "PROTI").
Reported by Professor Dr. Alexander von Mühlendahl, J.D., LL.M.

The Court of Justice of the European Union (ECJ), in a series of seven judgments rendered in July, September and October 2013, clarified the rules applicable to late submission of evidence in opposition and cancellation proceedings before OHIM – "late" in this context refers to submission of evidence by a party to the proceedings outside of the time limit set by OHIM for the submission of such evidence. The cases are the three *Rintisch* cases reported here, two *Centrotherm* cases decided in September 2013 (*cf.* separate Report), and the *New Yorker SHK Jeans* case, decided in July 2013 (also reported separately).

In the three *Rintisch* cases decided on October 2013, the opponent, Rintisch, failed to provide proper evidence for the continued validity (renewal) of the marks relied on in three separate opposition proceedings, within the time limit set by the Opposition Division in accordance with the Rules of the Implementing Regulation. Such evidence was however submitted later.

The Opposition Division had dismissed the oppositions and the Board of appeals confirmed the dismissal, considering that the late submission required the oppositions to be dismissed. The Board added that if it did have any discretion in this respect, it would have exercised it by refusing the late evidence. Appeals to the General Court were dismissed as unfounded, the General Court holding that under the applicable rules, notably Rule 20 (1) CTMIR, OHIM did not have any discretion whether or not to accept the late evidence. The 2007 *Kaul* judgment (C 29/05 P) which had established the principles applicable to the acceptance of late evidence had made an explicit exception for cases where the relevant legislation provided "otherwise", *i.e.* precluded of itself the acceptance of late evidence.

The ECJ confirmed the rejection of the oppositions by OHIM, albeit on grounds different from those of the General Court.

The ECJ concluded that the General Court had committed an error by holding that OHIM's Board of Appeal did not have any discretion in this case because the third subparagraph of Rule 50 (1) CTMIR expressly mandated such exercise in opposition proceedings:

"Where the appeal is directed against a decision of an Opposition Division, the Board shall limit its examination of the appeal to facts and evidence presented within the time-limits set in or specified by the Opposition Division (...), unless the Board considers that additional or supplementary facts and evidence should be taken into account pursuant to Article 74 (2) of the Regulation."

The Court nevertheless confirmed the decisions of the Board of Appeal, finding that the Board had properly justified its exercise of discretion. The following paragraphs, found in all three

judgments, explain why the refusal was appropriate:

(39) In that regard, the Court has held, *inter alia*, that where OHIM is called upon to give judgment in the context of opposition proceedings, taking into account facts or evidence produced late is particularly likely to be justified where OHIM considers, first, that the material which has been produced late is, on the face of it, likely to be genuinely relevant to the outcome of the opposition brought before it and, second, that the stage of the proceedings at which that late submission takes place and the circumstances surrounding it do not argue against such matters being taken into account (OHIM v Kaul, paragraph 44, and Centrotherm Systemtechnik v OHIM and centrotherm Clean Solutions, paragraph 113).

(40) In this case, since Mr Rintisch based his opposition, *inter alia*, on three registered German marks, the evidence of the existence, validity and scope of protection of those marks which he had to submit during the opposition proceedings is set out precisely and exhaustively in Rule 19 (2) (a) (ii) of the Implementing Regulation. Mr Rintisch was therefore deemed to be aware, even before filing his opposition, of the precise documents which he had to produce in support of it. Consequently, the Board of Appeal must, in those circumstances, exercise its discretion restrictively and may allow the late submission of such evidence only if the surrounding circumstances are likely to justify the appellant's delay in the submission of proof required of him.
(41) In stating the reasons for its decision, the Board of Appeal emphasised in particular that Mr Rintisch was in possession of the proof of renewal of the marks at issue as from 15 January 2007 and that he did not put forward any reasons why he withheld that document until October 2007.

(42) It is therefore apparent from the contested decision that the circumstances surrounding the late submission of the evidence of the existence, validity and scope of protection of the marks at issue are not capable of justifying the appellant's delay in the submission of proof required of him.

(43) The fact that Mr Rintisch produced, within the time-limit set by the Opposition Division, extracts from the Deutsches Patent- und Markenamt online register referring to the renewal of the marks at issue, in a language other than that of the language of the proceedings, cannot call in question that analysis, since it is clear from Rule 19 (4) of the Implementing Regulation that OHIM must not take into account documents that have not been submitted, or that have not been translated into the language of the proceedings, within that time-limit.

(44) It follows that the Board of Appeal was justified in refusing to take into account the evidence submitted by Mr Rintisch after the expiry of the periods specified for that purpose by the Opposition Division, and there was no need for it to rule on the possible relevance of that evidence or to determine whether the stage of the proceedings at which that late submission takes place precludes such evidence from being taken into account.

(45) Contrary to Mr Rintisch's claims, the Board of Appeal is not required, when exercising its discretion under Article 74 (2) of Regulation No 40/94, to examine the three criteria referred to in paragraph 39 above when one of those criteria alone is sufficient to establish that it must not take into account the evidence submitted late at issue (see, to that effect, order of 4 March 2010 in Case C 193/09 P Kaul v OHIM, paragraph 38).

Remarks

The *Rintisch* cases confirm the principles previously established by the ECJ, notably in the famous 2007 *Kaul* case (C-29/05 P), namely that evidence submitted in opposition proceedings after expiry of a time limit set for such submission is not necessarily categorically excluded. The *Kaul* case concerned evidence of use to established an enhanced degree of distinctiveness. The recent judgments of the ECJ concerned proof of use and evidence of earlier rights.

For proof of use in opposition proceedings, the ECJ has established that Rule 22 (2) CTMIR, which mandates rejection of an opposition when no proof of use is provided within the time limit set by OHIM, applies only when no evidence is submitted. If some relevant evidence is provided, the opponent may not be entirely precluded from providing additional evidence, either before the Opposition Division, or even before the Board of Appeal. The acceptability of such evidence must be judged under the *Kaul* standards, notably relevance and circumstances surrounding the "late" submission. The ECJ so held in the *NewYorker SHG Jeans* judgment of July 18, 2013, reported separately, a case involving additional evidence submitted to the Opposition Division, *i.e.* in first instance. In opposition proceedings, when additional proof of use is submitted to OHIM's Boards of Appeal, they must evaluate the acceptability of additional or supplementary evidence (also) under Rule 50 (1) CTMIR. This was expressly decided by the ECJ in the three *Rintisch* cases. For proof of use in opposition cases this does not add much because of the interpretation of Rule 20 (2) CTMIR just explained.

For proof of use in non-use revocation actions, where Rule 40 (5) CTMIR parallels Rule 20 (2) CTMIR, the result is the same as for opposition cases. This applies even in the absence of a provision such as Rule 50 (1), third subparagraph, which is expressly limited to opposition proceedings. The first of the *Centrotherm* cases (C-609/11 P), reported separately, where additional proof of use was submitted to the Board, confirms this result

The *Rintisch* cases concern evidence regarding the existence and continued validity of earlier marks relied on in opposition proceedings, where Rule 20 (1) CTMIR seems to mandate a rejection of the opposition by the first instance when the evidence is not sufficient. For the Board of appeal, Rule 50 (1) mandates that such evidence must be taken into account. It may thus appear incongruent that such evidence may be admitted by the Board, but not by the first instance. It remains to be seen whether OHIM will extend the admissibility of additional evidence also for first instance proceedings, which would appear logical but not easy to square with the applicable Rules.

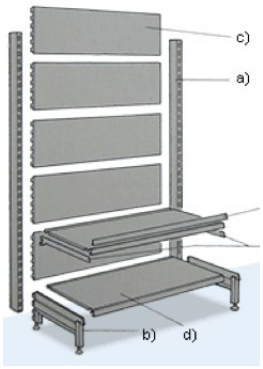
In all situations where in principle new evidence is not excluded the relevant instance – Opposition or Cancellation Division, Board of Appeal – must exercise their discretion under the *Kaul* standards – primarily relevance, absence of delay. Thus, as the three *Rintisch* cases show, it may turn out that even relevant evidence may be disregarded. It is very risky for parties to OHIM proceedings to rely on the possibility of a second round, both as regards proof of use, but even more so as regards evidence of existence of earlier rights.

We also refer to the Remarks to the *New Yorker SHK Jeans* case and the *Centrotherm* cases.

12. German Federal Supreme Court: Need for aesthetic compatibility between original and imitation will defeat claim of misappropriation based on likelihood of confusion (decision of January 24, 2013 – Case I ZR 136/11 – Regalsystem/Shelving System).
Reported by Dr. Henning Hartwig

Dr. Henning Hartwig

In a recent decision, the German Federal Supreme Court annulled a decision of the Cologne Appeal Court which had confirmed claims against distribution of a copy of a shelving system on the grounds of unfair competition ("passing-off") according to Article 4 No. 9 German Act against Unfair Competition. The conflicting products are shown below (taken from the claimant's webpage and the Court's decision):



Original

Accused product

The Cologne Appeal Court had found (1) sufficient likelihood of deception as to origin (due to the accused device's quasi-identity and the original's reputation), (2) the defendant's trade name printed on the device insufficient to avoid such likelihood and (3) availability of further measures reasonable to avoid such risk (for instance, a different shape or colour scheme). Customers of the defendant (retailers basically), in return, would not have a legitimate interest in purchasing products which would be fully compatible with the original (not only in a technical but also aesthetic respect).

The Supreme Court supported the lower instance's finding of sufficient "competitive individuality" of the original and likelihood of deception as to the origin of the imitation. However, the Supreme Court did not accept the claimant's argument that reasonable measures had been available to avoid such a deception, rendering said likelihood of deception as to the origin to be "avoidable". Rather, the defendant's customers would have a legitimate interest in selecting a product which would meet, in terms of price and quality, their specific needs. Such interest would not be limited to first acquisitions but extend likewise to extension, substitutes and accessories. The defendant's customers' interest in a compatibility with the original in case of supply difficulties with the original would also be an argument, according to the Federal Supreme Court.

These standards, in principle, would also apply in case where customers of the defendant had an interest in purchasing products which would be fully compatible with the original also in aesthetic terms. Against this background, the defendant was not required to use a "striking trademark" on the accused product to show a different origin, because final consumers of the retailers (not being the addressed public for finding likelihood of confusion, which was the retailer itself) would not appreciate such branding policy.

Remarks

Prima facie, this case law seems to be limited to the field of retailers, with a clear distinction between the defendant's customers (being clearly professional) and these customers' buyers (clearly not professional). It remains to be seen whether other areas of economic conflicts between competing companies will arise where the standards of compatibility and preventability explained above also apply.

13. German Federal Supreme Court: Genuine use of a Community trademark exclusively used in Germany – Use of a mark as part of a company name (decision of February 6, 2013 – Case I ZR 106/11 – VOODOO).
Reported by Karin Costescu

The present decision of the Federal Supreme Court is a further decision on the widely debated issue concerning the question whether use of a Community trademark (CTM) in one Member State only may be sufficient to establish 'genuine use' according to Article 15 (1) CTMR.

The Court of Justice of the European Union decided in the ONEL/OMEL case (*cf.* BARDEHLE PAGENBERG IP Report 2013/I) that Article 15 (1) CTMR must be interpreted as meaning that the territorial borders of the Member States should be disregarded in the assessment of whether a trademark has been put to "genuine use in the Community" within the meaning of that provision. A Community trademark is put to "genuine use" within the meaning of Article 15 (1) CTMR when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the European Community for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trademark and the territorial extent and the scale of the use as well as its frequency and regularity.

The plaintiff, a Swiss joint-stock company, is the holder of a license to CTM No. 1911742 "VOODOO", which was registered in January 2005 with a priority of October 2000 for sporting goods. In December 2009, the plaintiff granted a sublicense to the Munich-based company "Voodoo Flyfishing Ltd." also for past usage of the mark "VOODOO". The owner of the CTM "VOODOO" had authorized the plaintiff to claim the rights to the trademark "VOODOO" in its own name.

The defendant operates websites on which various goods for fishing are offered – *inter alia* baits for fish under the name "VOODOO Pellets". The plaintiff filed a lawsuit because of trademark infringement in May 2009, whereupon the defendant raised the defence of absence of genuine use of the mark "VOODOO". Furthermore, the defendant filed invalidity requests at the Office for Harmonization in July 2009 and March 2010 because of non-use of "VOODOO". Both the District Court and the Court of Appeal ruled in favour of the plaintiff. The Federal Supreme Court annulled the decision and referred the matter back to the Court of Appeal.

The Federal Supreme Court rejected the argument that the infringement action should be suspended because of the pending cancellation action. The Court considered Article 104 (1), (2) CTMR to be inapplicable as the request for invalidity of "VOODOO" was not made before the action has been brought to court.

As regards the issue of "genuine use" of "VOODOO", the Court considered that genuine use in Germany would be sufficient, referring to "ONEL/OMEL". The Court found that the evidence of "VOODOO" being used as a mark was not sufficient. Use of the company name "Voodoo Flyfishing Ltd.", even with the sign ® after "Voodoo", was not use of a mark but use of the name of the company. Furthermore, even though the sublicense covered past use of the mark "VOODOO", such earlier use by the sublicensee was not used with the agreement of the proprietor.

Karin Costescu

Remarks

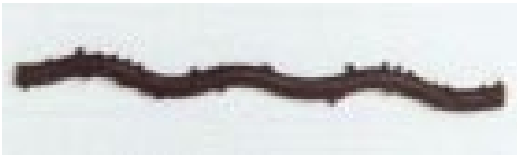
The decision is remarkable because of the ease with which the Supreme Court accepted that use in Germany, without claiming any use elsewhere, was sufficient for maintaining rights in a CTM. The decision further confirms established case law that use of a mark as part of a company or trade name generally is not perceived as use of a "mark". The novel element in the present decision is that adding the ® to the name does not alter the perception. Furthermore, a license agreement with a potential infringer does not have any retroactive effect.

14. German Federal Supreme Court: One representation of a 3D trademark can suffice to clearly reveal the subject matter of a sign (decision of February 28, 2013 – Case I ZB 56/11 – Schokoladenstäbchen II/Chocolate Sticks II).
Reported by Dr. Philipe Kutschke

Dr. Philipe Kutschke

The trademark holder filed an international trademark registration (IR No. 869 586), claiming *inter alia* protection in Germany, based on a national French 3D trademark, providing the following coloured representation of a chocolate stick:

A third party filed an invalidation request, arguing that the trademark was devoid of any distinctive character and exclusively served to designate the kind of product (Section 8 [2] No 1, No 2 German Trademark Act). Further to that, it claimed infringement of the principle of clarity of a trademark (Section 3 [1], 8 [1] German Trademark Act / Article 2 of Directive 2008/95/EC).



Whereas the German Patent and Trademark Office (German PTO) rejected the invalidation request, the Federal Patent Court ordered cancellation of the trademark, arguing that the trademark falls under Section 3 (1), 8 (1) German Trademark Act (*cf.* IP Report 2011/V). Upon the trademark holder's leave to appeal, the Federal Supreme Court overturned the decision and remitted the case for further consideration to the Federal Patent Court.

The Federal Supreme Court confirms that a trademark does not meet the requirement of clarity if its representation refers to various forms of appearance of a product. However, in the present case the representation of the trademark reveals the subject of protection (*i.e.*, shape and structure) clearly enough. Contrary to the Federal Patent Court, the Federal Supreme Court also finds that one representation in general suffices to disclose the three-dimensional character of a mark if the representation is of good quality. However, in such cases, the scope of protection may be limited to what is actually visible. According to Article 3 (1) Madrid Agreement (Marks), whether or not the trademark meets the requirement of clarity has to be evaluated on the basis of the representation as recorded in the register of the country of origin (here: France), and not as recorded in WIPO's register for international trademark registrations or other national registers subject to subsequent filings.

Further to that, the Court states that the grounds of an invalidation request filed against the German part of an International Registration are limited as Article 5 (1) Madrid Agreement (Marks) provides that a request for invalidation can only be based on grounds laid down in Article 6quinquies B Paris Convention. However, as regards capability of a sign to be represented graphically and clarity of the representation of a trademark as provided in Sections 8 (1), 3 (1) German Trademark Act, these grounds for invalidation of a trademark fall under Article 6quinquies B (iii) Paris Convention, stating that a trademark may be subject to refusal or cancellation if it is contrary to public order.

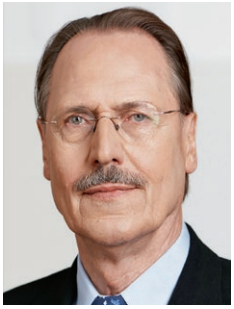
Remarks

Although in the present case it appears that the trademark owner in the end may successfully defend against the invalidation request based on Sections 3 (1), 8 (1) German Trademark Act, in case of filing an application for a 3D mark it is nevertheless advisable to provide the trademark office with high quality representations from different perspectives, as drawings or photographs. Finally, the trademark holder in the present case will still have to withstand the challenge that the mark is devoid of distinctive character and descriptive.

While it is generally assumed that successfully enforcing 3D trademarks is difficult, for varying reasons, the proprietor of the present 3D mark actually was successful in an action against an infringer. For details, we refer you to the decision of the Hamburg Appeals Court of October 8, 2008 (Case 5 U 52/06 – Schokoladenstäbchen/chocolate sticks), published with a detailed commentary in: Hartwig, Design Protection in Europe, Volume 4.

15. German Supreme Court: Coexistence of conflicting marks over a long period – Acquiescence and prescription (statute of limitations) – Parallel application of trademark law and unfair competition law (prevention of deception through confusion about origin of goods or services (decision of August 14, 2013, I ZR 188/11 – "Hard Rock Cafe")

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



Professor Dr. Alexander v. Mühlendahl, J.D., LL.M.

In a case of first impression, the German Supreme Court re-assessed the parallel application of trademark law and unfair competition law (prevention of deception through confusion as to commercial origin of goods or services) and held – contrary to its previous case law – that in principle a parallel application is required under European Union law. In the course of the judgment the Supreme Court clarified the application of acquiescence or forfeiture ("Verwirkung") to trademark infringement and unfair competition claims, as well as the application of the statute of limitation or prescription ("Verjährung").

The claimants are (1) the proprietor of a series of German "Hard Rock Cafe" trademarks first applied for in 1986 and (2) the operator of the German "Hard Rock Cafes" in Berlin, Munich and Cologne. In the meantime an additional "Hard Rock Cafe" opened in Hamburg. The defendants are (1) the operator of a "Hard Rock Cafe Heidelberg", established in 1978, where merchandise articles are sold, such as T-shirts, and caps, (2) the manager of the first defendant, and (3) the owner of various domain names containing "hardrockcafe". In 1993, the claimants obtained a preliminary injunction against the defendant (1) prohibiting the use of "Hard Rock Cafe" for merchandising articles. When the defendants opposed the injunction and pointed out that they had been operating their establishment in Heidelberg since 1978 and selling goods since 1985, the claimants withdrew their request for preliminary relief. No further contact occurred until 2008 when the claimant complained about the domain names. The present action followed with which the claimants sought injunctive and other relief (damages etc.) against the use of "Hard Rock Cafe" as word or logo for restaurants and for merchandising articles and as regards the challenged domain names. The action was dismissed as unfounded in first and second instance because of acquiescence ("Verwirkung"). The Supreme Court reversed and remanded in part, and confirmed in a (smaller) part.

Trademark infringement:
The Court concluded that most of the infringement claims were not barred by acquiescence. In order for acquiescence to apply, infringement acts must be "continuing" unaltered; committing new infringement acts starts a new period of acquiescence. Operating the Heidelberg restaurant under "Hard Rock" was the only act which the claimants could not prohibit. As regards logos used for the restaurant, each variation would start the relevant time period again. Advertising for the restaurant, including on the Internet, was seen as renewed acts of infringement. As regards the domain names used by the defendants, the contested judgment of the Karlsruhe Appeal Court did not clearly establish the starting time for acquiescence. Also, in 2002, at the time when the domain names were acquired, the defendants may well have been acting in bad faith. As regards claims for relief against merchandising articles, these were held by the Supreme Court to be justified. Nevertheless, for acts prior to January 1, 2006, claims were precluded by the applicable statute of limitations (three years). The Appeal Court also did not make any findings as regards possible rights

acquired by the defendants prior to the filing of "Hard Rock" trademarks by the claimants. Claims under German unfair competition law: The claimant (2), the operator of German "Hard Rock Cafes", relied on unfair competition claims. The relevant provisions are those in Section 5 and Section 3 German Act against Unfair Competition, adopted in transformation of the EU's Unfair Business Practices Directive, which prohibit misleading advertising (deception) through creation of confusion as regards the origin of goods or services. The Federal Supreme Court expressly abandoned its earlier case law which had given precedence to trademark claims and precluded a parallel or concurrent application of unfair competition law to the same factual situation already judged under trademark law. The case was remanded to the court below for appropriate findings and conclusions.

The Court considered possible that the defendants acquired rights in their designation which would entitle them to continue their use, subject to measures to avoid deception as regards the relationship to the claimants.

The Court also considered that the claims may be barred by acquiescence. While acquiescence usually does not apply in cases of deception, when deception as to commercial origin is at issue it would be incoherent to apply acquiescence to trademark claims but not to unfair competition claims.

The Court also considered possible claims based on No. 13 of the Annex to Section 3 German Act against Unfair Competition ("Blacklist"), according to which it is a *per se* offense when goods or services are advertised which are similar to those of a competitor with the deliberate intent ("Absicht") to deceive about the commercial origin of those goods or services. Such claims, which appear plausible in the present case because consumers may believe that the Heidelberg restaurant belongs to the claimants' chain, are not subject to limitation in view of the time expired. The Supreme Court interpreted the term "Absicht" (deliberate act) as including "bedingten Vorsatz" (conditional intent) on the part of a defendant who considers deception possible and would accept it occurring. In applying the prohibition, the question of who was first on the market is not relevant.

The Court also considered possible claims based on mistakes on the part of the public about the commercial origin of the defendants' products.

Remarks

The judgment is of first impression because it amounts to a spectacular turn-around in the Court's case law when the same acts are judged under (European or German) trademark law and under German unfair competition law. Previously, in a series of cases, the Court had given precedence to trademark law. This is now abandoned, in view of the binding rules found in the European Union's Unfair Business Practices Directive which prohibits outright intentional deceptions as to the origin of goods or services and also allows anyone to pursue acts misleading the public about the commercial origin of goods or services, including through the use of trademarks or other designations.

While previously German practice accepted, to some degree, an application of the prohibition of "slavish" imitation (misappropriation) through copying of product appearance alongside trademark or design law, the novel aspect of the present judgment is that in future concurrent

application of the prohibition of creating likelihood of confusion is also possible. The Court is also innovative in this respect by importing concepts from trademark law into unfair competition law, such as the notion of acquiescence, arguing – convincingly – that it would appear incongruent to bar the trademark proprietor after a certain time, but not competitors of the alleged infringer.

The significance attributed to this judgment by the Court itself is evidenced by the great care with which it is written, the unusual length for German Supreme Court judgments in the field of IP rights and unfair competition – 99 paragraphs, 40 pages –, and the fact the Court has designated the judgment for inclusion in the "official" collection of Supreme Court decisions. Also, the judgment was made available within a few weeks of its pronouncement on August 18, 2013, whereas this normally takes four to six months.

The judgment's effect will be felt for many years to come although it will take some time before all lower courts – and the actors in this field, including lawyers – will have adjusted to the new doctrines.

16. Recent amendments of German design law – old wine in new skins?

Reported by Dr. Henning Hartwig

Whoever is interested in protecting the two- or three-dimensional outer appearance of a product is well-advised seeking protection by way of a European or national design registration (provided the shape is new and has individual character).

German design law has been established already in 1876, with major changes under the mandatory Designs Directive implemented in 2004. What remained, however, was the German synonym for "design" which is "*Geschmacksmuster*" and which can also be found in the German version of the Designs Directive and the Community Designs Regulation.

The German legislator, somehow ahead of its time, now found that "*Geschmacksmuster*" is out-of-date and adopted an amendment to the existing Act, which will now be named "Designgesetz" (Designs Act) and which will enter into force on January 1, 2014, basically introducing the term "design" instead of "*Geschmacksmuster*" throughout the Act. It will be interesting to see whether the European legislator will follow; by the way, Switzerland uses "design" already for years whereas Austria opted for "Muster".

The new Design Act also changes the way the validity of a registered German design may be challenged: Germany opted for adapting the German invalidity proceedings to European rules provided under the Regulation. As a consequence, requests for a declaration of invalidity of a German design registration will have to be filed at the German Patent and Trademark Office (GPTO) rather than filing nullity actions with a regular German court. However, the possibility for defendants of lodging a counterclaim for a declaration of invalidity in proceedings on the merits before such a court (injunctive relief and/or secondary claims, such as information and damages) will remain available (Section 33 [3] German Designs Act).

As to the relation between regular court proceedings for injunctive relief and related secondary claims (including a possible counterclaim for a declaration of invalidity) and a request filed with the GPTO for a declaration of invalidity, German design law provides that court proceedings may or must be stayed if specific conditions are met, regardless of whether the court action is earlier or later than the invalidity action before the GPTO. Accordingly, court proceedings must be suspended "if the Court finds the design to be invalid" (Section 34b Sentence 2 German Designs Act). In case that a request for a declaration of invalidity of a German design registration has been finally rejected by the GPTO, a German infringement court is bound by such a decision only if the parties are the same (Section 34b Sentence 3 German Designs Act). Thus a later counterclaim in civil court proceedings is inadmissible if a request for a declaration of invalidity of a German design registration, involving identical parties, has been finally rejected by the GPTO (Section 52b [2] German Designs Act). Likewise, a later request for invalidation is inadmissible if, in court proceedings involving identical parties, there is a final decision on the validity of the design at issue (Section 34 [1] Sentence 3 German Designs Act).

Interestingly, the new Designs Act does not provide for the situation where, between identical or different parties, a later request with the GPTO is filed after a prior counterclaim was lodged. While such a situation may not be likely to occur, it should be treated in the same manner as co-pending actions are generally treated, *i.e.*, if between the same parties and concerning the same subject matter, the later action is not

Dr. Henning Hartwig

admissible, whereas, if between different parties, the later action may be stayed.

Overall, the German legislator's explicit idea is to concentrate "design law know-how" with the GPTO (as far as validity issues are concerned) and, simultaneously, offer a less expensive solution for challenges to validity (the invalidity fee is EUR 300.00), all of this with the idea of facilitating access to such actions for small and medium-sized entities. It remains to be seen whether this offer will be widely accepted.

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