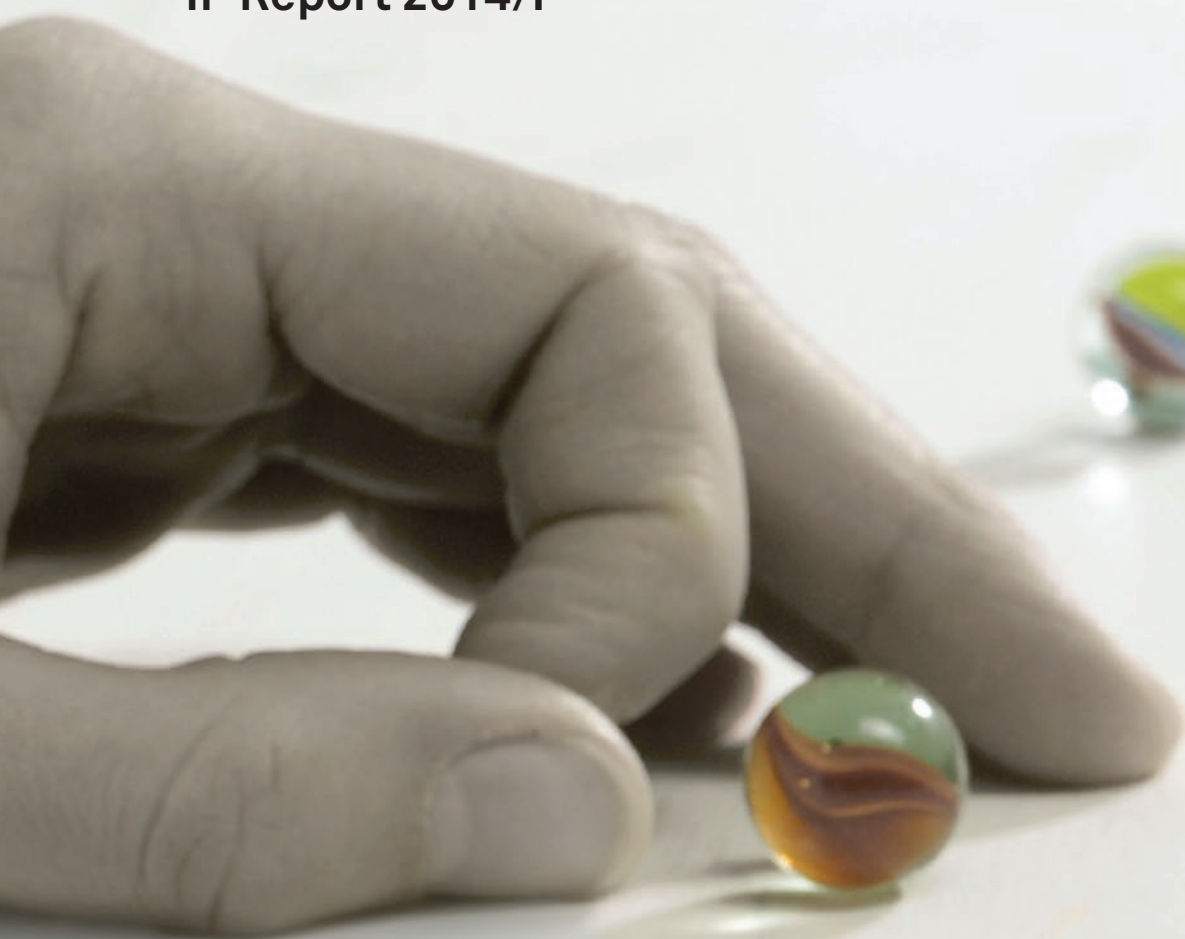




**IP Report 2014/I**

**BARDEHLE  
PAGENBERG**





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**1. German Federal Supreme Court on calculating damages based on infringer's profits in case of patent infringement (decision of September 3, 2013 – Case X ZR 130/12 – Kabelschloss/Cable lock)**

Reported by Johannes Heselberger and Tiffany Zilliox, LL.M.

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**When calculating appropriate damages on the basis of profits made by a patent infringer, it generally has to be taken into account whether the customers of the patent infringer were aware of the technical features or at least of the advantages of the patented invention. These factors may influence the extent to which the use of the infringed patent-in-suit caused the profits made by the infringer with infringing products.**

In the event of infringement of an intellectual property right, the right holder is entitled to claim damages from the infringer calculated on the basis of three alternative methods, namely license analogy, infringer's profits and lost profits of the right holder. The right holder is entitled to choose the calculation method he prefers and which will result in the highest amount of damages.

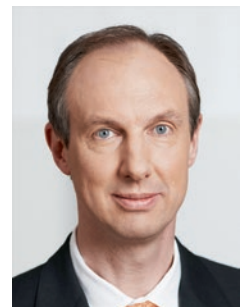
According to the established case law, the damages which may be claimed on the basis of infringer's profits are limited to the amount of the profits which is attributable to – generally meaning caused by – the infringement of the intellectual property right. With respect to patent infringement, the percentage share of the infringer's profits which is causally attributable to the use of the patented invention is depending on the relevance and importance of the technical features provided by the use of the patent-in-suit for the decision of the relevant customer to purchase the infringing product – as compared to the relevance and importance of other factors which may influence the purchasing decision of the relevant customers. Such factors may be for example the value of non-infringing features,

the price advantage of the infringing products, the pre-existing business relationship between the infringer and his customers, infringer's customer services, infringer's company image and renowned trademarks, etc.

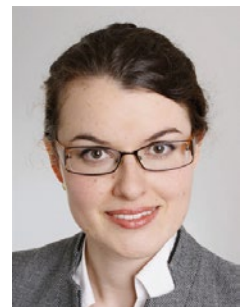
It rests with the infringement court to estimate which share of the profit is caused by the use of the invention of the patent-in-suit. The estimation of this causality factor is a case-by-case decision depending on the specific circumstances of each individual case. In general, infringement courts assume that a considerable part of the profits are attributable to factors other than the use of the patented technology.

In the case at hand, the Dusseldorf District Court and the Dusseldorf Appeal Court ruled that 10% of the profits made by the infringer with infringing cable locks and its holders are attributable to the use of the patent-in-suit. With the present decision, the Federal Supreme Court rejected the appeal of the patentee, who claimed damages in the amount of 40% of infringer's profits, and confirmed that the legal considerations of the first and second instance courts with respect to the estimation of the causality factor were correct:

According to the usual approach, the first and second instance courts assessed the importance of the technical teaching of the patent-in-suit for the purchasing decision by analyzing whether the invention concerns an entirely new object or only an improvement of details of a well-known object. In this regard, a comparison of the patented invention to the relevant prior art allows the courts to evaluate the importance of the improvement provided by the patent-in-suit.



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Tiffany Zilliox, LL.M.



Further, the first and second instance courts considered whether and to what extent technical features and advantages of the teaching of the patent-in-suit were specifically advertised by the infringer with respect to the infringing embodiments. If specific technical details and the corresponding advantages of the patented invention were known to the customers of the infringing products, this may have influenced their purchasing decision. The courts outlined that the customers may have been aware of the patented features of the infringing products and the corresponding technical and economic advantages because of a specific packaging of the infringing products or direct or indirect advertisement by the infringer. In general, whether specific technical details and the corresponding advantages of the patented invention are known to the customers of the infringing products is a factor that regularly allows the courts to evaluate the extent to which the market chances of the infringer's products were influenced by the use of the patented invention.

Additionally, the Federal Supreme Court emphasized that there are many other reasons and factors which influence a product's success than the knowledge of specific technical features by the customers, especially if the infringing products are sold to private end consumers.

With respect to the specific circumstances of the case at hand, the first and second instance courts found that the patent-in-suit only improved some details of well-known cable locks and its holders. Further, the patented features of the infringing embodiments and the corresponding technical and economic advantages were not perceptible for the relevant customers, neither in view of the specific packaging nor regarding the advertisement of the infringing product. These factual considerations led the Federal Supreme Court to the conclusion that it was correct to assume a causality factor of 10% and, thus, to determine 10% of infringer's profits as appropriate damages for the patentee.

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## Remarks

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The present decision takes into account the ruling in the decision "Flaschenträger/bottle carrier" of the Federal Supreme Court as of July 24, 2012, in which case the causality factor was estimated to be 50% of infringer's profits (Case X ZR 51/11, previously reported in BARDEHLE PAGENBERG IP Report 2013/I, under paragraph 2).

However, in the present, the Federal Supreme Court went further by clarifying that the perception of the customers and the advertisement of technical features and advantages related to the patented invention are factors which should be generally and regularly considered by the courts within their overall estimation of the causality

of the patented invention, because these factors may influence the customer's decision to buy infringing products and, thus, the profits made by the infringers.

Nevertheless, it has to be kept in mind that the customers' awareness of the patented technical features and its advantages is only one of a number of relevant factors for the estimation of causality. In practice, the courts take into account many other factors which may influence an infringing product's success on the market. As a result, the courts' estimation of the appropriate damages based on the actual profits of the infringer is a case-by-case decision which is rarely predictable.

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**2. European Patent Office: Amendment to Rule 36 of the Implementing Regulations abandoning the time limits for filing divisional applications and entering into force on April 1, 2014**

Reported by Dr. Stefan V. Steinbrener and Dr. Hans Wegner

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**Last October we reported on the decision of the Administrative Council dated October 16, 2013 amending Rule 36 of the Implementing Regulations to the EPC and abandoning the time limits for filing divisional applications which had been introduced in 2009. As to the background of this amendment, reference is made to BARDEHLE PAGENBERG IP Report 2013 Special/II. In the meantime the Administrative Council has also amended the Rule relating to Fees and fixed the fees foreseen in new Rule 38 (4) EPC for divisionals from divisionals.**

The situation under the revised provisions can be summarized as follows:

1. Rule 36 (1) EPC as amended reads as follows:

“The applicant may file a divisional application relating to any pending earlier European patent application.”

The amendment enters into force on April 1, 2014, and is applicable to divisional applications filed on or after that date.

2. In accordance with the Guidelines for Examination A-IV, 1.1.1.1, the following principles apply in respect of the pendency of an application:

- An application is pending up to (but not including) the date that the European Patent Bulletin mentions the grant of the patent.
- If an application is deemed to be withdrawn, the application is no longer pending when the

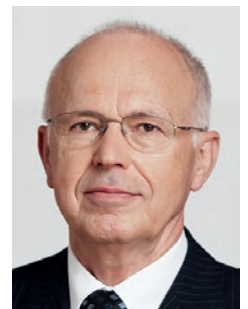
non-observed time limit has expired, unless the loss of rights is remedied by further processing or by re-establishment of rights, as the case may be.

– If an application has been refused, it remains pending if an admissible appeal is filed. If no appeal is filed, the application remains pending until the expiry of the time limit of two months for filing the appeal.

3. The amendments lead to the following practical consequences and recommendations:

– For an application pending on April 1, 2014, a divisional application may be filed even if the presently applicable time limits of 24 months have already lapsed. The lapse of the time limits for filing a voluntary or obligatory divisional application in Rule 36 (1) a) or b) EPC in its version as applicable until the end of March 2014 has only negative consequences for an application which is no longer pending on April 1, 2014. If a divisional application may be needed, it might therefore be preferable to prolong the pendency of an application.

– In the communication under Rule 71 (3) EPC (intention to grant), the applicant is given a non-extendable time limit of four months for fulfilling the formal requirements for grant (translation of the claims and payment of the fee for grant and publishing). When these requirements are fulfilled, the EPO issues the decision to grant. In this decision, the applicant is informed of the date of publication of the grant. The time period between fulfilling the formal requirements for grant and publication in the Bulletin may be somewhat less than six weeks.



Dr. Stefan V. Steinbrener



Dr. Hans Wegner



Thus, an applicant having recently received a Rule 71 (3) communication and using the full time period of four months can be sure that the mention of the grant will be published after April 1, 2014, *i.e.* the application will be pending on that date and a divisional application may still be filed.

4. Pursuant to Article 2 item 1b of the Rules relating to Fees as amended, the additional fee in the case of a divisional application filed in respect of any earlier application which is itself a divisional application has been fixed as follows:

- Fee for a divisional application of second generation: 210 €
- Fee for a divisional application of third generation: 420 €
- Fee for a divisional application of fourth generation: 630 €
- Fee for a divisional application of fifth or any subsequent generation: 840 €

If a parent as well as a divisional application is pending, the applicant may file a further divisional application based either on the parent

or on the divisional application. If the further divisional is filed as a divisional from the parent application, no additional fee pursuant to Article 2 item 1b of the Rules relating to Fees becomes due.

Any of the above fees has to be paid in addition to the normal filing fee.

The amount of this fee is until the end of March 2014:

115 € (online filing) and  
200 € (no online filing).

It has been increased with effect from April 1, 2014 to:

120 € (online filing) and  
210 € (no online filing).

Finally, all accumulated annuities have to be paid for a divisional application, which were already due for the parent application. In a typical case, the accumulated annuities for a second or higher generation divisional application are significantly higher than the additional fee pursuant to Article 2 item 1b of the Rules relating to Fees.



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**3. Dusseldorf Appeal Court: Further guidance on the requirements of equivalent patent infringement (decision of November 7, 2013 – Case I 2 U 29/12 – WC-Sitzgelenk/ Toilet seat hinge)**

Reported by Dr. Thomas Gniadek and Michael Kobler

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**The German Federal Supreme Court has established a three-step-test to determine infringement under the doctrine of equivalence. According to this test, the third step (“equivalence”) requires that the considerations of the skilled person for finding the surrogate, equivalent means are based on the patent claim and the patent specification in such a manner that the skilled person considers the differing embodiment with its modified means as a technical solution which is equivalent to the technical teaching of the patent. However, there is no such equivalency if the wording of the claim shows that the patent applicant decided to select a specific means for achieving a certain effect while abandoning other surrogate means – namely the attacked means – which are disclosed in the patent specification as being capable of achieving the same effect (cf. Federal Supreme Court, GRUR 2011, 701 – Okklusionsvorrichtung; Federal Supreme Court, GRUR 2012, 45 – Diglycidverbindung). The Dusseldorf Appeal Court now clarifies that such a decision to select specific means from a set of alternatives and to abandon the alternatives may only be assumed if the patent specification shows that the patent applicant was aware of the alternative means achieving the same effect and consciously decided not to claim these alternative means.**

In the case at hand, the plaintiff was the owner of the German part of European Patent 1 199 020 B1 (“patent-in-suit”) concerning a hinge for a toilet seat for securing a toilet seat assembly to a ceramic body. The hinge in accordance with

claim 1 of the patent-in-suit included an adapter member with an approximately cylindrical base body in which a radial blind bore was formed for insertion on a gudgeon (feature 4.3 of claim 1). The defendant produced and distributed various toilet seat assemblies with hinges. One of these assemblies (“attacked embodiment I”) included an adapter member with a radial blind bore, whereas two of the defendant’s assemblies (“attacked embodiment II” and “III”) included adapter members with a stepped bore, going all through the adapter members.

The plaintiff filed an infringement suit with the Dusseldorf District Court asserting literal infringement of claim 1 of the patent-in-suit by the defendant’s attacked embodiment I and equivalent infringement by the attacked embodiments II and III. The Dusseldorf District Court decided in favor of the plaintiff as far as literal infringement by the attacked embodiment I was concerned, but dismissed the complaint with regard to the alleged equivalent infringement by the attacked embodiments II and III. Notably, it was undisputed among both parties that the adapter members of the attacked embodiments II and III did not include a radial blind bore, and, therefore, literal infringement of claim 1 was out of the question. Equivalent infringement in view of the attacked embodiments II and III was also denied by the Dusseldorf District Court:

According to the aforesaid three-step-test, there is a patent infringement under the doctrine of equivalence, if the attacked embodiment does not make literal use of a certain feature of the patent claim, but provides a surrogate means which is equivalent to this feature of the patent claim. The surrogate means in question must meet the following conditions: (1) The surrogate



Dr. Thomas Gniadek



Michael Kobler





means of the attacked embodiment must have an “equal effect” as compared with the feature of the patent claim which is not literally realized. This means, the problem of the invention must be solved with means having objectively identical effects. (2) The surrogate means must be “obvious” to a skilled person at the priority date. This means that the skilled person must be able to discover the surrogate means as having identical effects without any inventive considerations and on the basis of his expert knowledge. (3) The skilled person must consider the surrogate means as being “equivalent” to the teaching claimed in the patent. This means that the considerations of the skilled person for finding the surrogate, equivalent means must be based on the patent claim and the patent specification in such a manner that the skilled person considers the differing embodiment with its modified means as a technical solution which is equivalent to the technical teaching of the patent. However, there is no such equivalency if the wording of the claim shows that the patent applicant decided to select a specific means for achieving a certain effect while abandoning other surrogate means – namely the attacked means – which are disclosed in the patent specification as being capable of achieving the same effect.

The Dusseldorf District Court held that the third requirement was not fulfilled since claim 1 of the patent-in-suit explicitly referred to a “blind bore” (*i.e.* a bore which does not go all through the drilled material), while the specification of the patent-in-suit mentioned various kinds of bores, for example “bores” in general, and, more specifically, “blind bores”, “(drilled-)through bores” and “stepped bores”. Therefore, the Court regarded the use of the term “blind bore” in feature 4.3 of claim 1 as a selective decision (“Auswahlentscheidung”), excluding the attacked embodiments II and III with its “stepped (through-)bores” from equivalent infringement.

In the present decision, the Dusseldorf Appeal Court affirmed the Dusseldorf District Court’s

judgment as far as literal infringement of claim 1 by the attacked embodiment I was concerned, but set aside the District Court’s judgment as far as it dismissed the action in view of the alleged equivalent infringement of claim 1 by the attacked embodiments II and III.

With respect to the third requirement under the doctrine of equivalence (“equivalence”), the Dusseldorf Appeal Court outlined that special circumstances need to be at hand for excluding “obvious” surrogate means having the “same effect” from patent protection under the doctrine of equivalence. Generally, such special circumstances may only be assumed if the patent specification shows that the patent applicant was aware of the alternative means achieving the same effect and consciously decided not to claim these alternative means (“selective decision”; “Verzichtssachverhalt”). The Dusseldorf Appeal Court stated that, in the case at hand, the skilled person can detect from the functional term “formed for insertion on a gudgeon” contained in claim 1 that according to the patent claim the function of the bore is decisive. When reading the patent specification the skilled person cannot find a hint that – for realizing said function – the technical teaching of the patent-in-suit depends on a bore with a closed bottom, meaning a “blind bore”. Instead, according to the patent specification, the technical teaching depends on the fact that the radial bore is formed for insertion of a gudgeon and that the radial bore provides a stop for preventing the gudgeon from slipping through. In the case at hand, various kinds of bores were mentioned in the specification – however, they were not mentioned in the context of the relevant feature 4.3 of claim 1, *i.e.* as means to mount the hinge to the ceramic body. Against this background, the Court did not see hints in the patent-in-suit suggesting that the patent applicant was aware of “stepped (through-)bores” having the same, equivalent technical effect. Thus, the Court denied a selective decision of the patent applicant excluding “stepped (through-)bores” from (equivalent) patent protection. The Court further explained



that a selective decision of the patentee against certain alternative means – by not mentioning them in the wording of the claim – could also not be inferred from the fact that these alternative means were so obvious to the skilled person

that the patent applicant must have known of them.

Therefore, the Dusseldorf Appeal Court found equivalent infringement, in the case at hand.

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### Remarks

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The present decision of the Dusseldorf Appeal Court is remarkable and fortunately clarifies the recent case law of the German Federal Supreme Court on the doctrine of equivalence (*cf.* Federal Supreme Court GRUR 2011, 701 – Okklusionsvorrichtung; Federal Supreme Court GRUR 2012, 45 – Diglycidverbindung). In view of the Federal Supreme Court’s decisions “Okklusionsvorrichtung” and “Diglycidverbindung” and respective case law of Dusseldorf Appeal Court, it has been claimed by many practitioners in the field of patent law that patent infringement under the doctrine of equivalence was “dead”. In fact, in the last few years, no case of established equivalent infringement has been reported in Germany. With respect to the existing case law, it has been claimed by practitioners that there was no equivalent patent infringement if the surrogate means is mentioned in the patent specification. Allegedly, only if the surrogate means is not mentioned in the specification, there was no “selective decision” with respect to the means specified in the wording of the claim. This approach made things complicated as the surrogate means might not be “obvious” for the skilled person if it is not mentioned in the specification at all. Thus, the Dusseldorf Appeal Court’s statements that a “selective decision” can only be assumed under special circumstances

are highly appreciated. Thus, the present decision might encourage plaintiffs to argue equivalent infringement more often again.

The present decision should be carefully considered when applying for a patent and drafting the claim and the specification: Surrogate means should either be included in the scope of literal patent protection by skillfully phrasing the wording of the claim(s), or – if this is not possible – they should not be mentioned in the patent specification at all. In the latter case, it should be considered whether the function of the claimed means can be mentioned in the wording of the claim and whether such function can be further illustrated in the patent specification. The chance of gaining patent protection under the doctrine of equivalence by means of a precise description of the function should outweigh the risk of including determinations allegedly limiting the scope of protection. In the absence of accepted generic terms for describing the means and the function, the patent applicant may create its own terminology, in this regard. In this context, it should be noted that, under German Patent law, the patent is regarded to be its own “dictionary” and is to be understood out of itself (Federal Supreme Court GRUR 1999, 692 – Spannschraube).

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**4. Munich District Court: Disclosure of employee invention by e-mail not sufficient in view of written form requirement (decision of May 16, 2013 – Case 7 O 6031/12 – Spülbare Mehrschichtfolie/Flushable multilayer film)**

Reported by Jörg Wahl and Diana Fichtner, LL.M.

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**First, the period of claiming an employee invention according to Section 6 (2) German Employee Invention Act in its version applicable until September 30, 2009, is not initiated by an invention disclosure via e-mail as this does not meet the requirement of a “written form” of the invention disclosure. Second, the period of claiming an employee invention (Section 6 [2] Employee Invention Act, version applicable until September 30, 2009) starts anew once the employee – after justified request of the employer made before the end of this period – hands over a written invention disclosure form.**

Plaintiff – a former employee of Defendant – requested the transfer of several patents/patent applications of Defendant. In his capacity as employee of the Defendant, Plaintiff had (co-) invented the service inventions. He argued that Defendant had not successfully claimed these and thus the rights to the inventions had not been transferred to Defendant.

In accordance with the prior and commonly used practice in Defendant’s company, Plaintiff had informed the Defendant about the inventions only by e-mail. Regarding one of the inventions (EFO001), Plaintiff inconsistently indicated differing combinations of co-inventors for the same invention in several independent e-mails.

After filing of respective patent applications, Defendant, nonetheless, requested Plaintiff to submit also written, *i.e.* signed disclosure forms for the inventions. Plaintiff subsequently provided these, thereby again naming different

co-inventors and co-inventor shares regarding one of the inventions (EFO001).

Plaintiff argued that already the receipt of his e-mails had initiated the four-month period for claiming the inventions according to Section 6 (2) Employee Invention Act (applicable version until September 30, 2009) and consequently the later claiming by Defendant was belated and had no effect. According to his opinion, a written form as required by Section 5 (1) Employee Invention Act in its applicable version until September 30, 2009, was “nit-picking formalities” and against good faith in the present case since Defendant already had received all necessary information about the inventions by the prior e-mails. The employer had also expressed that he had such knowledge either by respective filings of patent applications or by response e-mails of employees of the Defendant to his e-mail invention disclosures.

The Munich District Court, however, in first instance fully rejected these arguments and found that Defendant had successfully claimed the service inventions of Plaintiff.

The Court emphasizes the great importance of the written form requirement of an invention disclosure to establish legal security and legal clarity according to the former version of the Employee Invention Act, which applied here. In view of the resulting rule-exception-principle, the Court confirms that only in exceptional circumstances a written invention disclosure form is dispensable. This might be the case according to prior case law of the German Federal Supreme Court if (i) the employer already has all necessary knowledge and insight about the invention and (ii) if the employer (clearly)



Jörg Wahl



Diana Fichtner, LL.M.

objectively proclaims that he does not require a written invention disclosure form and therefore such written form would only be “nit-picking formalities”. Such proclamation by the employer might be given if he files a patent application. According to the Munich District Court, the employer must (objectively) express with such act that he does not or will not insist on receiving a signed invention disclosure form.

However, such request for a written invention disclosure form is typically justified if an invention disclosure, which has not been made separately and in written form, might fall into oblivion, otherwise. This in particular applies if

different invention disclosure forms exist and/or if differences occur between a filed patent application and a subsequently submitted invention disclosure form.

In the case at hand, there is no “nit picking” if the employer within four months after filing such patent application still requests the employee to submit a signed invention disclosure form, *e.g.* due to contradicting invention disclosures. In such cases, the period of claiming according to Section 6 (2) Employee Invention Act (former version) would start anew from the date of receipt of the proper invention disclosure form.

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## Remarks

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In addition to the existing case law in this respect (Federal Supreme Court, GRUR 2006, 754 – Haftetikett/ Adhesive Label; Federal Supreme Court, GRUR 2011, 733 – Initialidee/Initial Idea), here, the Munich District Court amends the principals of the “Adhesive Label” case law. If the present decision is upheld in further instances (an appeal is pending before the Munich Appeal Court, Docket No 6 U 2465/13), it significantly shifts the deadline for claiming service invention in favor of the employer. Therefore, in cases of lacking proper invention disclosure forms and nonetheless filed patent applications for service inventions disclosed prior to October 1, 2009, it should be carefully checked whether the above outlined principles apply.

For the sake of good order, under the new Employee Invention Act applicable on service inventions disclosed on or after October 1, 2009, the invention disclosure form does not need to be signed anymore; rather, *e.g.* an e-mail suffices. Further, under the new law, contrary to the situation under the old law, the employer is deemed to have claimed the disclosed service invention within four months without further ado. Thus, the principles of the above discussed decision should not be applicable on set of facts coming under the new Employee Invention Act.

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**5. Dusseldorf District Court: Guidance on exhaustion of patent rights and implied license in case of component sales (decision of December 12, 2013 – Case 4b O 88/12 – Datenübertragungssystem/Data memory system)**

Reported by Dr. Christof Karl, LL.M.

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**In a decision concerning infringement of a combination (system) patent, the Dusseldorf District Court had to deal with the questions of whether and, if yes, under which circumstances the patent rights with respect to a patented device can be exhausted if only components of that device have been put on the market by, or with the consent of, the patent owner. Although the court rejected the defense of exhaustion of patent rights, in the case at hand, it indicated that the sale of a component might lead to an exhaustion of patent rights with respect to a device comprising that component if the component substantially embodies the patented invention.**

The plaintiff is the owner of a patent whose independent system claim is directed to a data memory system having two components, a data memory and a memory controller. The defendant distributes servers in Germany having standardized memory systems with data memories provided by one supplier, and memory controllers contained in processors provided by another supplier. After the court found that the patent-in-suit was essential for the standard implemented by the memory systems in the attacked servers, and that therefore, the attacked servers infringed the patent-in-suit, it had to deal with the defenses based on the doctrine of exhaustion and on implied consent.

The defendant claimed that its supplier of the data memory had a cross-license to the plaintiff's patent portfolio. However, this cross-license was limited to patents on "semiconductor devices", which were defined in the license agreement as being single chip devices. The de-

fendant claimed that its supplier of the memory controller also had a cross-license to the patent portfolio of the plaintiff. This license was limited to "processors".

The court found that the data memories provided by the data memory supplier were "semiconductor devices" and therefore covered by the first cross-license agreement. Furthermore, the processors supplied by the memory controller supplier were found to be covered by the second cross-license agreement. However, the "memory system" claimed in the patent-in-suit was neither a "semiconductor device" nor a "processor" and therefore not encompassed by one of the two cross-license agreements. In other words, the suppliers of the two components of the patented memory system may have had a license to the respective components, but they had no license to the (system) patent-in-suit.

Under established German case law, in principle, exhaustion of patent rights only occurs with respect to a specific product falling under the patent-in-suit. The patent rights with respect to this specific product are exhausted if this specific product has been put on the market by, or with the consent of, the patent owner in a member state of the European Union (EU) or the European Economic Area (EEA). Applying this principle to the case at hand, the court outlined that, generally, the patent rights to the attacked memory system could not be exhausted by the sales of its two components: First of all, although the components might have been put on the market with the consent of the plaintiff, the attacked memory system has not been put on the market with the consent of the plaintiff because there was no license to the system claimed in the patent-in-suit. Second, the



Dr. Christof Karl, LL.M.



components sold by the suppliers did not make use of the teaching of the patent, but exhaustion only applies if the product put on the market falls under the patent. And even in this case, exhaustion only limits the patent rights related to this specific product.

The court then turned to the question of whether there could be circumstances under which the patent rights are exhausted even if only components of the patented system have been put on the market by, or with the consent of, the patent owner. This question has not yet been directly addressed by the case law in Germany. In the legal literature, it has been advocated by some that the German courts should adopt the opinion of the US Supreme Court in *Quanta Computer, Inc v LG Electronics, Inc*, 553 US 617 (2008), and extend the doctrine of exhaustion to cases where the component put on the market substantially embodies the entire patented invention or where the component is an essential element of the patented invention and can reasonably be used only for realizing the patented system. The Dusseldorf District Court explained that the rationale for such an “extended exhaustion doctrine” could only be to prevent that the patent owner enjoys the advantages of the patent more than once.

First, such a danger of double-charging of license fees on different stages of the value creation chain and, thus, a rationale for an “extended exhaustion doctrine” might exist if, in one and the same patent, there is a claim to the overall device and a claim to an individual component of the overall device. This situation is frequently found in the high tech field, where there may be, *e.g.*, a claim to a chip carrying out the invention and a claim to a computer or a mobile device comprising that chip. The court outlined that the scenario in the case at hand

is different, since the patent-in-suit only had a claim to the data memory system but not to one of its components. Thus, in the case at hand, it could be left open whether an “extended exhaustion doctrine” might be applied in the aforesaid scenarios.

Second, a danger of double-charging and, thus, a rationale for an “extended exhaustion doctrine” might exist if the overall device and its individual components are protected by different patents. This was the situation in the case at hand. However, the court held that, generally, there was no reason why the sale of a component protected by one patent should lead to the exhaustion of the rights conferred to by a different patent which is directed to an overall device comprising that component. Thus, the court refused to apply an “extended exhaustion doctrine” in the case at hand. Nevertheless, the court explicitly left open whether this might be different where the inventive concept of the two patents is the same and is substantially embodied in the component – but this was not the situation of the case at hand.

Finally, the court held that even if it was true that, as was claimed by the defendant, the data memories and the memory controllers at issue could reasonably only be used for building the patented memory system, the explicit limitation of the suppliers’ licenses to components prevented that an implied consent to use the system claim of the patent-in-suit could be found. In the case at hand, the component suppliers had accepted the risk that their customers needed to ask for another license for using the entire system claim. Again, the court expressly noted that the result may be different where the patent owner himself sells the components, or the component suppliers have a license also to the system patent.





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**Remarks**

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Although the court rejected the defense of exhaustion of rights, in the case at hand, it indicated that the sale of a component might lead to the exhaustion of the patent rights with respect to a system comprising that component if the component substantially embodies the patented invention. On the other hand, the court also stated that where the components supplied by a supplier having a component license could only be used for building a patented system, an implied license of the recipient of the components to build the patented system cannot be assumed if the component supplier does not have a license to build that system.

As long as the question of exhaustion by component sales has not been clearly answered by case law, component suppliers are well advised to include a clause in the license agreement which confers to their customers the right to build the system for which the component is intended. At least, the agreement should provide them with

the right to supply unlicensed customers. Otherwise they run the risk to not be able to sell the component without committing indirect patent infringement.

System manufacturers should not blindly rely on the license obtained by their component supplier, but verify whether that license expressly provides the recipient of the component with the right to build the system. If not, they should consider seeking a license under the system patent themselves.

Finally, patent drafters should include in the patent application not only a claim to the component embodying the invention, but also a claim to the systems comprising the component. There remains a fair chance that the patent owner can then ask for a license fee from both, the component suppliers and the system suppliers.

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**6. Court of Justice of the European Union: Trademark and copyright infringement through importation of infringing goods into the European Union from a third country and delivery to private purchaser (decision of February 6, 2014 – Case C-98/13 – Blomqvist v Rolex – ROLEX)**

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

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**The Court of Justice of the European Union clarifies that infringing goods sold by a non-EU entity via the Internet and shipped by post or otherwise into the EU are “infringing goods” subject to customs seizure.**

Rolex was informed by Danish customs of the arrival by post from Hong Kong of a shipment to a private individual, Mr. Blomqvist, containing a watch suspected of infringing trademarks and copyrights of Rolex. Mr. Blomqvist did not agree to the seizure and destruction. Rolex brought a case against Mr. Blomqvist seeking an order that he should consent to the final customs seizure. When the case reached the Danish Supreme Court, the court referred the following questions to the Court of Justice of the European Union:

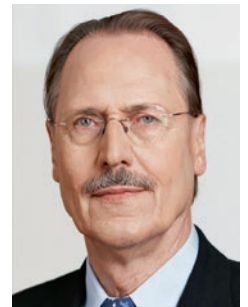
Is Article 4 (1) Directive 2001/29/EC (Information Society Directive) to be interpreted in such a way that it must be viewed as constituting “distribution to the public” in a Member State of copyright-protected goods if an undertaking enters into an agreement via a website in a third country for the sale and dispatch of the goods to a private purchaser with an address known to the vendor in the Member State where the goods are protected by copyright, receives payment for the goods and effects dispatch to the purchaser at the agreed address, or is it also a condition in that situation that the goods must have been the subject, prior to the sale, of an offer for sale or an advertisement targeted at, or shown on a website intended for, consumers in the Member State where the goods are delivered?

Is Article 5 (1) and (3) Directive 2008/95/EC (Trademarks Directive) to be interpreted in

such a way that it must be viewed as constituting “[use] in the course of trade” of a trademark in a Member State if an undertaking enters into an agreement via a website in a third country for the sale and dispatch of goods bearing the trademark to a private purchaser with an address known to the vendor in the Member State where the trademark is registered, receives payment for the goods and effects dispatch to the purchaser at the agreed address, or is it also a condition in that situation that the goods must have been the subject, prior to the sale, of an offer for sale or an advertisement targeted at, or shown on a website intended for, consumers in the State in question?

Is Article 9 (1) and (2) CTMR to be interpreted in such a way that it must be viewed as constituting “[use] in the course of trade” of a trademark in a Member State if an undertaking enters into an agreement via a website in a third country for the sale and dispatch of goods bearing the Community trademark to a private purchaser with an address known to the vendor in a Member State, receives payment for the goods and effects dispatch to the purchaser at the agreed address, or is it also a condition in that situation that the goods must have been the subject, prior to the sale, of an offer for sale or an advertisement targeted at, or shown on a website intended for, consumers in the State in question?

Is Article 2 (1) lit b Regulation (EC) No 1383/2003 (Customs Regulation) to be interpreted in such a way that it is a condition for the application in a Member State of the provisions on the prevention of release for free circulation and the destruction of “pirated



Professor Dr. Alexander  
von Mülhendahl, J.D., LL.M.

goods” that “distribution to the public” must have occurred in the Member State under the same criteria as indicated in the answer to question 1?

Is Article 2 (1) lit a Regulation (EC) No 1383/2003 to be interpreted in such a way that it is a condition for the application in a Member State of the provisions on the prevention of release for free circulation and the destruction of “counterfeit goods” that “[use] in the course of trade” must have occurred in the Member State under the same criteria as indicated in the answers to questions 2 and 3?

The Court gave the following answer:

Regulation (EC) No 1383/2003 must be interpreted as meaning that the holder of an intellectual property right over goods sold to a person residing in the territory of a Member State through an online sales website in a non-member country enjoys the protection afforded to that holder by that regulation at the time when those goods enter the territory of that Member State merely by virtue of the acquisition of those goods. It is not necessary, in addition, for the goods at issue to have been the subject, prior to the sale, of an offer for sale or advertising targeting consumers of that State.

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## Remarks

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The importation of counterfeit or pirated goods into the European Union in small quantities to private purchasers of such goods has puzzled the authorities and the legal profession for some time. The private purchaser is not liable for infringement – he is not using in the course of trade or distributing to the public – and the foreign seller, the “importer”, is often not subject to being prosecuted at reasonable costs. When goods arrive at customs and the purchaser objects to their seizure, he cannot be sued, and often the goods must be released.

In the present case, Rolex used, for now successfully, an inventive approach, namely requesting not a decision that the importer, Mr. Blomqvist, had infringed Rolex rights but seeking a judgment ordering him to consent to final seizure and destruction. Nevertheless, the Danish Supreme Court, to whom Mr. Blomqvist had appealed – he must love his fake Rolex indeed very much – referred the questions reproduced above to the Court of Justice. The Court had no trouble finding that the goods had been distributed and imported into the EU “in the course

of trade” – the seller is a commercial enterprise – and distributed in the EU. The goods are thus “infringing” goods within the meaning of the Customs Regulation. The Court, not being asked a question, did not speak at all to the question of how such infringing goods can be disposed of – perhaps not being sufficiently aware that in the normal course of events when the recipient of the goods or the importer objects to the seizure, the proprietor must bring a civil infringement action, which is, as we have seen, not available against the private purchaser (see above). Thus, it is not clear at all whether the inventive approach by Rolex will succeed – that the goods are “infringing” is not really the final answer.

The proposals presented by the Commission in March 2013 for an amendment of the Community Trademark Regulation and the Trademarks Directive seek to address the issue by an amendment of the infringement rights in Article 9 of the Regulation and the (new) Article 10 of the Directive. That proposal – in the Regulation – reads as follows:



4. The proprietor of a European trademark shall also be entitled to prevent the importing of goods referred to in paragraph 3 lit c where only the consignor of the goods acts for commercial purposes.

That provision states the obvious – the importation is done in the course of trade; and the provision does not provide an answer as to how to enforce it vis-à-vis a third-country seller. In view of the Court of Justice’s Rolex judgment the provision is actually no longer necessary. It remains to be seen how the legislature (Parliament, Council) will react to this decision, and whether they will – as they should – simply delete it from the project.

Regulation (EC) No 1383/2003 referred to in the questions and in the answer was replaced from January 15, 2014, by Regulation (EU) No 608/2013 of the European Parliament and of the Council of June 12, 2013, concerning

customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003 (OJ 2013 L 181, p. 15). The answers of the Court would, however, be the same under the new Regulation because the definition of “counterfeit” and “pirated” goods in Article 2 (5) and (6) of Regulation No 608/2013, while worded somewhat differently, has not changed in substance: What is decisive is an infringement of a trademark or copyright in the Member State into which the goods are brought.

By the way: Under the old and under the new Regulation goods of a non-commercial nature in a traveller’s luggage may not be seized by customs. Thus, Mr. Blomqvist could have peacefully imported a fake Rolex watch if he had travelled to Hong Kong himself, perhaps cheaper than fighting through many instances and losing in the end (counterfeiting and piracy are prohibited in Hong Kong as well).

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**7. Court of Justice of the European Union: Criteria for determining “due cause” for using a third party’s mark with reputation – use prior to the mark acquiring reputation (decision of February 6, 2014 – Case C-65/12 – Leidseplein Beheer v Red Bull – RED BULL)**

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

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**The Court of Justice of the European Union, for the first time, deals with a case where the defendant claims to have acted with “due cause” when using a mark similar to a mark with reputation, relying on use prior to the mark having acquired its reputation.**

Since July 11, 1983, Red Bull is proprietor of the word and figurative Benelux mark RED BULL Krating-Daeng (Krating-Daeng is the name of the Thai drink on which RED BULL is based). Leidseplein is proprietor of the following Benelux registrations:

- the word and figurative mark “The Bulldog”, registered on July 14, 1983;
- the word mark “The Bulldog”, registered on December 23, 1999; and
- the word and figurative mark “The Bulldog Energy Drink”, registered on June 15, 2000.

Leidseplein has also been using “The Bulldog” as a trade name for hotel, restaurant and café services involving the sale of drinks.

Red Bull claimed trademark infringement, and Leidseplein defended its use, *inter alia*, by relying on “due cause” because of its prior use as a trade name. The first instance dismissed all claims, the second instance essentially found in favour of Red Bull. The Hoge Raad – the Dutch Supreme Court – referred the following question to the ECJ:

Is Article 5 (2) Directive 89/104/EEC (Trademark Directive) to be interpreted as meaning that there can be due cause within the meaning of that provision also where the sign that is identical or similar to the trademark with a reputation was already being used in good faith by the third party/parties concerned before that trademark was filed?

The Court gave the following answer:

Article 5 (2) Directive 89/104/EEC must be interpreted as meaning that the proprietor of a trademark with a reputation may be obliged, pursuant to the concept of “due cause” within the meaning of that provision, to tolerate the use by a third party of a sign similar to that mark in relation to a product which is identical to that for which that mark was registered, if it is demonstrated that that sign was being used before that mark was filed and that the use of that sign in relation to the identical product is in good faith. In order to determine whether that is so, the national court must take account, in particular, of:

- how that sign has been accepted by, and what its reputation is with, the relevant public;
- the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered; and
- the economic and commercial significance of the use for that product of the sign which is similar to that mark.

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**Remarks**

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Prior use has been the subject of an earlier case of the Court of Justice of the European Union in the well-known *Chocoladefabriken Lindt & Sprüngli (Golden Bunny; Case C-529/07; cf. BARDEHLE PAGENBERG IP Report 2009/ III)* where the point was made that knowledge of a prior user may be an element in determining whether there was bad faith when seeking registration of a trademark.

In the present case, prior use (not: prior registration) again raises its head, and that in a jurisdiction where prior use of a mark does not have any legal effect, unless it is a well-known mark. What *Leidseplein* relied on actually was not use of a mark, but use as trade name for its restaurant and hotel where also drinks were served. *Leidseplein* could not defend with absence of reputation, or – apparently – absence of similarity or link or detriment, and thus the referring court asked the question whether prior use could amount to due cause.

The two sides in the case took entirely contradictory positions as regards due cause, the one (*Red Bull*) arguing for a kind of objective “compulsion”, the other for a more case-by-case analysis. The Court held in favour of the more flexible approach:

[44] Where the proprietor of the mark with a reputation has demonstrated the existence of one of the forms of injury referred to in Article 5 (2) Directive 89/104/EEC and, in particular, has shown that unfair advantage has been taken of the distinctive character or the repute of that mark, the onus is on the third party using a sign similar to the mark with a reputation to establish that he has due cause for using such a sign (*cf.*, by analogy, *Case C-252/07 Intel Corporation [2008] ECR I 8823*, paragraph 39).

[45] It follows that the concept of “due cause” may not only include objectively overriding reasons but may also relate to the subjective interests of a third party using a sign which is identical or similar to the mark with a reputation.

[46] Thus, the concept of “due cause” is intended, not to resolve a conflict between a mark with a reputation and a similar sign which was being used before that trademark was filed or to restrict the rights which the proprietor of that mark is recognised as having, but to strike a balance between the interests in question by taking account, in the specific context of Article 5 (2) Directive 89/104/EEC and in the light of the enhanced protection enjoyed by that mark, of the interests of the third party using that sign. In so doing, the claim by a third party that there is due cause for using a sign which is similar to a mark with a reputation cannot lead to the recognition, for the benefit of that third party, of the rights connected with a registered mark, but rather obliges the proprietor of the mark with a reputation to tolerate the use of the similar sign.

The Court then turned to the specific question of whether prior use could be a relevant circumstance and concluded with the answer reproduced above.

We thus have another of the by now numerous cases where the Court sets out some general criteria but leaves it to the national court to decide the specific case (we refer, *e.g.*, to the question of genuine use, the question of likelihood of confusion, the “link” in reputation cases, etc.). In the present case, it will be for the Dutch courts to decide whether the facts established justify applying the “due cause” exception to the protection of the by now certainly very famous *RED BULL* mark.





In the current proposals for amending the Community Trademark Regulation and the Trademark Directive we find proposals for a comparable situation: Where a mark was acquired at a point in time when a mark with reputation did not yet possess that reputation and thus could not have successfully opposed the registration of

the later mark, the result will be co-existence of both marks. It appears that so far this proposal has survived the scrutiny of the European Parliament, which adopted its position on February 25, 2014, and of the Council of Ministers, which still has to arrive at a common position.

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**8. Court of Justice of the European Union: Consumer perception determines whether a mark has become generic (decision of March 6, 2014 – Case C-409/12 – Backaldrin Österreich The Kornspitz Company v Pfahnl – KORNSPITZ)**

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

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**The Court of Justice of the European Union clarifies the situations when a mark becomes generic and what amounts to “acts or inactivity” on the part of the proprietor of the mark.**

Backaldrin is proprietor of the Austrian mark KORNSPITZ, registered, *inter alia*, for “flour and preparations made from cereals; bakery goods; baking agents, pastry confectionery, also prepared for baking; pre-formed dough [...] for the manufacture of pastry confectionery”. It produces a bakery mix which it supplies to bakers who produce a bread roll oblong in shape with a point at both ends. The buyers of these mixes know that KORNSPITZ is Backaldrin’s mark. However, the end consumers are not made aware by Backaldrin or the bakers that KORNSPITZ is a mark.

Pfahnl, a competitor of Backaldrin, requested the revocation of the mark KORNSPITZ on the ground that it had become the common name for the products, as provided for in Article 12 (2) lit a Directive 2008/95/EC (Trademarks Directive) and in Section 33b Austrian Trademarks Act. The Austrian Patent Office granted the request. Backaldrin appealed to the “Oberste Patent- und Markensenat”. That tribunal, competent to review Patent Office decisions, considered that the revocation was in error as regards goods addressed to commercial customers. However, as regards goods addressed to end consumers, it decided to refer a series of questions to the European Court of Justice:

1. Has a trademark become “the common name [in the trade] for a product or service” within the meaning of Article 12 (2) lit a Directive 2008/95/EC, where

(a) although traders know that the mark constitutes an indication of origin they do not generally disclose this to [end users], and

(b) (*inter alia*) on those grounds, [end users] no longer understand the trademark as an indication of origin but as the common name for goods or services in respect of which the trademark is registered?

2. Can the conduct of a proprietor be regarded as “inactivity” for the purposes of Article 12 (2) lit a Directive 2008/95 simply if the proprietor of the trademark remains inactive notwithstanding the fact that traders do not inform customers that the name is a registered trademark?

3. If, as a consequence of acts or inactivity of the proprietor, a trademark has become the common name for [end users], but not in the trade, is that trademark liable to be revoked if, and only if, end consumers have to use this name because there are no equivalent alternatives?

The Court gave the following answers:

1. Article 12 (2) lit a Directive 2008/95/EC must be interpreted as meaning that, in a case such as that at issue in the main proceedings, a trademark is liable to revocation in respect of a product for which it is registered if, in consequence of acts or inactivity of the proprietor, that trademark has become the common name for that product from the point of view solely of end users of the product.

2. Article 12 (2) lit a Directive 2008/95/EC must be interpreted as meaning that it may be classified as “inactivity” within the meaning of

that provision if the proprietor of a trademark does not encourage sellers to make more use of that mark in marketing a product in respect of which the mark is registered.

3. Article 12 (2) lit a Directive 2008/95/EC must be interpreted as meaning that the revocation of a trademark does not presuppose that it must be ascertained whether there are other names for a product for which that trademark has become the common name in the trade.

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### Remarks

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As regards the first question, the Court had to take a position, for the first time, as to the relevance if any of differences in the perception of a mark by end consumers and by commercial circles. In the earlier BOSTONGURKA case decided in 2004 (Björnekulla Fruktindustrier, C-371/02), the Court had held that when judging the question whether a mark has become generic the opinion of all relevant sectors, including not only end consumers but also intermediaries and sellers, must be taken into account. Here, however, the Court concludes that the opinion of the end consumers is decisive (emphasis added):

[29] However, as the Court pointed out in paragraph 24 of the judgment in Björnekulla Fruktindustrier, in general, the perception of consumers or end users will play a decisive role. It must be held, in line with what the Advocate General stated at points 58 and 59 of his Opinion, that in a case such as that at issue in the main proceedings, which is, subject to verification by the referring court, characterised by the loss of distinctive character of the trademark concerned from the point of view of the end users, that loss may result in the revocation of that trademark. The fact that the sellers are aware of the existence of that trademark and of the origin which it indicates cannot, on its own, preclude such revocation.

It is interesting to note that in this case not only the claimant Backaldrin, but also the

German and the French Governments and the European Commission took the view that a revocation was excluded as long as the commercial users knew that KORNSPITZ was a trademark. The Court did not really give reasons or an explanation why only the end users are decisive. A comparative law approach to the issue – which the Court usually avoids – would have shown that in the majority of Member States in a case such as the present one the mark would not have been revoked – “Luxembourg *locuta – causa finita*”.

The second question had not previously been an issue in any Court of Justice case, and there is very little recent national case law on the nature of the “obligation” of the trademark proprietor to be or become active in the prevention of the degeneration of his mark to a “common name”. Backaldrin had apparently never required of the bakers that they use KORNSPITZ as a mark or point out to end consumers that KORNSPITZ is a mark. The Court classified this as “inactivity” within the meaning of the applicable provisions. This should send a message to all trademark proprietors whose marks are at risk of becoming generic – “inactivity” actually means what it says. They must positively act when such a risk appears – if they rest on their past performance, it may already be too late.

As regards the third question, it appears correct that the absence or presence of alternative



names for the respective product does not have any influence, as a matter of law, on the question whether a mark has become generic. Nevertheless, in practice it would appear easier for

a trademark proprietor to take action against the generic use of his mark if alternatives are readily available.

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**9. German Federal Supreme Court: Liability of purchasers of keywords for trademark infringement (decision of June 27, 2013 – Case I ZR 53/12 – Fleurop)**

Reported by Anna Mattes

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**On June 27, 2013, the German Federal Supreme Court ruled once again on the question of liability of purchasers of keywords for trademark infringement and issued a decision which appears (only) *prima facie* to be a change in jurisdiction.**

The claimant is proprietor of the German trademark “Fleurop” which is used nationwide for flower delivery services. The distribution system of the claimant allows its clients to order flowers at a flower shop of one partner florist which will be delivered at another place through another partner florist. The defendant, proprietor of the trademark “Blumenbutler” (flower butler), also in the flower delivery business, purchased from Google the “Fleurop” mark as a keyword in Google’s AdWord program. This led to the display of “sponsored links” (advertisements) leading to the defendant’s flower delivery service. Fleurop claimed infringement of its trademark rights under Section 14 (2) German Trademark Act.

In continuation of its previous jurisdiction (*inter alia* decision of December 13, 2012 – I ZR 217/10 – “MOST-Pralinen” and decision of January 13, 2011 – I ZR125/07 – “Bananabay II”) the German Federal Supreme Court confirmed that in principle there will be no infringement of the function of the trademark as an indication of origin if the advertisement (displayed due to a

keyword being identical or capable of being confused with the trademark concerned) is visually separated from the hit list, and does not make any reference either to the trademark owner or the products marketed under that trademark.

However, applying the two-step test of the European Court of Justice (decision of September 22, 2011 – C-323/09 – Interflora; BARDEHLE PAGENBERG IP Report 2011/IV) the German Federal Supreme Court assessed in a first step whether the reasonably well-informed and reasonably observant Internet user is deemed to be aware, on the basis of general knowledge of the market, that Blumenbutler’s flower-delivery service is not part of the Fleurop network but is, on the contrary, in competition with it. Since the court did not observe such general knowledge, it was decisive, according to the second step of the test, whether the advertisement enabled the Internet user to tell that the service concerned does not belong to the Fleurop network.

The Court held, even though in principle there will be no infringement, due to the particular distribution system of the claimant, the circles concerned might assume that Blumenbutler was a partner florist of the claimant. As the advertisement did not include any information clarifying the absence of a commercial link between Fleurop and Blumenbutler, the defendant was liable for trademark infringement.



Anna Mattes



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### Remarks

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The decision in the Fleurop case is (so far) the last in a series of cases where the German Federal Supreme Court had to rule on the question of liability of purchasers of keywords for trademark infringement. This decision – affirming an infringement – may appear *prima facie* surprising, in view of the fact that German Supreme Court had so far consistently ruled against trademark infringement, because in principle the so-called “keyword advertising” does not infringe the “origin function” of a trademark if the advertisement is visually separated from the natural search results and does not make any reference either to the trademark owner or the products marketed under that trademark.

With this decision the Federal Supreme Court followed the England and Wales High Court of Justice (decision of May 21, 2013, [2013] EWHC 1291 [Ch] – *Interflora v Marks and Spencer*) incorporating the guidelines laid down by the Court of Justice (decision of September 22, 2011, C-323/09 – *Interflora*, BARDEHLE PAGENBERG IP Report 2011/IV); the facts of the German Fleurop case cor-

respond in all essential aspects to the English *Interflora* case.

However, the present decision properly analysed does not appear to constitute a new approach to keyword advertising, but rather fits into the well-established case law: The Court itself emphasizes that in principle keyword advertising does not amount to trademark infringement and repeatedly highlights the exceptional and specific nature of this case.

What could similar cases be, where this exceptional jurisdiction would apply? One has to think about franchise systems or networks distributing specific goods or services under a trademark through partner stores and where the franchisees, or partners, themselves do not operate under the same company name. This would exclude many well-known same-name franchise systems but might apply to some specific distribution systems which are similar to the Fleurop system. We are currently not aware of any such cases pending before the German Supreme Court.



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**10. German Federal Patent Court: Name of a famous writer is not registrable as a trademark for writing instruments (decision of May 15, 2013 – Case 29 W [pat] 75/12 – Mark Twain)**

Reported by Karin Costescu

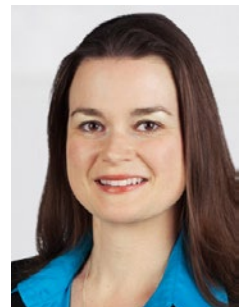
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**The German Federal Patent Court ordered the cancellation of the word mark “MARK TWAIN” for writing instruments stating in the essence the following: If the public perceives a mark to be a dedication to a famous personality, then it does not function as an indication of origin. And: The examination of distinctiveness can be limited to the manner of use which the court recognizes to be most likely.**

Montblanc, manufacturer of high-quality writing instruments as well as of further lifestyle products, has since 1992 annually launched writing instrument sets as a “Limited Writers Edition”. The products of this series are to “honor” the life and work of great personalities of literary history. In August 2010, Montblanc brought writing instruments with the inscription “Mark Twain” on the market. This resulted in a conflict with a promotional items producer, who is the owner of the Community trademark “MARK TWAIN” for “writing instruments” in class 16 and who also obtained the registration of a German trademark of the same name for the same goods in November 2010. Montblanc requested cancellation of the German mark. Parallel cancellation proceedings are pending before OHIM.

The cancellation request was rejected by the German Patent and Trademark Office: It is stated that if the consumers targeted do not establish a thematic or otherwise factual relation between the goods and the well-known person; the person’s name is not descriptive of the goods and not lacking in distinctive character. It is further stated that using a famous name as an advertising medium does not preclude the name also being perceived as a trademark.

The German Federal Patent Court reversed and ordered the cancellation of the mark “MARK TWAIN”. The Court agreed that the mark is not purely descriptive. However, due to the specific characteristics of the market for writing instruments, the name is not understood as an indication of a particular trade origin but rather as honoring the person and as the dedication of the writing instrument to the author as part of a special edition. The mark is, thus, devoid of distinctive character. Applying “Mark Twain” to writing instruments will not be perceived as a trademark. In the interest of ensuring competition and the tradition of such writing instruments dedicated to persons, there is also a need to ensure free use of such names.



Karin Costescu

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**Remarks**

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German case law is inconsistent when judging the registrability of the names or images of famous persons. The prevailing rule seems to be that if a use of the mark is possible which will be perceived by the public as trademark use, reg-

istration should not be refused. In the present case, the Court took into account the practice in the field of writing instruments in refusing registration. Therefore, it is to be welcomed that the Court allowed the appeal on points of law



regarding the question as to whether the most likely form of use will determine registrability.

It also remains to be clarified whether the generous assessment of possibilities for distinctive use is also necessary if the trademark is not used in connection with goods but rather with services. Some see a parallel to the refusal of protecting geographical indications as trademarks when there is a need to prevent their monopolization, as developed by the Court of Justice of

the European Union in the well-known “Chiemsee” judgment of 1999. It is argued that there is a need to ensure free use not only for signs indicating the quality and other characteristics of the goods concerned. Rather, there is also a need to ensure free use where the public establishes a connection between the product and a historical personality creating a positive association. It remains to be seen whether the German Supreme Court will use this case to bring more clarity in this somewhat confused situation.

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**11. Cologne Appeal Court: Scope of protection of food trade dress based on misappropriation and 3-D trademark rights (decision of December 20, 2013 – Case 6 U 85/13 – Snickers and Bounty)**

Reported by Dr. Henning Hartwig

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**On the eve of Christmas 2013, the Cologne Appeal Court, Germany’s first choice-venue for enforcing claims based on misappropriation and trademark rights due to its owner-friendly approach, decided in a case brought by Mars Inc against the Turkish chocolate maker Şölen A.Ş. While claims against alleged copies of the BOUNTY packaging and BOUNTY chocolate bar were dismissed, the Court granted claims against the imitation of the SNICKERS packaging.**

I. As regards the SNICKERS case, the conflict was about the conflicting chocolate products shown below (the SNICKERS being an exemplified packaging given that several variants are on sale):



Mars has been selling SNICKERS confectionary in Germany since the beginning of the 1980s. Turnover in Germany in 2010 amounted to EUR 95 million (2011: EUR 100 million), advertising spending was in the range of EUR 5 million (2011), while the market share in Germany was 7.9% in 2010 and 8.6% in 2011. On this basis, the Court considered that the outer appearance of the SNICKERS packs was entitled to claim “enormous reputation” and a “significantly increased competitive individuality”.

Turning to the accused packaging, the Cologne Appeal Court found that this pack was “evi-

dently” based on the SNICKERS design, copying features of appearance characterizing the latter’s overall impression. In both cases, the product name was put in capitals tilted to the right, using blue and/or lilac colours (which, in the consumer’s imperfect recollection, were hardly to be distinguished), with the individual letters showing a white-red border and the black-brown background of the packaging “brown segments being clearly perceived”.

German consumers, consequently, would be misled, perceiving the accused trade dress to be a sub-brand or variant of the SNICKERS product. The small indication “Şölen” would not suffice as this company was neither known in Germany, nor could “Şölen” be identified as a manufacturer. Apart from that, deviating indications of different manufacturers would not avoid an indirect deception as to origin in case of a “clearly similar overall effect” of the conflicting packs. The Court, finally, held that, according to the judges’ practical expertise, the addressed public did not know that Mars Inc would not grant licenses to its products. As a result, the Court granted relief against misappropriation under Section 4 No 9 lit a Act against Unfair Competition based on an avoidable indirect deception as to origin.

In addition, the Cologne Appeal Court also granted claims, under Section 4 No 9 lit b Act against Unfair Competition, against the contested packaging based on taking unfair advantage, without due cause, of the repute of the SNICKERS product as consumers would transfer quality expectations from the original to the accused product.



Dr. Henning Hartwig

II. As regards the BOUNTY case, the conflict was, first of all, about the two packs depicted below:



Again, Mars Inc had asserted claims, under Section 4 No 9 Act against Unfair Competition, for protection against misappropriation based on an avoidable indirect deception as to origin and/or exploitation of reputation. This time, however, the Cologne Appeal Court denied such claims although the Court, again, confirmed that the outer appearance of the BOUNTY product could claim “enormous reputation” and a “significantly increased competitive individuality” – due to turnover in Germany in 2010 and 2011 of EUR 22 million per year, advertising spending in the range of EUR 5 million (2011) and a market share of 2.6% in 2010 and 2011.

However, according to the Court, the “degree of imitation” of those features of appearance characterizing BOUNTY’s overall impression was only low, given that the basic elements were different, further and different elements of appearance were added and the accused pack showed an individual overall impression – due to a different character of the product name, the missing “palm landscape” and a “rather dreamy overall impression” (in the sense of a “dreamy sky scenery”).

Furthermore, due to the evidently different product name (“Wish”), there was no likelihood of confusion (neither in terms of an avoidable direct nor an indirect deception as to origin). Likewise, the Cologne Appeal Court denied claims either based on taking unfair advantage, without due cause, of the repute of the BOUNTY product or on the grounds that the Wish pack was detrimental to the repute of the BOUNTY original.

III. Last but not least, the Court was called to decide whether Mars could successfully

claim infringement of its German 3-D mark No 302010033190 registered, *inter alia*, for “non-medical confectionary”. The mark and the accused chocolate bar are shown below:



Originally, the mark had been registered as a Community trademark but later invalidated due to lack of acquired distinctive character in the European Union. On October 11, 2011, the German Patent and Trademark Office allowed registration of the mark due to acquired distinctiveness in Germany (invalidity proceedings are still pending). A consumer survey of October/November 2004 showed that 49.4% of the interviewees attributed the mark either to BOUNTY, its manufacturer or other of its products.

Nonetheless, the Cologne Appeal Court found non-infringement of the mark. The conflicting signs were highly similar. However, the accused product configuration was not used “as a mark” in order to indicate the origin of the defendant’s product, according to the Court. Actually, Mars failed to establish corresponding evidence that the public perceived the shape of a chocolate bar as a badge of origin. The diversity of product configurations which could be found on the German chocolate market did not serve to distinguish the various different products. Rather, consumers would perceive differences in the dimensions and textures of existing chocolate



bars as being merely functional or ornamental. Apart from that, the Court held that the mark's distinctiveness was average at best and did not

significantly exceed the 50% threshold which would be required anyway, according to German case law, to grant acquired distinctiveness.

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### Remarks

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The Court's decision seems to be consistent with established case law of the German Federal Supreme Court and, in particular, the decision "Praline Shape I" (*cf.* BARDEHLE PAGENBERG IP Report 2007/IV). However, there appear to be inconsistencies with case law from other German appellate courts.

For instance, and contrary to the Cologne Appeal Court in the present case, the Hamburg Appeal Court found in October 2008 that the requirement "use as a mark", as a rule, should be construed broadly in the interests of a comprehensive trademark protection. Accordingly, it should suffice that there is the "objectively not entirely unlikely possibility that the public will assume an indication as to commercial origin". "Use as a mark" should only be denied if the sign was "clearly not perceived in this sense as an indication of commercial origin".

Likewise, there seems to be a discrepancy between the present case and a decision of the Hamburg Appeal Court from April 2005 according to which it is unlikely that consumers

expect brand owners to allow me-too products to be put on the market in a packaging capable of causing confusion even if the public might assume that major food discounters distribute products of known brand owners under their own private label.

Finally, interestingly, according to the Düsseldorf Appeal Court, the standard under Section 4 No 9 lit b Act against Unfair Competition would be that third party observers passing by and seeing someone using the accused imitation would perceive this product as being the original. The high similarity from the perspective of such a third party constituted a clear incentive for potential buyers in order to impress third parties, according to the Court. Consequently, it would not be the perspective and perception of a (potential) buyer of the competing products – this is what the Cologne Appeal Court found – but a "casual bystander" that should count.

The present case is pending before the Federal Supreme Court. More clarity will hopefully be provided.

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**12. Court of Justice of the European Union: Clarification of standards for establishing, challenging and enforcing Community designs (decision of February 13, 2014 – Case C-479/12 – Gautzsch v Joseph Duna)**

Reported by Dr. Henning Hartwig

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**On August 16, 2012, the German Federal Supreme Court issued a decision, referring questions to the Court of Justice of the European Union for a preliminary ruling, related to the establishment, validity and enforcement of an unregistered Community design right, some of which are applicable to all design rights, including registered Community designs. The questions read as follows:**

1. Is Article 11 (2) Community Designs Regulation (“CDR”) to be interpreted as meaning that, in the normal course of business, a design could reasonably have become known to the circles specialised in the sector concerned, operating within the European Union, if images of the design were distributed to traders?

2. Is the first sentence of Article 7 (1) CDR to be interpreted as meaning that a design could not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union, even though it was disclosed to third parties without any explicit or implicit conditions of confidentiality, if:

(a) it is made available to only one undertaking in the specialised circles, or

(b) it is exhibited in a showroom of an undertaking in China which lies outside the scope of normal market analysis?

3. (a) Is Article 19 (2) CDR to be interpreted as meaning that the holder of an unregistered Community design bears the burden of proving that the contested use results from copying the protected design?

3. (b) If Question 3 (a) is answered in the affirmative:

Is the burden of proof reversed or is the burden of proof incumbent on the holder of the unregistered Community design lightened if there are material similarities between the design and the contested use?

4. (a) Is the right to obtain an injunction prohibiting further infringement of an unregistered Community design, provided for in Article 19 (2) and Article 89 (1) lit a CDR, extinguished over time?

4. (b) If Question 4 (a) is answered in the affirmative: Is such extinction governed by European Union law and, if so, by what provision?

5. (a) Is the right to bring an action seeking an injunction prohibiting further infringement of an unregistered Community design, provided for in Article 19 (2) and Article 89 (1) lit a CDR, subject to time-barring?

5. (b) If Question 5 (a) is answered in the affirmative: Is such time-barring governed by European Union law and, if so, by what provision?

6. Is Article 89 (1) lit d CDR to be interpreted as meaning that claims for destruction, disclosure of information and damages by reason of infringement of an unregistered Community design which are pursued in relation to the entirety of the European Union are subject to the law of the Member States in which the acts of infringement are committed?

On February 13, 2014, the Court of Justice of the European Union (Third Chamber) ruled as follows:



1. On a proper construction of Article 11 (2) CDR, it is possible that an unregistered design may reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union, if images of the design were distributed to traders operating in that sector, which it is for the Community design court to assess, having regard to the circumstances of the case before it.

2. On a proper construction of the first sentence of Article 7 (1) CDR, it is possible that an unregistered design may not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union, even though it was disclosed to third parties without any explicit or implicit conditions of confidentiality, if it has been made available to only one undertaking in that sector or has been presented only in the showrooms of an undertaking outside the European Union, which it is for the Community design court to assess, having regard to the circumstances of the case before it.

3. On a proper construction of the first subparagraph of Article 19 (2) CDR, the holder of the protected design must bear the burden of proving that the contested use results from copying that design. However, if a Community design court finds that the fact of requiring that holder to prove that the contested use results from

copying that design is likely to make it impossible or excessively difficult for such evidence to be produced, that court is required, in order to ensure observance of the principle of effectiveness, to use all procedures available to it under national law to counter that difficulty, including, where appropriate, rules of national law which provide for the burden of proof to be adjusted or lightened.

4. The defences of the extinction of rights over time and of an action being time-barred that may be raised against an action brought on the basis of Articles 19 (2) and 89 (1) lit a CDR are governed by national law, which must be applied in a manner that observes the principles of equivalence and effectiveness.

5. On a proper construction of Article 89 (1) lit d CDR, claims for the destruction of infringing products are governed by the law of the Member State in which the acts of infringement or threatened infringement have been committed, including its private international law. Claims for compensation for damage resulting from the activities of the person responsible for the acts of infringement or threatened infringement and for disclosure, in order to determine the extent of that damage, of information relating to those activities, are governed, pursuant to Article 88 (2) CDR, by the national law of the Community design court hearing the proceedings, including its private international law.

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## Remarks

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The Court's answers to the questions and sub-questions above concern three different areas of unregistered Community design rights, namely questions of establishing (A 1), challenging (A 2) and enforcing such rights (A 3 – 5). More precisely, A 3 – 5 relate to the issue of demonstrating infringement of an unregistered Community

design right (A 3), possible defences against infringement (A 4) and the law applicable to claims for destruction, information and damages asserted EU-wide due to an infringement of an unregistered Community design (A 5). A 2, 4 and 5 also have an impact on the law of registered Community designs (in addition to that,



A 2 will influence national design law schemes in Europe as well), while A 4 and 5 also affect European trademark law because the applicable provisions in the Community design and trademark law are more or less the same.

I. A 1 does not come as a big surprise given that Article 11 (2) CDR indeed, according to the Court of Justice, “lays down no restrictions relating to the nature of the activity of natural or legal persons who may be considered to form part of the circles specialised in the sector concerned.” Also in light of the fact that the wording of that provision requires “the normal course of business” to be taken into account when assessing whether events constituting disclosure could reasonably have become known to the circles specialised, “... traders which have not been involved in the design of the product in question cannot, in principle, be excluded from the group of persons who may be considered to form part of those circles” (likewise, the German Federal Supreme Court suggested taking the distribution sector into account).

More important, the Court of Justice found that whether the distribution of an unregistered design to traders in the sector concerned operating within the European Union is sufficient grounds for considering that that design could reasonably have become known in the normal course of business to the circles specialised in that sector is a question of fact. Consequently, the German Supreme Court will not be able to decide the case itself but will have to remand it to the lower instance.

II. The same, in principle, is also true for A 2. The Court of Justice found that “... it is possible that an unregistered design may not reasonably have become known in the normal course of business to the circles specialised in the sector concerned, operating within the European Union, even though it was disclosed to third parties without any explicit or implicit conditions of confidentiality, if it has been made available to only one undertaking in that sector or has been

presented only in the showrooms of an undertaking outside the European Union ...”. However, the question whether events taking place outside the European Union could reasonably have become known to persons forming part of those circles is a “... question of fact; the answer to that question is dependent on the assessment, by the Community design court, of the particular circumstances of each individual case ...”, according to the Court.

III. According to the Court of Justice, in view of the “... objective of providing uniform protection with uniform effect throughout the entire territory of the European Union [...] and in view of the structure and broad logic of Article 19 (2) CDR, it should be held that [...] the onus of proving that the contested use results from copying (a protected) design rests with (the) holder, whereas [...] the onus of proving that the contested use results from an independent work of creation rests with the opposing party.” However, “... if the Community design court finds that the fact of requiring the holder of the protected design to prove that the contested use results from copying that design is likely to make it impossible or excessively difficult for such evidence to be produced, that court is required, in order to ensure observance of the principle of effectiveness, to use all procedures available to it under national law to counter that difficulty. Thus, that court may, where appropriate, apply rules of national law which provide for the burden of proof to be adjusted or lightened.” Consequently, again, national courts are authorized, and obliged, to make the specific findings in the individual case.

IV. The same, in principle, is also true for A 4 given that Community design law “... is silent on the subject of the extinction of rights over time (laches or acquiescence) and of an action being time-barred (statute of limitations), both of which are defences that may be raised against an action brought on the basis of Articles 19 (2) and 89 (1) lit a CDR thereof.” Accordingly, pursuant to Article 88 (2) CDR, these defences



are “... governed by national law, which must be applied in a manner that observes the principles of equivalence and effectiveness ...”.

V. Finally, when it comes to secondary claims other than those specifically provided for in Article 89 CDR, such as claims for destruction of infringing goods and for damages, the Court of Justice makes – somewhat surprisingly and contrary to what had been assumed by most observers – an important distinction between, on the one hand, claims for the destruction of infringing products, which the Court classifies as a sanction within the meaning of Article 89 (1) CDR, and, on the other, claims for compensation for the damage resulting from acts of infringement and for disclosure of information relating to those activities, which, by contrast, the Court considers not to be “sanctions” within the meaning of that provision.

As a consequence, according to the Court, “... claims for the destruction of infringing products [...] are governed by the law of the Member State in which the acts of infringement or threatened infringement have been committed, including its private international law (and) claims for compensation for damage resulting from the activities of the person responsible for the acts of infringement or threatened infringement and for disclosure, in order to determine the extent of that damage, of information relating to those activities, [...] are governed, pursuant to Article 88 (2) CDR by the national law of the Community design court hearing the proceedings, including its private international law.”

Overall, it will be exciting to see how the fact-finding judges in the 28 Member States will apply this rather general guidance from Europe’s highest authority in design law to their many individual cases.

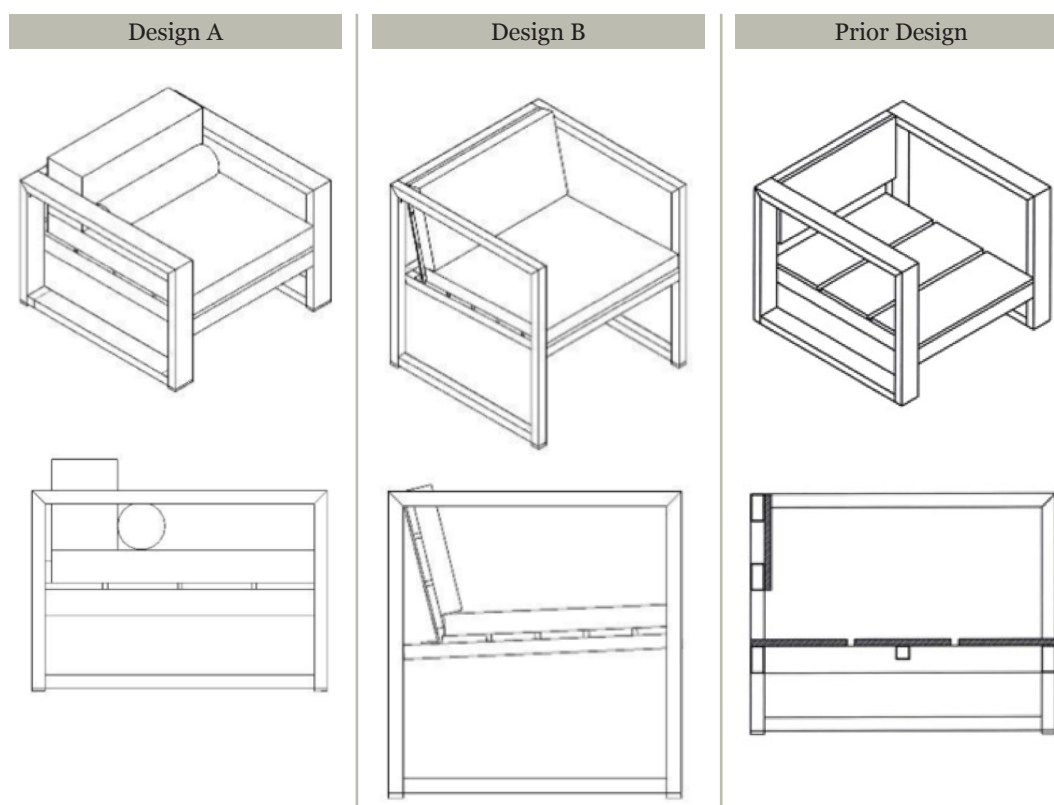
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**13. General Court of the European Union: Further guidance on how to test validity of a registered Community design (decisions of February 4, 2014 – Cases T-339/12 and T-357/12 – Armchairs)**

Reported by Anna Mattes

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**In its latest decisions on design law the General Court had to decide in two parallel cases on the validity of two designs of armchairs over the same prior art:**



The Board of Appeal had confirmed individual character of design B but denied individual character of design A. Both actions brought before the General Court were based on infringement of Article 6 CDR, *i.e.* the question of whether the allegedly invalid design displayed individual character.

In its decisions the General Court in a first step confirmed the concept of the informed user as being neither the well-informed and reasonably

observant and circumspect average consumer who normally perceives a design as a whole and does not proceed to analyse its various details, nor an expert or specialist capable of observing in detail the minimal differences that may exist between the designs at issue. Thus, the qualifier “informed” means that, without being a designer or a technical expert, the user knows the various designs which exist in the sector concerned, possesses a certain degree of knowledge with regard to the features which those designs normally

include, and, as a result of his interest in the products concerned, shows a relatively high degree of attention when he uses them (this definition is based on *PepsiCo v Grupo Promer*; *cf.* BARDEHLE PAGENBERG IP Report 2011/V). In the present case the informed user is a person who “habitually purchases” armchairs and puts them to their intended use and who has acquired information on the subject, *inter alia*, by browsing through catalogues of armchairs, going to relevant shops, downloading information from the Internet, or who is a reseller of those products.

In a second step the Court turned to the degree of freedom of the designer as being constrained by features imposed by the technical function of the product or an element thereof or by statutory requirements applicable to the product. Those constraints result in a standardisation of certain features, which will thus be common to the designs applied to the product concerned (*cf.* *Kwang v Honda*; BARDEHLE PAGENBERG IP Report 2011/IV). In the present case, the Court found that the freedom of the designer of armchairs is almost unlimited since armchairs can take any combination of colors, patterns, shapes and materials and that the only limitation for the designer is the fact that armchairs have to be functional, *i.e.* they must include at least a seat, a backrest and two armrests, and legs. In this context, the Court emphasized that a general design trend cannot be regarded as a factor that restricts the designer’s freedom.

Turning to the comparison of the overall impression the Court found that the only relevant difference between design A and the prior design consisted in the fact that the contested design included three cushions, which were not present in the earlier design. But, because they are not fixed but removable elements, the informed user will perceive the cushions as less important and be more sensitive to the overall structure of armchairs. With respect to differences regarding the number of plates of the seat of the armchair (in case of design A and B beneath the cushions) the Court confirmed its case law that a part of a product represented in a design that is outside the user’s field of vision will have no great impact on how the design in question is perceived by that user (*cf.* *Bell & Ross v KIN*; BARDEHLE PAGENBERG IP Report 2013/II). Since the further differences between design A and the prior design were only marginal the Court upheld the decision of the Board of Appeal.

As regards the comparison of the overall impression of design B and the prior design the Court confirmed the differences identified by the Board of Appeal. Further to the differences of visual appearance, the Court found that the informed user will perceive a higher seat and an inclined backrest and seat as affecting how he will be seated and that those differences will give rise to a different level of comfort. As a consequence the General Court upheld – also in this case – the decision of the Board of Appeal.

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## Remarks

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The confirmation by the Court of its case law regarding the informed user and the freedom of the designer – central concepts of European design law – is comforting, increasing legal certainty. Additionally, the present cases gave the

opportunity to rule on how the informed user perceives the designs in question. The Court found that (i) the informed user will perceive removable elements as less important, (ii) parts of a product represented in a design that



are outside the user's field of vision will have no great impact on how the design in question is perceived, and (iii) the informed user will also perceive differences that will give rise to a different level of comfort of the armchairs in question.

While the decision may well be correct in the result, these findings still leave room for some questions. As regards the first finding, the presence or absence of cushions must have some impact on how the chairs are perceived, and this

should be true regardless of whether the cushions are fixed or not. The "field of vision" notion seems to go against the need to analyse the respective designs in all their aspects. Also the third finding – elements increasing the comfort of use – seems surprising since the CDR protects the appearance of the whole or a part of a product, and the effect or purpose of a particular element of a design – "comfort" in the present case – would seem to go beyond the normal manner of analysing two designs. We shall await further judgments of the Court with interest.

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**14. German Federal Supreme Court: Relationship between national copyright law and national and/or European design law (decision of November 13, 2013 – Case I ZR 143/12 – Geburtstagszug/Birthday Train)**

Reported by Dr. Henning Hartwig

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**The question of conflict or overlap between copyright law and design law has never been the subject of legislation in Germany. Rather, the courts, and especially the German Federal Supreme Court, have established that substantive requirements in the sense of degree of originality or degree of aesthetic content for establishing copyright protection for works of applied art must be the more stringent than those for works of fine art provided that such a work of applied art was susceptible to design protection.**

This clear distinction was justified by the assumption that the subject matter of protection under design law was in principle the same as that protected by copyright, and both laws would differ only gradually in the required level of artistic creation. As designs protected under design law had to be novel and had to show a certain level of originality, copyright law should require a higher degree of creativity or originality (in the sense of “significantly surmounting the originality of the average design”) in order to allow an industrial design – a work of applied art – to be protected under copyright law.

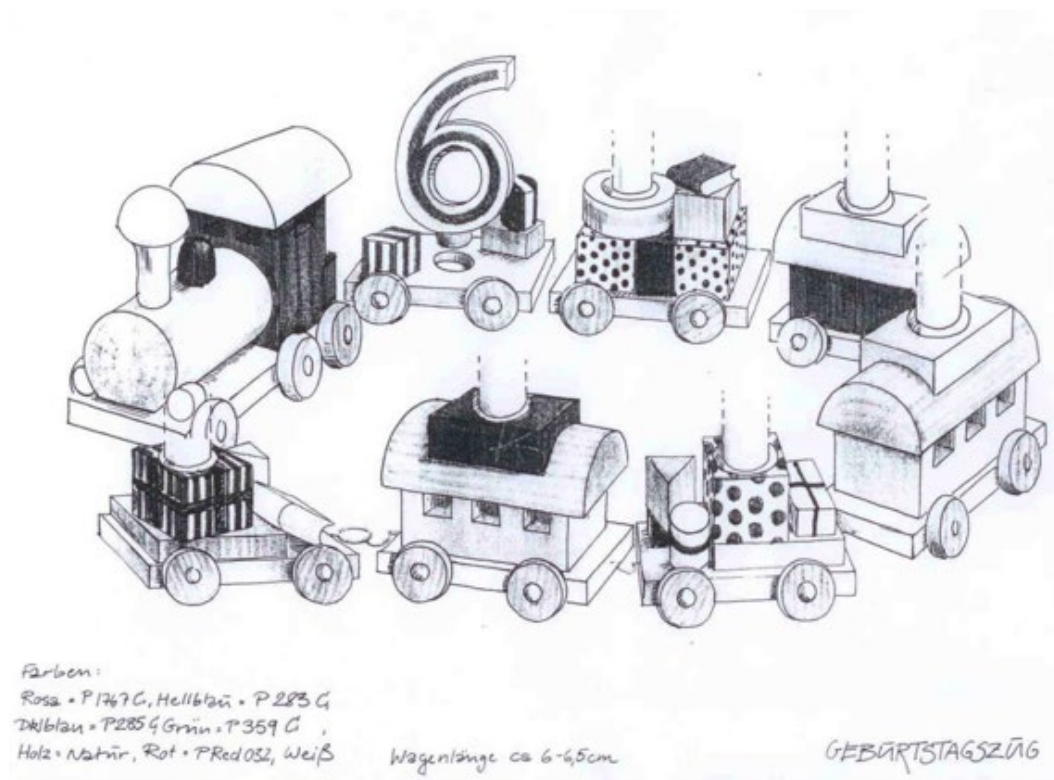
In the case “Birthday Train”, the Federal Supreme Court was addressed to decide whether the designer and author of the “Birthday Train” created in 1998 and shown below could claim rights under German copyright law.

This was important because the designer was interested (in light of significant sales of the products) in receiving further compensation from

the employer and manufacturer. Such claims are available under German copyright law but not under German or European design law.

Upon the designer’s appeal, the Supreme Court annulled the decision of the Schleswig Appeal Court and held that the designer’s work of applied art was, in principle, susceptible to protection under German copyright law. The Court, firstly, found that the new German design law of 2004 (following the standards of the Designs Directive) established an independent IP right and removed any existing close relation to copyright law; protection under design law would not be equal to copyright protection anymore. Secondly, design law would not require a specific degree of creativity or originality but the focus was on similarity or dissimilarity. Thirdly, since design and copyright protection would not conflict but co-exist, including different requirements for establishing protection and different legal effects, industrial design could be protected by both laws without requiring higher standards under copyright law than in case of works of fine art, music or literature.

As a result, the German Supreme Court concluded that for the protection of works of applied art under copyright law “a degree of creativity which allows, from the view of a public open to art and sufficiently skilled in ideas of art, to be called an ‘artistic’ performance” would be required, which is the traditional standard for works of fine art and literature. Consequently, differences in standards for protecting works of applied and non-applied art do not exist anymore under German copyright law.



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## Remarks

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This “internal” alignment of copyright law, covering all kinds of works under the same standard, is a truly “national” solution, not required under European design law or under current harmonization of copyright law. Rather, designers and right holders will profit from an explicit co-existence of parallel schemes of protection. Differences between both laws will, of course, continue to exist: While works of applied and non-applied art require an “artistic” performance to claim protection under German copyright law, protecting such works under German or European design law requires “novelty” and “individual character”.

It seems to follow from these conditions that a design may be protected under both copyright and design law (provided it shows sufficient creativity, novelty and individual character) but may not necessarily be infringed by the same

object, under both laws. This appears to be true since, in assessing the scope of protection of a design, the degree of freedom of the designer in developing his design must be taken into consideration (Article 10 [2] CDR). This scope can be broad, average or narrow, depending on the existing design corpus and the departure or “distance” of the design from the specific prior art. Contrary to that, according to the Federal Supreme Court in “Birthday Train”, a “personal intellectual creation” requires freedom which the author uses for “expressing his creativity in an original manner”. In case of articles of daily use, showing features of appearance dictated by the intended use, such “freedom for an artistic design”, as a rule, would be limited. Consequently, it seems that copyright protection for works of applied art will continue to be more difficult to be enforced in comparison with parallel design rights.





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