

# IP Report

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**1. Federal Supreme Court improves possibilities of patentee to collect evidence ("Residual Pollutant Elimination"/"Restschadstoffentfernung" - X ZR 114/03)**

**In lawsuits concerning industrial property rights, the submission of documents may be ordered by the court, according to Section 142 German Civil Procedural Law, if the documents are suitable and necessary to clear up the facts and the submission of these documents is adequate, i.e. just and reasonable in view of an appreciation of the colliding concerns. For a court order/subpoena, it may be sufficient that a use of the IP right is likely.**

In a case decided by the Federal Supreme Court, a patentee had granted a license to a company to use a German patent that is directed to a method for eliminating pollutants from exhausts of a waste incinerating plant. Some years later, the parties were in dispute on whether a new type of waste incinerating plant made use of the protected invention and whether royalty fees had to be paid

for this new type of plant. The patentee filed an action against the company which, however, was rejected by the Munich District Court and subsequently by the Munich Appeal Court, because the patentee could not present sufficient evidence for proving the use of all claim features.

During the litigation proceedings, the patentee requested that the company be obliged to present a specific flow diagram which was filed with the Office for the Environment by the company to get the permission to operate the new plant. In Germany, the court may grant a court order/subpoena according to Section 142 German Civil Procedural Law to the effect that one of the parties, or a third party not necessarily involved in the litigation, is obliged to present specific documents. However, the Appeal Court rejected this request, and consequently the patentee was not able to prove the use of the invention.

The patentee filed a further appeal with the Federal Supreme Court which resulted in an annulment of the decision of the



Munich Appeal Court. The Federal Supreme Court held that the rejection of the request according to Section 142 German Civil Procedural Law was not justified by referring, inter alia, to European Directive 2004/48/EC on the enforcement of intellectual property rights. Section 142 German Civil Procedural Law now also has the provision to put into practice measures for the procurement of evidence as provided in this European Directive, in correspondence with the French "saisie contrefaçon" and the British "search order" ("Anton Piller Order").

Therefore, the submission of documents may be ordered by the court according to Section 142 German Civil Procedural Law if the documents are suitable and necessary to clear up the facts, and the submission of these documents is adequate, i.e. just and reasonable in view of an appreciation of the colliding concerns. However, a US-style "in camera" approach does not come into consideration because this would contravene the German Constitution. Instead, it is possible to take justified concerns of the obliged party into account in that secret information is blackened in the document.

The Federal Supreme Court further held that for issuing a court order/subpoena the use of the IP right must be "likely", whereas it may remain unclear whether or not an infringement or - in case of a license agreement - any illicit use of the patent-in-suit is actually present. As a result, this decision of the Federal Supreme Court further improves the possibilities of patentees to collect evidence and will thus be of high practical importance in the future.

Reported by Dr. Frank Peterreins

## **2. Federal Supreme Court close to accept patentability of business methods? ("Prepaid telephone calls"/ "Vorausbezahlte Telefongespräche" - X ZR 214/01)**

**The Federal Supreme Court announced a nullity decision relating to the question of which subject matter is patentable according to the European Patent Convention. A method solving the problem of how to enable prepaid telephone calls by means of public telephones without card readers was held to be patentable.**

Claim 1 of the patent-in-suit, namely EP 0 572 991 B1 reads as follows:

"A method of processing telephone calls, particularly for use in connection with public telephones, comprising the steps of

- (a) programming a respective Public Automatic Branch exchange (PABX) to become toll-free accessible for incoming calls through dialling any one out of a series of predetermined numbers stored in a databank of the PABX;
- (b) enabling a calling party to complete a connection with a called party;
- (c) cutting off the said connection after a prefixed time/counter pulses interval;
- (d) erasing from the databank any number that had once been dialled;
- (e) marking the said series of numbers, each on a vendible carrier member in an invisible - however readily exposable - manner; and
- (f) offering the vendible carrier members for sale to the general public, so that purchasers of the carrier members, after exposing the respective number, are enabled to place a call for the duration of the said interval."

The closest prior art document was held to be US 4,706,275 which discloses a method for processing telephone calls having the above features (a) to (c) and (f). Therefore, the subject matter of the patent-in-suit differs from these prior art documents by the above features (d) and (e).



The Federal Supreme Court had to decide on the question of whether the claimed subject matter is excluded from patentability according to Art. 52 (2) (c) EPC which states that "schemes, rules and methods for performing mental acts, playing games or doing business, and programs for computers shall not be regarded as inventions within the meaning of Art. 52 (1) EPC". This provision in essence runs contrary to the US case law which allows patentability of "anything under the sun that is made by man" (see *Diamond v. Chakrabarty*, 447 U.S. 303, 309; 206 USPQ 193, 197, 1980).

The Federal Supreme Court held that the above claim 1 is not excluded from patentability according to Art. 52 (2) (c) EPC. The invention relates to the problem of how to enable prepaid telephone calls by means of public telephones without card readers. According to the opinion of the Federal Supreme Court, the patent-in-suit thus also contains features that are based on a specific technical problem which is to be solved by technical means.

With that, the Federal Supreme Court takes a more liberal position compared to the European Patent Office (for latest developments see <http://cii.european-patent-office.org/>). It appears that the Federal Supreme Court is willing to accept patentability of business methods (although in the reasoning it only discusses "methods for performing mental methods") if technical means are used and if the patent attorney who drafted the application documents emphasized the technical aspects of the invention.

Reported by Dr. Frank Peterreins

### **3. Federal Supreme Court on features relating to the purpose, effect or function in a product claim ("Air separator for a milk tank"/"Luftabscheider für Milchsammelanlage" - X ZR 105/04)**

In a recent decision, the Federal Supreme Court held that features relating to the purpose, effect or function may be used to delimit a device claim from the prior art if the involved element is formed in a manner rendering the device suitable to achieve this effect/function. Likewise, there is no infringement if an attacked

device does not achieve an effect or function mentioned in a device claim.

Reported by Dr. Frank Peterreins

### **4. European Court of Justice: Where protection is dependent on acquired distinctiveness it must be shown to exist in the respective language area where distinctiveness is lacking.**

#### **Judgment of the European Court of Justice of 7 September 2006 in Case C-108/05, *Bovemij Verzekeringen NV v. Benelux Trade Mark Office***

**In a case having its origin in the Benelux Trade Marks Office, the issue was whether the proprietor of a mark – EUROPOLIS for insurance services – which was unregistrable because of being descriptive or lacking in distinctive character in one of the languages of the Benelux countries – in this case in Dutch – has to show acquired distinctiveness not only in the Netherlands but also in those parts of the Benelux where Dutch is also spoken (parts of Belgium).**

The Court answered as follows:

1. Article 3(3) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that the registration of a trade mark can be allowed on the basis of that provision only if it is proven that that trade mark has acquired distinctive character through use throughout the territory of the Member State or, in the case of Benelux, throughout the part of the territory of Benelux in which there exists a ground for refusal.

2. As regards a mark consisting of one or more words of an official language of a Member State or of Benelux, if the ground for refusal exists only in one of the linguistic areas of the Member State or, in the case of Benelux, in one of its linguistic areas, it must be established that the mark has acquired distinctive character through use throughout that linguistic area. In the linguistic area thus defined, it must be assessed whether the relevant class of persons or at least a significant



proportion thereof, identifies the product or service in question as originating from a particular undertaking because of the trade mark.

Reported by  
Dr. Alexander von Mühlendahl

namely whether likelihood of confusion exists or not, an issue of law rather than an issue of fact.

Reported by  
Dr. Alexander von Mühlendahl

**5. European Court of Justice: Dismissal of appeals on point of law by order as manifestly unfounded because the evaluation of the factual circumstances necessary for a finding of likelihood of confusion constitutes an issue of fact and not of law**

**Order of the European Court of Justice of 1 June 2006 in Case C-324/05 P, Plus Warenhandelsgesellschaft mbH v. OHIM, rejecting as manifestly unfounded an appeal against Judgment of the Court of First Instance of 22 June 2005 in Case T-34/04 (no likelihood of confusion: earlier mark POWER, CTM application TURKISH POWER with lion head design)**

**Order of the European Court of Justice of 29 June 2006 in Case C-314/05 P, Creative Technology Ltd v. OHIM, rejecting as manifestly unfounded an appeal against Judgment of the Court of First Instance of 25 May 2005 in Case T-352/02 (likelihood of confusion: earlier mark W WORK PRO, CTM application PC WORKS)**

**Order of the European Court of Justice of 13 July 2006 in Case C-92/06 P, Sofass SpA v. OHIM, rejecting as manifestly unfounded an appeal against Judgment of the Court of First Instance of 25 November 2005 in Case T-396/04 (no likelihood of confusion: earlier mark NOKY, CTM application NICKY)**

In these three decisions, the ECJ simply dismissed appeals as manifestly unfounded, by Order rather than by Judgment, without a hearing and without an opinion by the Advocate General.

The approach of the ECJ to likelihood of confusion is in manifest contradiction with the approaches of many Member State courts, including the German Federal Supreme Court (BGH), which generally consider the ultimate finding,

**6. Two decisions of the Grand Board of Appeal of the Office for Harmonization in the Internal Market (OHIM): Immoral and scandalous marks (public order), protection of 3D marks and technical necessity**

**Decision of the OHIM Grand Board of Appeal of 6 July 2006 in Case R 495/2005-G, Jebaraj Kenneth, on the registrability of SCREW YOU as a Community trade mark**

**Decision of the OHIM Grand Board of Appeal of 10 July 2006, Lego Juris A/S v. Mega Brands, Inc., confirming the decision to cancel the three-dimensional representation of the LEGO brick on the grounds of Article 7 (1)(e)(iii) CTMR because of the technical nature of the mark.**

The OHIM Grand Board of Appeal has decided its first two trade mark cases. In the first case, the issue was whether the word mark SCREW YOU had to be refused as being against public order or morality. The Board held that for many goods the mark should not be registered, whereas for goods available e.g. in sex shops the mark could proceed to publication.

In the second case, one in the series of the never-ending story of the LEGO brick, the Grand Board confirmed a decision by the Invalidity Division which had cancelled the 3D representation of the famous LEGO brick because it found that, under the doctrines of the ECJ's Philips decision, the mark was unregistrable because its features were imposed by technical considerations. The case has in the meantime reached the Court of First Instance.

Reported by Dr. Alexander von Mühlendahl



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## 7. Federal Supreme Court confirms cancellation of the German trademark registration „LOTTO“ for lottery games (I ZB 11/04)

The word sign “LOTTO” was originally registered with the German Patent- and Trademark Office on the basis of acquired distinctiveness through use. On request of LottoTeam Partnership Service GmbH, a private lottery organiser, the Federal Patent Court declared the registration invalid. On appeal of the trademark owner, the association of public lottery organisers (Deutscher Lottoblock), the Federal Supreme Court sustained LottoTeam’s action. The court held that the mark “LOTTO” was purely descriptive with regard to lottery games and, therefore, to be kept free for the public. The court further denied that the sign had acquired a distinctive character through use among the relevant consumers who are regular but also irregular lottery players. Registration of a descriptive sign is only justified if it has become capable of providing an indication of origin, following the use which has been made of it. For assessing whether a mark has acquired distinctive character, it is not sufficient to rely on abstract data such as predetermined percentages only. However, according to the court, since the sign “LOTTO” is purely descriptive, the assumption of acquired distinctiveness through use requires a considerably higher proportion than 50 % of the consumers identifying lottery games marketed with the sign “LOTTO” as originating from a particular undertaking. Deutscher Lottoblock failed to show evidence thereof.

Reported by Florian Traub

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