

IP Report

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1. German Federal Supreme Court: On the interpretation of the scope of protection of a patent by the infringement court if the patent was limited in parallel nullity proceedings (Case X ZR 72/05 – *Ziehmaschinenzugeinheit/ Traction unit for a drawing machine*).

If a patent was limited in nullity proceedings, it is its limited claim version which is the basis for the interpretation of the scope of protection by the infringement court. However, the infringement court is not bound to an overly restrictive interpretation of the nullity court below the literal meaning of the limited claim version.

In the decided case, the plaintiff sued the defendant for infringement of a patent relating to a traction unit for a drawing machine. In the parallel nullity procedure, the Federal Patent Court maintained the patent claim, which was asserted by the plaintiff in the infringement procedure, only to a limited extent. The decision of the Federal Patent Court became legally binding. The reasoning of the Federal Patent Court comprises – according to the assessment of the Federal Supreme Court – an incorrect, overly restrictive interpretation of the respective patent claim below its literal meaning. The Court of Appeals in the infringement case felt bound to this restrictive interpretation by the Federal Patent Court, since in its view the reasoning of the Federal Patent Court would have become a part of the specification of the patent-in-suit. For this reason, the Court of Appeals denied infringement and rejected the complaint. The Federal Supreme Court did not agree with this perception of the Court of Appeals. It interpreted the patent claims according to its own assessment in the light of the literal meaning of the patent claim, i.e. broader than the Federal Patent Court, and remanded the case back to the Court of Appeals for a new evaluation and decision of the question of infringement.

This decision is fully in line with the permanent case law of the Federal Supreme Court and again shows that the infringement courts must interpret the asserted patent claims independently of a (deviating) interpretation of the Federal Patent Court, according to the literal meaning of the asserted patent claims, i.e. according to what the average person skilled in the

art understands to be meant by the specific terms used in the claims. The Federal Supreme Court further emphasises that an interpretation below said literal meaning is generally inadmissible. Even though the infringement court is bound to a limitation of the asserted claims by the Federal Patent Court, it is not bound with respect to the interpretation of said limitation as such. The same applies to an interpretation according to the patent specification. In this context, the Federal Supreme Court had already decided that a preferred embodiment does generally not allow a correspondingly restrictive interpretation of a patent claim describing the invention in general and having a broader literal meaning.

The present decision shows in a particularly striking manner that the bifurcated German two-track patent litigation system, separating the infringement and the nullity procedure, may lead to diverging court decisions about the scope of protection of one and the same patent. In practice, this may lead to considerable disadvantages. For example, in the present case, it can not be ruled out that the Court of Appeals, now following the interpretation of the Federal Supreme Court, will assume an infringement of the asserted patent claim. In this case, the question of validity of the so interpreted claim would have been crucial for the defendant.

However, since the validity decision of the Federal Patent Court is legally binding, the defendant (in the infringement procedure) is generally no longer able to attack the validity of the asserted patent with the prior art which was already used in the present case. Also the reverse situation may occur, namely that an infringement court interprets the asserted patent claim below its literal meaning and therefore denies infringement, whereas the Federal Patent Court may interpret the respective patent claim in a broader way according to its broader literal meaning and therefore may invalidate the patent on this basis. In that case, the plaintiff in the infringement procedure would not only lose the infringement lawsuit but also his patent. However, it has to be noted that, ultimately, a consistent interpretation of patent claims in the infringement procedure as well as in the nullity procedure is usually safeguarded by the Federal Supreme Court, since the Federal



Supreme Court is the final instance in both procedures. In the present case, such consistent interpretation was in fact cut off by the defendant himself, since the defendant obviously did not file an appeal against the (now legally binding) first instance decision of the Federal Patent Court and thereby abandoned this option.

Reported by Tilman Müller-Stoy

2. Düsseldorf Court of Appeals: On the requirement of “urgency” and the scope of “presumption of validity” in preliminary injunction procedures for patent infringement (Case 2 U 98/06 – *Schaltmechanismus / Switch mechanism*).

The requirement of “urgency” may still be assumed if the applicant obtained sufficient knowledge of the infringement and of the infringer about one month before filing the request for a preliminary injunction. This rule also applies to cases in which the applicant knew the infringing product for years and had already brought corresponding lawsuits in a foreign country against a third party manufacturing the infringing products.

The “presumption of validity” of the patent-in-suit can, in general, only be disproved by the respondent if the respondent did actually attack the patent-in-suit by initiating an invalidity procedure. An exception to this rule only applies if and as far as it would be unreasonable or impossible for the respondent to accurately prepare and initiate an invalidity procedure until a decision in the preliminary injunction procedure. However, such exception can generally not be assumed if the respondent did have sufficient time for the preparation and filing of an invalidity action. Without any substantiated indications by the respondent that exceptional circumstances would apply, three months have to be considered as being generally sufficient.

In the decided case, the applicant successfully filed a request for a preliminary injunction against the respondent for the infringement of a patent relating to an operating mechanism for a small power switch with the District Court of Düsseldorf. The attacked small power switches which were found to be infringing were imported by the respondent from a Chinese manufacturer and distributed by the respondent in Germany. The appeal filed by the respondent against the first instance decision of the District Court of Düsseldorf was rejected in the final decision of the Düsseldorf Court of Appeals, explaining in great detail some of the most important legal particularities of preliminary injunction procedures for patent infringement in Germany which are established in the permanent case law.

It appears to be appropriate to briefly address the general German concept of preliminary injunction procedures, before presenting the details of the decided case: The preliminary injunction procedure is provided for “urgent” cases in which it would be substantially detrimental for applicants to have to await the outcome of a regular lawsuit for patent infringement which usually takes roughly one year from the filing of the complaint until an enforceable decision is available (at least at the main German venues for patent litigation such as Düsseldorf and Mannheim). The preliminary injunction procedure – which may be initiated with or without a regular lawsuit pending – allows for obtaining a cease and desist order against the infringer which may be issued ex parte within only a couple of days. In principle, also a claim for rendering information about the sales chain of the infringing product may be brought forward by this tool. However, no damages or general information of sales and profits made by the infringer can be obtained on this route (“money can wait”). A successful request generally requires that the applicant is able to show a predominant, substantial degree of likelihood of infringement and of the validity of the patent-in-suit. No full proof is required due to the summary character of the procedure. Further, the applicant needs to demonstrate that the case is “urgent”, i.e. that he has sufficient reason for requesting preliminary relief instead of opting for a regular lawsuit. In this respect, a balancing of the interests of both parties



must be made by the court, taking into account various factors such as the expected potential damage which may be caused to either of the parties and taking into account the degree of likelihood of infringement and of validity demonstrated by the applicant. Here, also the timing of the applicant's actions plays a very important role. If the applicant waits too long with his request for the order of a preliminary injunction, the court assumes that there is no "urgency", i.e. that the case can wait to be decided in a regular lawsuit. This time frame is measured from the date on which the applicant obtained sufficient knowledge of all facts and evidence enabling him to file his request until the date on which he actually files his request. In this respect, different courts apply different standards, ranging from a more or less restrictive one month (e.g. Düsseldorf and Munich) up to six months (e.g. Hamburg). It may be worth adding that other factors usually do not count anymore if the request was filed too late.

In the decided case in which the preliminary injunction issued one day after the request was filed by the applicant, the requirement of "urgency" was assumed by the court even though the applicant knew the infringing embodiment for years and had already brought respective lawsuits in a foreign country against a third party producing the infringing products. In this context, the court relied on the fact that no infringement by the respondent in Germany, and consequently, no knowledge thereof by the applicant existed at that time. Rather, the applicant was able to convince the court that he obtained sufficient knowledge of the infringement by the respondent only about one month before filing the request for a preliminary injunction. Further, the court explicitly stated that the time frame of about one month before filing the request was (still) acceptable in terms of "urgency", even considering that the applicant had known the infringing product in detail for years.

Also in such a case the applicant would be required to examine carefully and thoroughly the functionality of the infringing product, the evidence at hand and the chances of success of his request, and here, likewise, the time needed for drafting and filing the request would have to be considered. Notably, in the court's opinion, the respondent failed to show in

a sufficiently substantiated manner that his further arguments were justified, namely that the applicant had obtained the relevant knowledge on a trade show already at least one year before filing the request, where – allegedly – the respondent had presented the infringing product and where employees of the applicant had been present.

Besides these clear guidelines on "urgency", the court also had to deal with an invalidity attack of the respondent against the patent-in-suit. In this respect, it has to be noted that the respondent argued the invalidity of the patent-in-suit without filing a nullity action with the Federal Patent Court at any point in time during the preliminary injunction procedure. Remarkably, the patent-in-suit was in force for 13 years and never had to go through any opposition or nullity procedure. Therefore, the court came to the conclusion that the general "presumption of validity" of an examined and granted patent would apply in the present case and that thus no doubts about its validity would be justified.

In this context, the court explained the most important case law with respect to invalidity attacks in preliminary injunction procedures in greater detail: As in regular infringement proceedings in Germany, it would also in preliminary injunction proceedings generally not be the infringement court having the competence to consider and decide on the question of validity. This rule may shift, if and as far as the defendant/applicant would in fact attack the patent-in-suit by initiating an invalidity procedure, such as an opposition or nullity action, and would equally present the underlying facts and arguments to the infringement court in sufficient detail and in due time. In regular infringement proceedings, the infringement court may then stay the proceedings on this basis. In preliminary injunction procedures, the infringement court may even reject an applicant's request due to the required balancing of interests. Only in preliminary injunction procedures an exception may be made to the aforementioned rule, if and as far as it would be unreasonable or impossible for the respondent to accurately prepare and initiate an invalidity procedure until a decision in the preliminary injunction procedure is rendered. However, such



exception could generally not be assumed, if the respondent would have had sufficient time for the preparation and filing of an invalidity action. Without any substantiated indications by the respondent that exceptional circumstances would apply, three months would have to be considered as being generally sufficient, while ten months would have to be considered as being sufficient in any event.

The reported decision comprehensively reflects some of the most relevant strategic aspects when requesting for or defending against a preliminary injunction. It is vital for a successful request that the applicant acts as fast as possible and appropriate while being particularly careful in choosing a suitable venue, in particular when taking into account that all of the German first instance infringement courts are generally competent for cases in which the infringing product is offered and/or distributed by the infringer in Germany via the internet. Equally, it may be recommendable for the respondent to strive quickly for a reasonable analysis of the validity of the patent-in-suit and, in appropriate cases, for preparing and filing an opposition or nullity action with the competent authorities as early in the case as possible.

Reported by Tilman Müller-Stoy



3. European Patent Office: Loss of application as a result of not appointing an authorized representative for entering the regional phase of a PCT application (Legal Board of Appeal, Case J 01/04 of December 20, 2006, not foreseen for publication).

The European Convention (EPC) provides for the fiction of withdrawal of the application if during prosecution the applicant fails to take certain actions within the prescribed time limits. This system aims at a smooth and efficient disposal of applications in which the applicant no longer shows any interest. In order to avoid procedural hardship, there are grace periods giving the applicant a second chance to complete the omitted act. The reported decision shows that there are typical situations in which the failure to take proper action in good time may easily result in an unintentional loss of the application.

The international application underlying the reported decision was filed with the Swedish Patent Office and the applicant was represented by a Swedish patent attorney not authorized to act before the European Patent Office (EPO). Before the end of the international phase under the Patent Cooperation Treaty (PCT), the Receiving Section of the EPO sent to the Swedish representative standard information on the requirements for entering the regional phase before the EPO, specifically drawing attention to the fact that an authorization for the international phase did not comprise an authorization for the European phase. The appointment of a professional representative was strongly recommended; otherwise the EPO had to send all communications directly to the applicant.

The necessary acts for entering the regional phase (request for examination, payment of examination and designation fees) were not performed. Thus, the Receiving Section issued communications under Rule 85a and 85b EPC inviting the applicant to perform the omitted acts within the respective grace periods and to pay a surcharge of 50% of the fees. The communications were sent by registered post directly to the applicant. After the lapse of the grace periods, the Receiving Section sent a notification of loss of rights, stating that the application was deemed to be withdrawn, because



the national fee comprising the filing fee and the designation fees had not been paid.

In reply, the applicant appointed an authorized representative who performed the omitted acts and requested that the finding of loss of rights be reversed because no communication under Rule 85a EPC had been received by the applicant or his Swedish representative. A postal enquiry initiated by the EPO revealed that the communications had been delivered to the applicant and the Receiving Section rendered its decision confirming the notification of the loss of rights.

In appeal proceedings, the applicant submitted that the EPO's practice to send communications directly to the applicant although he had appointed a national representative in the international phase was discriminatory and that Rule 81 EPC was contravened. In addition, it was not certain that the envelopes handed to the applicant's employee really contained the communications under Rules 85a and 85b EPC. He did not pursue a request for re-establishment of rights under Article 122 EPC submitted in first instance proceedings.

The Legal Board of Appeal did not accept the appellant's arguments. The requirement that only persons fulfilling the conditions for representation before the EPO in accordance with Article 134 EPC were entitled to undertake representation before the EPO was not of a discriminative nature. Referring to decision G 04/95 of the Enlarged Board of Appeal (OJ EPO 1996, 412 - Representation/BOGASKY), the Legal Board of Appeal stated that it was the purpose of this requirement to ensure that proceedings before the EPO are conducted efficiently and effectively by properly qualified professional representatives who are fully knowledgeable in the law and practice under the EPC. As long as the applicant had not appointed a professional representative entitled to act before the EPO, the general principle applied that the EPO had to perform procedural acts in relation to the registered applicant as being the party to the proceedings. The notifications addressed to him were correctly made and triggered the time limits under Rules 85a and 85b EPC for performing the omitted acts.

Since the communications were correctly notified to the applicant, the issue here was not whether his Swedish representative was able to receive communications. Rule 81 EPC, providing that notifications had to be addressed to the appointed representative, was not contravened since it clearly envisaged professional representatives within the meaning of Article 134 EPC.

The appellant's argument that it remained uncertain what actually was inside the envelopes received did not convince the Board since it was lacking any factual basis. Since the letters were lost in the sphere of the applicant's responsibility, the onus of showing or at least substantiating facts which could establish a minimum of plausibility that the envelopes might not have contained the communications under Rules 85a and 85b EPC, copies of which were in the EPO's file, was on the appellant. Hence, the Board dismissed the appeal.

The case it is not an isolated one. Decision J 05/04 of November 29, 2005 (not reported) concerning an application of French origin came to the same result in a similar situation. It may be assumed that other applicants having made the same experience have saved themselves the trouble to seek relief in appeal proceedings. The interface between the international phase and the national/regional phase of an international application is critical for two reasons. First, the legal regime changes. Whereas the prosecution of the application in the international phase is uniform under the requirements of the PCT, in the national/regional phase different requirements and time limits have to be observed in accordance with the provisions applying before the different designated Offices. Second, the personal responsibility for the prosecution of the application changes in most cases, at least for some designated States. This implies the danger that misunderstandings may arise about who is responsible for what and from which point in time on.

The problems will not disappear with the EPC 2000 entering into force on December 13, 2007. Further processing under Article 121 EPC will be available after non-observance of the time limits for entering the regional phase. However, the



grace periods under Rules 85a and 85b EPC will be abandoned. In effect, further processing will replace present Rules 85a and 85b EPC, and the mechanism and the surcharges to be paid after missing the basic time limit remain the same. Re-establishment of rights will remain ruled out in accordance with Rule 136 EPC 2000.

The lesson to learn is that clear instructions have to be given as soon as the EPO has informed the applicant or his national attorney of the requirements for entry into the regional phase (EPO form 1201). After receipt of this information, an authorized European representative should be appointed for the application as early as possible in order to avoid any risks.

Reported by Dr. Rudolf Teschemacher

4. Costs for translations of European patents for validation in the designated States: New government in France starts process for ratifying the London Agreement.

Whereas the European patent application is prosecuted in one of the three official languages of the European Patent Office, i.e. English, French or German, the European patent has to be translated into the official languages of the states in which the proprietor is seeking protection. A considerable part of the overall cost of obtaining protection via the European Patent Convention (EPC) has to be spent for these translations. If the proprietor of a patent wishes to have his invention protected in all 32 contracting states he needs to provide translations into 22 languages.

In order to reduce this heavy financial burden on the users of the European patent system, the London Agreement on the application of Article 65 EPC was concluded in October 2000. Under this Agreement, states whose official language is one of the official languages of the EPO will waive the translation requirement. The text of the claims in the three official languages of the EPO will remain available as a part of the specification; translations of the claims into the two

official languages of the EPO which are not the language of the proceedings have to be filed with the EPO before grant. States having no official language in common with one of the official languages of the EPO will no longer require a full translation of the European patent if it has been granted in the official language of the EPO prescribed by that state or translated into that language and supplied in accordance with Article 65 (1) EPC. The latter states continue to have the right to require a translation of the claims. In any case, a full translation has to be provided if a dispute relating to the patent arises.

The London Agreement is optional for the member states to the EPC. Only eight states, including France, Germany and the United Kingdom, need to ratify it for it to enter into force. So far, nine states have deposited their instruments of ratification or accession. Germany ratified in 2004, the United Kingdom in 2005. Hence, only the ratification by France is missing. Having clarified the constitutionality of the Agreement at the Conseil d'Etat in 2006, the previous government did no longer pursue the ratification process.

In an interview published in *Le Monde* on August 21, the new French Prime Minister, François Fillon, announced that his country would ratify the London Agreement. Three days later, the French Council of ministers approved the project of ratification of the Agreement. It is expected that the bill will be presented to the Parliament in September together with the EPC 2000.

Taking as an example the states which have already ratified the London Agreement, the translation requirements for a European patent might develop as follows:

Supposed the proprietor considers to validate the patent granted in English in all States which are party to the London Agreement after the French ratification, i.e. France, Germany, Iceland, Latvia, Liechtenstein, Monaco, The Netherlands, Slovenia, Switzerland, the United Kingdom and France. For the United Kingdom the patent is anyway granted in the official language of the contracting state. This applies also to Ireland which has not yet ratified the London



Agreement. No translation is necessary for France, Germany, Liechtenstein, Monaco and Switzerland, all having an official language in common with the EPO. Iceland, Latvia and The Netherlands might prescribe English as the official language which they accept for validation, Slovenia might prescribe English or German. If this scenario becomes reality the granted English text of the patent covers 10 or 11 countries, 3 of which are entitled to require a translation of the claims into their official language. If Slovenia prescribes German for the specification, only for Slovenia a full translation has to be provided. It may be expected that the example of France will attract more contracting states to ratify the London Agreement.

However, past experience has shown that there may still be obstacles to a smooth ratification in France. Whereas French industry has been a vocal supporter of the Agreement for years, professional circles representing the French patent attorneys have strongly objected to it, alleging an adverse legal, economic and cultural impact on French IP professionals. It remains to be seen which side will be more successful in influencing the members of the Parliament. Considering the traditional concerns in France about the growing predominance of the English language at the international level and the apparent economic interest of the patent profession in maintaining the translation requirements, a heated and emotional parliamentary debate may be expected.



Reported by Dr. Rudolf
Teschemacher

5. German Federal Supreme Court sets standards for confirming infringement of the 3D trademark representing Ferrero's famous "Rocher" praline (Case I ZR 22/04 – *Pralinenform/Praline shape*).

Ferrero started in 1984 to distribute its "fine chocolate and hazelnut" praline in Germany and established worldwide distribution since then. The defendant promoted his praline – wrapped in golden film – on the International Sweets Fair in Cologne 2002 as well as – unwrapped – on its internet site which was available in Turkish and English only (see below).



Ferrero's "Rocher"



Defendant's praline

Ferrero's claims were based on a German 3D trademark registration which was registered in 2001 on the basis of its acquired distinctive character (secondary meaning). The Federal Supreme Court held that the defendant's praline was used "in the course of trade" in Germany although it was promoted only in the wrapped form. Particularly, this finding did not depend on the consumer perceiving the shape of the wrapped praline or being already familiar with its shape.

The Supreme Court re-confirmed that infringing use of a trademark means use "as a mark", i.e., using the mark to differentiate goods of one company from the goods of another. The main function of trademark protection, i.e., serving as an indication of origin, applies also to 3D-marks. The Supreme Court refused the Appeal Court's argument that the contested praline was used as a mark, because the mark-in-suit had acquired distinctiveness through use. Instead, the judge in infringement proceedings has to assess whether the attacked embodiment serves as a sign of origin. According to the Supreme Court, it has to be considered that the design of a product is commonly not perceived as an indication of origin in the way word marks or figurative marks are.

However, the Court held that "use as a mark" could be also assumed if the praline design which infringes the 3D trade-



mark was distributed in wrapped form and the praline design itself became perceivable only when the praline was consumed. Notwithstanding this, the degree of distinctiveness of the mark impacts on whether the shape of a product is perceived as a sign of origin. At present, the indication of origin of the mark-in-suit was asserted on the basis of a consumer poll according to which, in 1997, 74.4 % of the consumers being shown the unwrapped praline shape said it was manufactured by one specific producer. However, the above degree of distinctiveness of the mark-in-suit is not evidence per se for whether the contested design serves as an indication of origin, at least if said shape does not differ only in immaterial details (as was the case due to the base side of the contested praline design compared to the mark-in-suit).

With regard to the mark-in-suit's distinctive character, the Supreme Court found that any court in infringement proceedings must determine the concrete degree of distinctiveness itself (even if trademarks registered due to acquired distinctiveness regularly enjoy, at least, average distinctiveness, according to the Supreme Court). In order to confirm an increased distinctive character of a 3D trademark showing the shape of a product, a certain percentage of recognition it is not sufficient. According to the Court, all relevant circumstances (market share, intensity, geographical extension, term of use, advertising expense etc.) must be considered.

Hence, any poll intended to demonstrate whether the shape of a product serves as indication of origin must distinguish between the recognition of the product and its ability to serve as indication of origin. The related questions of such a survey must be formulated accordingly. At present, the Appeal Court did not assess whether the questions of the consumer poll were appropriate. For this reason, the case was remanded to the Appeal Court for further clarification. Furthermore, the Federal Supreme Court stated that if the contested shape of a product is used as a trademark, any similarity of signs must be assessed on the grounds of said shape while likelihood of confusion can not be excluded merely by the packaging or labelling of the contested shape.

The decision shows that prevailing in registration proceedings does not necessarily guarantee a successful enforcement of a 3D trademark. Instead, the claimant needs to demonstrate that both the mark-in-suit and the infringing product serve as an indication of origin. Conducting a corresponding consumer poll is clearly a step forward towards a successful enforcement. Further guidance, however, is necessary as regards the concrete content of the related questions.

Reported by Thomas Huber

6. Hamburg Appeal Court: A domain name comprising a company name and the indication "blog.de", which is used by a third person without the company's authorization, infringes the right to a name of said company as set forth in Section 12 Civil Code (Case 3 W 110/07 – blog.de).

The petitioner filed for injunctive relief when the respondent registered a domain name, composed of the petitioner's company name and the indication "blog.de", and used this web page as a blog where articles were made available to the public which critically discussed the activities of the petitioner's company.

Since the articles put on the respondent's blog were explicitly committed to the freedom of speech, the name of the petitioner's company – which is also registered as a trademark – was not used in the course of trade. Thus, a trademark infringement had to be denied. However, according to the Court, the use of the petitioner's company name with the mere adding of the indication "blog.de" had to be assessed as an unauthorized use of the company's trade name which is protected by the right to a name in terms of Section 12 Civil Code.

The fact that the petitioner was a company (and not a natural person) did not bar it from asserting the right to a name, since the area of operation of a company can, exceptionally, be touched by the use of a company name beyond the law of trademarks. In this case, where the impairment of the company name lies beyond the



course of trade and, thus, beyond the scope of protection of the trademark law, the right to a name can be consulted additionally in order to protect the company name.

In the respondent's use of the domain the court saw an impairment of the petitioner's legitimate business interests, as the additional element "blog.de" was merely descriptive and since the public will assume that the respondent's website is an official domain of the petitioner's company, offering a so called "Corporate Blog". Since the commonly informed, averagely understanding and diligent consumer learns from the name "blog" that the corresponding website contains an online diary and since the company name is the only distinctive part of the name of the domain, the conclusion stands to reason that the domain is run by the owner of the name, according to the Court.

Therefore, the respondent was not entitled to use the petitioner's company name and could not invoke own concerns worth of protection. Indeed, said the Court, the respondent may deal with the petitioner's activities in a critical way and even use the name of the petitioner's company to refer to his activities, but not in a way making relevant parts of the public expect that the petitioner's company would be responsible for the content of the blog.

Finally, the respondent's way of using the company name was not protected by the right of Freedom of Speech, even in case of an explanation to be found somewhere on the webpage, since the confusion on the part of the public had already occurred when the domain was visited with the expectation of finding content the petitioner is responsible for.

Reported by Verena Wintergerst

7. German Federal Supreme Court on the protection of handbag design by unfair competition law (Case I ZR 198/04, I ZR 199/04, I ZR 200/04 – *Handtaschen/Handbags*).

A set of decisions rendered by the Federal Supreme Court on January 11, 2007 concern the protection of the famous "Kelly" and "Birkin" bags of the luxury handbag manufacturer Hermès against imitations of these bags (see also IP Report 2007-I re. Case 6 U 115/05 – *Longchamp*). The imitations of the Kelly and Birkin bags in these cases were, at first sight, quite similar to the originals. But the Federal Supreme Court dismissed Hermès' complaints and confirmed the opinion of the Cologne Appeal Court that the imitations were not sufficiently similar to justify an unfair competition case. These decisions raise the question whether the Federal German Supreme Court now adopts a stricter approach in granting protection against imitations.

German unfair competition law provides for the protection of a product against imitations if the shape and the appearance of a product or its features in the eye of the consumer indicate the origin of product. The German Federal Supreme Court confirmed that the Kelly and Birkin bags had such distinctive character and did not modify earlier decisions finding that the general idea of a certain origin is sufficient and that it is not necessary that the consumer has in mind the correct name of a manufacturer.

Such distinctive products are protected against imitations under German unfair competition law if the consumer, in view of the similarities of the imitations, risks to be misled and to attribute the imitation to the manufacturer of the original.

The Cologne Appeal Court found that the imitations were not sufficiently similar in this regard. The German Federal Supreme Court explained that it is not competent to replace such appreciation by the Court of Appeal by its own assessment and found (along with earlier decisions) that its competence is limited to the control if the Court of Appeal disrespected general rules for such assessment.



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The Cologne Appeal Court, when assessing the risk of confusion, pointed out that special circumstances must be considered in the cases of imitations of the Kelly and Birkin bag which undisputedly were present: (1) The Kelly and Birkin bags have often been copied for a number of years and there always have been imitations of these bags on the market. (2) The Kelly and Birkin bags are extremely high price luxury products and the consumer interested in purchasing the Kelly and Birkin bag would therefore carefully observe the bags. (3) The original Kelly and Birkin bags are only marketed in Hermès shops or by authorised dealers in special departments of their shops designated to be a Hermès department.

Knowing that imitations of the originals are circulating on the market and having in mind that the original bags are very expensive and only offered in special Hermès-shops, the Cologne Appeal Court found that the consumer would therefore very carefully observe the bag, realize if the bag does not bear the Hermès label and also realize other differences. The Cologne Appeal Court therefore found that the slight similarities of the imitations were sufficient to counterbalance a risk of confusion as to the source of the imitations and the Federal Supreme Court found that these observations would not disrespect general rules of assessing similarities under unfair competition law.

The Federal Supreme Court decision therefore might be taken, at first, as a setback in the protection of distinctive goods by unfair competition law. However, the insufficiency of a rather high degree of similarity in these decisions is due to the above-mentioned rather particular circumstances. The general principles of protection by unfair competition law remain unaffected, including the rule that differences in details are irrelevant as long as the distinctive overall impression of the product is not affected by it or if they can only be perceived when directly comparing the imitation with the original.

Reported by Dr. Stefan Abel



8. German Federal Supreme Court decides that consumers are entitled to a claim for information from the telephone company when receiving unsolicited SMS advertising (Case I ZR 191/04 – SMS Werbung/SMS advertising).

The claimant received unsolicited SMS advertising. According to the corresponding telephone number, the sender was a customer of the defendant, i.e. a telephone company. The claimant decided to enforce claims under unfair competition law against the sender and, therefore, requested related information from the defendant, i.e. the name and address of the sender. The defendant refused to provide such information to the claimant, arguing that only consumer associations were entitled to such rights.

On July 19, 2007, the German Federal Supreme Court decided that consumers are entitled to claim information from the telephone company when receiving unsolicited SMS advertising on the grounds of Section 13a German Act regarding cease-and-desist orders. So far, a claim for information had only been granted to consumer associations.

The defendant argued that pursuant to the wording of Section 13a Sentence 2 Act regarding cease-and-desist orders, individual consumers are only entitled to claim information if consumer associations are not. In light of the legislator's will to strengthen consumers' rights and given the fact that the consumers' and the consumer association's rights, in general, exist in parallel, the Court held that a consumer's claim for information only fails if a consumer association already proceeded with enforcing the very consumer's claim for information.

Reported by Philippe Kutschke





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9. Accession of the European Community to the Geneva Act of the Hague Agreement concerning the International Registration of Industrial Designs.

On July 24, 2007, the European Commission adopted two regulations necessary for connecting the Community design registration system with the WIPO system. The new system is expected to operate as of January 2008.

On December 18, 2006, the Council of the European Union approved the accession of the European Community to the Geneva Act (adopted 1999) of the Hague Agreement concerning the International Registration of Industrial Designs by its Decision No. 2006/954/EC. Furthermore, the President of the Council was authorized to de-posit the instrument of accession with the Director-General of WIPO as of the date on which the measures necessary for establishing a link between the Community design law and the Geneva Act are adopted. The first measure was Regulation (EC) No. 1891/2006 of December 18, 2006 which amended the Regulation on Community designs accordingly.

Regulation (EC) No. 876/2007 of July 24, 2007 now installs certain technical measures by amending Regulation (EC) No. 2245/2002 on the implementation of the Regulation on Community designs. In particular, the amendments are related to the examination of grounds for refusal of an application, to renewal as well as to communication between OHIM and WIPO. OHIM will provide information on International Registrations of designs designating the European Community by a hyperlink to WIPO's database, but will not include such information in its own database.

Additionally, Regulation (EC) No 877/2007 of July 24, 2007 amends Regulation (EC) No. 2245/2002 concerning the fees payable to OHIM. The amendments relate to the administrations of the fees. The additional fee for designating the European Community is EUR 62.00.

With the adoption of the aforementioned regulations, the necessary measures for

establishing the link between WIPO and the European Community design system are completed. Hence, the deposition of the instrument of accession before WIPO is scheduled for September 2007. On that date when the Geneva Act of the Hague Agreement enters into force for the European Community, the three implementation Regulations will enter into force as well. Thus, the link between the two systems is expected to operate as from beginning of January 2008.

Starting from that date, companies and individuals from the European Community and its Contracting States – or having a domicile, a habitual residence or a real and effective industrial or commercial establishment within these territories – are able to designate the European Community when filing an international application for an industrial design with WIPO, whilst filing with OHIM directly will not be possible.

Reported by Thomas Huber





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10. Germany: Legislators accept the Government's proposed further amendments to the Copyright Act for the Information Society

The changes will allow industry and copyright representatives to set fees for private copies. Private copies from file sharing systems will be restricted, as will electronic reading stations at libraries, museums etc. There will also be a prospective provision allowing the regulation of future uses of works of art which have not yet been developed. Presumably the act will come into force by the end of this year.

The already existing lump-sum claim of author's for compensation in case of private copies, which has to be paid by the traders or manufacturers of reproduction devices or data carriers, now generally applies in case of sale of devices or data carriers which are – commonly – used for copyright-relevant reproductions.

The amount of compensation for private copies will exclusively be negotiated and fixed by the parties (i.e., the originator or their representatives and the device manufacturing industry), albeit the act will contain basic principles in order to assess an adequate amount of compensation. In case of failure of negotiations, an arbitration board will have to determine by empirical studies the relevant use of the devices in question .

Private copies as such will be further restricted, because not only the reproduction of obviously illegally manufactured "originals" shall be illegal, but also private copies of an "original" which have been made available to the public shall be prohibited if obviously illegal. Thus, the copying of songs in file sharing networks (peer-to-peer networks) is definitely encompassed by the new law.

Additionally, the amendments will permit publicly available libraries, museums and archives, which neither directly nor indirectly pursue a commercial purpose, to make published works available to the public on specially created electronic reading desks for private purposes or research.

Finally, against the existing rules, the amendment contains a provision allowing for the regulation of future uses of works of art which haven't yet been developed. In case such a right of future use is granted to a licensee, the author's rights are restricted to an adequate compensation, unless he objected the planned uses of his work within a term of three months after the user's notification.

Reported by Verena Wintergerst





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