



IP Report 2012/III

**BARDEHLE
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1. On a Unitary Patent and Unified Patent Court in the European Union

Reported by Dr. Christof Karl, LL.M., and Clemens Rübel

“The seat of the Unified Patent Court will be in Paris, with thematic clusters in London and Munich”, was the headline of many newspapers and business magazines at the end of June. The media were celebrating an assumed breakthrough on the way to the EU Unitary Patent and the Unified Patent Court on the European Council meeting of June 28 and 29, 2012. The system is supposed to significantly reduce the costs for nationalization and maintenance of European patents, and should render enforcement of patent rights in Europe easier. However, only four days later, the European Parliament postponed its vote on the EU Patent Package due to two significant last-minute changes suggested by the Council to the text agreed upon in December 2011. The Parliament will possibly resume the discussion in September this year.

Under the current system, a European patent, once it has been granted by the European Patent Office (EPO) becomes a bundle of national patents. It has to be validated in each EPC member state for which the proprietor seeks protection, entailing the payment of renewal fees to each of the national patent offices, and oftentimes substantial translation costs. Like national patents, (the national parts of) a European patent can only be enforced country by country.

The envisaged EU patent is regulated by two draft EU Regulations, one (“Regulation implementing enhanced cooperation in the area of the creation of unitary patent protection”) creating the “European patent with unitary effect”, and one Regulation setting out the translation regime for the unitary patent. The rules and procedure for examining patentability, all of which are laid out in the European

Patent Convention, will be the same as for European patents. However, after grant by the EPO, the unitary patent (EU patent) will be valid throughout the territory of the EU member states participating in the enhanced cooperation scheme (currently all 27 EU-countries except Italy and Spain).

The EU Patent Package also contains a treaty among the member states of the enhanced cooperation on a Unified Patent Court which provides for a unified patent litigation system. It envisages that European patents (with or without unitary effect) are enforced by one single proceeding with effect for all participating EU countries. Of course, the other side of the coin of Europe-wide enforcement of patents is the possibility for the defendant to have the patent revoked for all countries likewise by one single proceeding.

The Unified Patent Court will comprise decentralized local and regional divisions in many EU countries for first instance proceedings. Infringement actions can be brought to any local or regional division where infringement occurred or where the defendant or one of the defendants is resident. There will also be a central division which has exclusive competence for first instance patent revocation proceedings. According to the last published version of the draft agreement of November 11, 2011, infringement actions can (only) be brought to the central division if both parties agree, or if a revocation action is already pending.

In the meeting of the European Council of June 28 and 29, 2012, the heads of state or government agreed that the seat of the central division will be Paris, with thematic clusters in London and Munich. London will deal with the technical fields of chemistry, pharmaceuticals,



Christof Karl



Clemens Rübel

biotech and human necessities (*e.g.* nutrition, sports goods, household aids), Munich will deal with mechanical engineering. The remainder, including the currently heavily litigated field of electronics, will remain in Paris. The seat of the Court of Appeal will be Luxembourg.

The Council “suggested” two last minute changes to the Patent Package as it had been agreed upon between the Council and the Parliament. One of the suggestions, which upset members of the Parliament so much that it led to the above-mentioned postponement of the vote, is that Articles 6 to 8 be deleted from the Regulation implementing enhanced cooperation. These Articles regulate the central questions of which activities constitute direct and indirect patent infringement, and activities exempted from patent infringement. Inclusion of the Articles in the Regulation (instead of only in the agreement on the Unified Patent Court) has the effect that the Unified Patent Court will have to refer legal questions of substantive patent law to the Court of Justice of the European Union (CJEU). Patent practitioners and academics criticized the involvement of the CJEU, because it would lengthen the proceedings and increase costs. Furthermore, there are concerns about the quality and predictability of the judgments if important questions of patent law are decided by the non-specialized judges of the CJEU.

The other last-minute change concerned the rules of competence for infringement actions between the local and regional divisions and the central division. According to the conclusions of the meeting of the European Council on June 28 and 29, 2012, “parties will have the choice to bring an infringement action before the central division if the defendant is domiciled outside the European Union”. However, “[t]here will be no possibility for the defendant to request a transfer of an infringement case from a local division to the central division if the defendant is domiciled within the European Union.” The last proposal before the meeting, which was not published, apparently included a provision

according to which, in case of an action for infringement, “where the actual or threatened infringement has occurred or may occur in the territories of three or more local or regional divisions, the competent panel shall, at the request of the defendant, refer the case to the central division.” In the vast majority of the cases, infringement obviously at least “may” occur in the territory of three or more local or regional divisions. Therefore, the defendant would practically always have had the possibility to transfer a case from the local or regional division chosen by the plaintiff to the central division. One would have expected the defendants to regularly prefer a presumably overloaded “super central division” over fast and effective local divisions, *e.g.* in Germany.

Despite the strong efforts made in the last few years on the way to a unitary patent and centralized European patent litigation system, still many issues remain open: The rules of procedure of the Unified Patent Court are still in preparation. It is unclear who will be the judges for the new courts, in particular from where the judges of the envisaged “pool of judges” can be recruited. Nothing has been decided yet about the court fees, the amount of the renewal fees of the unitary patent, and the distribution of the renewal fees among the participating countries.

It remains doubtful whether the EU patent will really be the purported long-awaited improvement of the existing system, stimulating innovation and helping SMEs. For instance, the EU patent might be clearly cheaper than the current bundle patent validated in all 25 participating EU countries, but most patent proprietors today choose to validate the European patent only in a few countries, *e.g.* in Germany, France, UK and Italy. If only these countries are of interest, the EU patent will probably be more expensive than the current European bundle patent. For Germany, France and the UK, all members of the London Agreement, already today no translations are needed, and Italy will anyway not participate in the EU patent. Unless the

member states which are typically chosen for validation today are willing to accept a sensible reduction of their renewal fee income, the fees for the EU patent will be higher than the current fees for three countries. Further, there is also no possibility with the EU patent to drop the patent for individual countries.

Moreover, it cannot be predicted today whether the envisaged litigation system will strengthen or weaken the position of the patent proprietor. The prospects of court proceedings in other countries instead of the home forum, in a foreign language, with so far unknown rules of procedure and possibly differently experienced judges of different nations, involving the risk of losing the patent for the whole EU, may intimidate patentees. And experience shows that enforcement of a patent in only one of the big markets in Europe very often leads to a settlement for the whole of Europe. Currently about two thirds of all patent litigations are being filed in Germany, which offers a fast and relatively inexpensive procedure with predictable results. Since also European bundle patents will be subjected to the Unified Patent Court, critics of the new court system expect a renaissance of the national patents. However, in the opinion

of the authors, it is still too early for a change of the filing strategy in view of the envisaged litigation system: First of all, patent proprietors will have the possibility to opt out from the exclusive competence of the Unified Patent Court for a transition period of five or seven years. Secondly, it can currently not be foreseen when, and if at all, the new system will come. After the postponed vote in the European Parliament, the issue will be discussed again after the summer recess, possibly in September. A new first reading could be scheduled at the earliest in October this year. Even after a successful adoption of the Regulations by the European Parliament, the agreement on the Unified Patent Court would have to be ratified by at least 9 member states, including Germany, France, and the UK. And finally, complaints against the enhanced cooperation which does not include all EU member states have been filed by Italy and Spain with the CJEU.

It seems that the struggle for a uniform patent protection for the whole of Europe, which has been lasting over 40 years now, will continue for a while, albeit on a different level. In any event, we are following developments closely and will keep you duly informed.

2. Court of Justice of the European Union renders decision on Supplementary Protection Certificates with regard to second marketing authorization of medical compounds (decision of July 19, 2012 – Case C-130/11 – Neurim Pharmaceuticals v Comptroller General of Patents)

Reported by Dr. Christopher Brückner

Neurim Pharmaceuticals (Neurim) had discovered that melatonin, which was not patented as such, could be used as a medicine for insomnia. The European Commission issued Neurim a Marketing Authorisation (MA) on June 28, 2007 for its medicinal product called “Circadin”. Neurim applied for an SPC for its medicinal product, basing its application on the Circadin MA which it had just obtained.

The U.K. Intellectual Property Office (UKIPO) refused to grant the request. In its reasoning, the UKIPO stated that the MA for “Regulin”, dating from 2001, and issued for the regulation of seasonal breeding activity of sheep, was the first MA. Thus, according to the opinion of the UKIPO, the Circadin MA was not the “first MA” relating to melatonin in the sense of Article 3 (d) of the SPC Regulation 469/2009. That refusal was challenged by Neurim before the High Court of Justice (Chancery Division). In essence, Neurim argued, that the relevant MA for the application of Article 3 (d) of the SPC Regulation is the MA which concerns the product for which the application for the SPC is sought. Although the High Court considered Neurim’s arguments

well founded, it none the less decided to stay the proceedings in order to refer the questions to the ECJ for a preliminary ruling.

In essence, the High Court asked, whether the provisions of article 3 and 4 of the SPC Regulation are to be interpreted as meaning that the existence of an earlier MA for a veterinary medicinal product is sufficient to preclude the grant of an SPC for the product application which obtained the other MA. As the Commission pointed out that these questions are essentially aimed at establishing whether there is a link between, on the one hand, the MA referred to in Article 3 (b) and (d) of the SPC Regulation, and on the other hand, the basic patent referred to in Article 3 (a) of the Regulation.

The ECJ decided that in such a situation only the MA of the first medicinal product, comprising the product and being authorised for a therapeutic use corresponding to the one protected by the patent underlying the application for the SPC, may be considered to be the “first MA” of “that product”, as a medicinal product exploiting a new use within the meaning of Article 3 (d) of the SPC Regulation.



Christopher Brückner

Remarks

This decision improves the situation of research and development in the pharmaceutical industry since it supports the development of new medicinal indications for a well-known drug. However, this is only possible in cases in

which the scope of the basic patent is very small. The decision confirms the situation for SPC applicants, according to which the narrower the scope of a basic patent (and the related SPC) is, the better the chances are to obtain an SPC.

3. German Federal Supreme Court on injunctive relief and deletion of allegedly pejorative anti-competitive statements in a patent disclosure (decision of December 10, 2009 – Case I ZR 46/07 – Fischdosendeckel/Lid for fish cans)

Reported by Dr. Patrick Daum, M.Sc., B.Sc.

A third party not involved in the grant proceedings of a patent may not exert any influence on statements in the patent disclosure, neither during grant proceedings nor during opposition or nullity proceedings. In particular any exertion of influence on the patent disclosure by decisions of civil courts is prevented by German Patent Law.

The defendant, a manufacturer of lids for fish cans, submitted on September 24, 1993 a German patent application DE 43 32 545 regarding a novel tear-off lid made of sheet metal for fish cans. The patent was granted in June 2002 and the patent disclosure was published in December 2003. In the introduction of the patent disclosure the known prior art was described. In this context, a specific European patent EP 0 263 736 of the plaintiff was named and described to have certain disadvantages. Further, it was described in the introduction of the patent disclosure that the object of the invention for which protection was sought is to provide a novel tear-off lid for fish cans not having the disadvantages of the lid as described in the plaintiff's European patent.

The plaintiff regarded the statements made by the defendant in the patent disclosure with respect to its lid to be pejorative and, in particular, anti-competitive, such that the statements would constitute a violation of German unfair competition law. Hence, the plaintiff was of the opinion that this violation would entitle it to claim injunctive relief for the pejorative statements and demand deletion of these statements from the patent disclosure.

Accordingly, the plaintiff filed a complaint with the Dresden District Court – which is a civil court of first instance – requesting injunctive relief for the pejorative statements in the patent disclosure and that the defendant be obliged to file a request with the German Patent and Trademark Office for deletion of the pejorative statements in question.

In a decision dated November 18, 2005, the Dresden District Court decided on the basis of an expert opinion that the statements used in the patent actually represented a violation in the sense of the law against unfair competition, thus ruling in favor of the plaintiff. This decision was appealed. However, in its decision dated January 16, 2007 also the Dresden Appeal Court ruled in favor of the plaintiff.

The defendant filed an appeal based on points of law with the German Federal Supreme Court against this decision. The appeal on points of law was successful and the former decisions of the Dresden District Court and the Dresden Appeal Court were overruled.

The German Federal Supreme Court confirms in the decision the exclusivity of the applicant/patentee according to German Patent Law in the role as being the only eligible party to request amendments of the disclosure of the patent during grant proceedings as well as during opposition and nullity proceedings. Hence, in this respect the German Patent Law imposes a barrier effect on any influence a third party may want to exert. The German Federal Supreme Court highlighted that this barrier effect also extends to decisions of ordinary courts, which in this respect have no jurisdiction to exert influence on the patent disclosure.



Patrick Daum

Remarks

The decision of the Federal Supreme Court emphasizes that a third party not involved in the grant proceedings of a patent has *de facto* – because of the barrier effect of German Patent Law – no influence on the patent disclosure. However, the decision should not be seen as a “wild card” for using patent disclosures as new marketing tools in order to discredit products of competitors on purpose. In particular, since the Federal Supreme Court has left the question unanswered how it would have ruled if the statements were evidently wrong – also from a non-expert perspective – or if their only purpose

was to discredit a competitor. In this case, the Federal Supreme Court highlighted that a special complaint may be successful. Further, it must be emphasized that while the German Patent Law exerts a barrier effect and does not include *a priori* a regulation which prohibits pejorative anti-competitive statements to be included in the patent disclosure, this is different according to the European Patent Convention, which clearly states in Rule 48 (1) (b) that such pejorative anti-competitive statements are prohibited for European patent applications.

4. German Federal Supreme Court on assessment of the parties' interests in staying patent infringement proceedings (decision of September 28, 2011 – Case X ZR 68/10 – Klimaschrank/Air-conditioned Cabinet)

Reported by Dr. Patrick Daum, M.Sc., B.Sc.

The longer a defendant in patent infringement proceedings waits with the filing of a corresponding nullity complaint, the less likely it is that the patent infringement proceedings will be stayed.

On August 29, 2000 the plaintiff had submitted European patent application EP 1 211 197 regarding an air-conditioned cabinet. The patent was granted in June 2002 and the patent disclosure was published in February 2003.

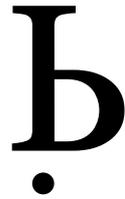
According to the allegations of the plaintiff, the defendant, who produces and offers different types of air-conditioned cabinets, made unlawful use of the teachings of the aforementioned patent. In consequence, the plaintiff filed a patent infringement complaint with the Dusseldorf District Court requesting injunctive relief, disclosure of information and rendering of accounts as well as a ruling that the plaintiff is generally obliged to pay damages. The defendant opposed the complaint, arguing a right of prior use.

In a decision dated August 10, 2006, the Dusseldorf District Court decided that the air-conditioned cabinets as produced and offered by the defendant make use of the technical teaching of the patent-in-suit. However, the defendant had a right of prior use, on the basis of which the court ruled in his favor. This decision was appealed. On April 8, 2010, the Dusseldorf Appeal Court decided that no right of prior use was given since, at the priority date of the patent, the defendant was still only at the development stage and would have not been able to produce the air-conditioned cabinets if a knowledge transfer had not occurred. Hence, the requirements as set forth by German Patent Law concerning the right of prior use were not fulfilled. Consequently, the

Appeal Court ruled in favor of the plaintiff. An appeal on points of law was not admitted.

Against the denial of leave to appeal on points of law, the defendant filed an appeal against denial of leave to appeal with the German Federal Supreme Court. At a later point in time, the defendant also filed a nullity complaint with the German Federal Patent Court, nearly eight months after the decision of the Dusseldorf Appeal Court. With regard to this nullity complaint, the defendant requested before the Federal Supreme Court a stay of the infringement proceedings until a final decision is rendered in the nullity proceedings pending with the Federal Patent Court.

The possibility of staying ongoing patent infringement proceedings – throughout all instances – when a corresponding nullity complaint is pending, accounts for the bifurcated system in Germany according to which decisions on the validity of a patent are rendered in separate (parallel) nullity proceedings by the Federal Patent Court and the Federal Supreme Court – and not by the courts hearing the infringement case. However, according to the regulations set forth in the German Code of Civil Proceedings regarding the staying of proceedings, it is in the discretion of the respective court in front of which the patent infringement proceeding is pending, whether or not to stay the proceedings until a final decision is rendered in the nullity proceedings. Thereby, the court has to consider, on the one hand, the interest of the defendant not to be adjudged for infringement of a potentially invalid patent, but on the other hand, the court also has to consider the interest of the plaintiff to get a timely and final decision.



In the present case, the Federal Supreme Court ruled in favor of the plaintiff and emphasizes in its “*ratio decidendi*” that the interest of the plaintiff becomes more predominant the later in the proceedings the defendant files a corresponding nullity complaint; this, however, is not applying in cases in which it is clear that the nullity complaint will be successful. However, in the

present case such clarity was not given. Furthermore, it took the defendant nearly eight months after the decision of the Dusseldorf Appeal Court to file a corresponding nullity complaint. Hence, the Federal Supreme Court had to rule in favor of the plaintiff on the basis of the aforementioned weighing of conflicting interests.

Remarks

The decision of the German Federal Supreme Court emphasizes the importance for the defendant to file a nullity complaint in due time during patent infringement proceedings. The filing of a nullity complaint must not be considered a measure of last resort. It is recommended to

carefully assess the chances and risks of filing a nullity complaint, at an early stage of the patent infringement proceedings, since filing the nullity complaint at a later stage may increase the likelihood of the patent infringement proceedings not being stayed by the competent court.

5. Court of Justice of the European Union: Requirements for a description of goods and services – Scope of protection of specification consisting of class headings (decision of June 19, 2012 – Case C-307/10 – Chartered Institute of Patent Attorneys v Registrar of Trade Marks – IP TRANSLATOR)

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

The Court of Justice of the EU (ECJ) establishes requirements of clarity and precision for the indication of goods and services in trademark applications and registrations and rules on the scope of class headings.

For many years questions of how to claim goods and services in trademark applications and the ability to use generic indications such as the class headings of the Nice Classification have been debated in Europe; practices of trademark offices as to the acceptability of class headings differed.

The Chartered Institute of Patent Attorneys, the organization of U.K. patent attorneys, brought a test case in the U.K. Intellectual Property Office (UKIPO), requesting registration of “IP TRANSLATOR” for all the class headings in cl. 41, namely “education; providing of training; entertainment; sporting and cultural activities”. The UKIPO refused the application, concluding that it covered not only these services but also every other service properly classified in cl. 41, including “translation services” (the Alphabetical List established as part of the Nice Classification contains “translation” as one indication in cl. 41) for which the mark was descriptive. The Institute appealed, contending that its application for registration did not specify, and therefore did not cover, translation services. The appeal was heard by the Appointed Person (Geoffrey Hobbs, QC), who – as was the purpose of this case as test case – referred the following questions to the ECJ:

In the context of [Directive 2008/95] ...:

1. Is it necessary for the various goods or services covered by a trademark application to be identified with any, and if so what particular, degree of clarity and precision?
2. Is it permissible to use the general words of the class headings of the [Nice Classification] for the purpose of identifying the various goods or services covered by a trademark application?
3. Is it necessary or permissible for such use of the general words of the Class Headings of [the Nice Classification] to be interpreted in accordance with Communication No 4/03 ...?

The reference to the Office of Harmonization for the Internal Market’s (OHIM) Communication No 4/03 was included because in that Communication OHIM had explained in detail its approach to the issues, including the position that a use of all the class headings of a particular class was equivalent to claiming all goods or services properly classified in that class.

The ECJ, in its decision of June 19, 2012, held as follows:

Directive 2008/95/EC of the European Parliament and of the Council of October 22, 2008 to approximate the laws of the Member States relating to trademarks must be interpreted as meaning that it requires the goods and services for which the protection of the trademark is sought to be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that basis alone, to determine the extent of the protection conferred by the trademark.



Alexander von Mühlendahl

Directive 2008/95 must be interpreted as meaning that it does not preclude the use of the general indications of the class headings of the Classification referred to in Article 1 of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, concluded at the Nice Diplomatic Conference on June 15, 1957, last revised in Geneva on May 13, 1977 and amended on September 28, 1979, to identify the goods and services for which the protection of the trade mark is sought, provided that such identification is sufficiently clear and precise.

An applicant for a national trademark who uses all the general indications of a particular class heading of the Classification referred to in Arti-

cle 1 of the Nice Agreement to identify the goods or services for which the protection of the trade mark is sought must specify whether its application for registration is intended to cover all the goods or services included in the alphabetical list of that class or only some of those goods or services. If the application concerns only some of those goods or services, the applicant is required to specify which of the goods or services in that class are intended to be covered.

Only one day later, on June 20, 2012, OHIM issued a new Communication (Communication No. 2/12), implementing the ECJ judgment, and revoking the 2003 Communication. Reactions from other offices have not become known so far.

Remarks

The requirement that specifications of goods and services must be sufficiently clear and precise is no surprise, in view of the ECJ's earlier cases regarding smell marks (Sieckmann), colour combination marks (Heidelberger Bauchemie), and retail services (Praktiker). It is for the respective offices – and these of course include OHIM – to decide whether a particular term used in a specification satisfies the requirement of clarity and precision.

It follows from the judgment that class headings are as such not objectionable, but some may be too vague. For example, the German Patent and Trademark Office objects to “machines” in cl. 7, and “repair” in cl. 38, whereas OHIM has always accepted all class headings.

6. German Federal Supreme Court: Prerequisites and scope of trademark protection of a dead celebrity's name – Genuine use and use of a variation (decisions of May 31, 2012 – Case I ZR 135/10 – ZAPPA)

Reported by Dr. Philippe Kutschke

The Federal Supreme Court finds that use of a dead celebrity's last name as a domain name will in general be perceived as a generic reference to the decedent and not as a trademark. The Court also finds that use of "ZAPPA Records" is not use of "ZAPPA".

The case concerns the protection and enforcement of trademark rights in the last name of Frank Zappa, world famous musician, artist, producer and film director who died in 1993. The plaintiff, a US trust in charge of Frank Zappa's estate ("The Zappa Family Trust"), is the owner of Community Trademark (CTM) 1933944 "ZAPPA", registered since August 1, 2002, *inter alia* covering merchandizing, sound recordings and entertainment services. The plaintiff also owns German trademark 2095671, registered since April 26, 1995, covering clothing and footwear, comprising a depiction of Frank Zappa's moustache and chin beard. Further to that, the plaintiff runs the website www.zappa.com, providing information about Frank Zappa and his son Dweezil Zappa. On this website a link refers to another website, *inter alia* offering sound recordings of Frank Zappa of the record label "Zappa Records", also owned by the plaintiff.

The first defendant is a German non-profit organization. The purpose of the association is the memento of the music of the 60s, in particular of "Frank Zappa and the Mothers of Invention" (Frank Zappa's band). It organizes the annual music festival "Zappanale" since 1990 and offers sound recordings and films of the music festival as well as merchandizing (*e.g.*, clothing and headgear), comprising the term "Zappanale"

and a depiction of Frank Zappa's moustache and chin beard. The second defendant is the owner of the domain www.zappanale.de. This website comprises information on the festival "Zappanale" and a web store offering respective merchandizing.

The plaintiff sued the defendants for trademark infringement. The defendants *inter alia* argued that the trademarks-in-suit had not been put to genuine use and, by way of counterclaim, challenged the validity of the CTM.

The Court denied trademark infringement because the asserted trademarks of the plaintiff have not been put to genuine use. The Court found that the name of a celebrity definitely serves to differentiate the person from others; however, it does not automatically function "as a trademark", *i.e.*, as an indication demonstrating that the goods and services offered under this name originate from the same or economically related undertakings. As regards use of the domain www.zappa.com, the Court held that it would not be perceived as a trademark, but rather as a generic reference to the person Frank Zappa and, thus, was not applicable to demonstrate genuine use of the sign-in-suit. As regards use of "Zappa Records", the Court held that the second part ("Records") would significantly influence the overall impression of the sign and therefore was not applicable to demonstrate genuine use of the sign-in-suit either. Given that the plaintiff also failed to prove that the "Zappa-beard" trademark had been put to genuine use, the Court confirmed the Appeal Court's decision, which ordered revocation of the CTM and rejected the plaintiff's claims completely.



Philippe Kutschke

Remarks

The Court's assumption that "Records" would significantly alter the distinctive character of the CTM "Zappa" is interesting, because it appears generally accepted that use of a trademark together with a generic indication such as a product name (*e.g.* "XYZ Beer" is sufficient to maintain rights in the mark "XYZ"). However, in this case, the Court found that "Records" would lead to consumer's perception of "Zappa Records" as a company name, whereas "Zappa" alone, as stated above, would be merely descriptive of the person Frank Zappa.

The decision reveals common problems of dead celebrities' heirs in protecting and enforcing the deceased name rights. Name rights of dead celebrities are not a self-fulfilling prophecy, au-

tomatically arising and remaining through time. To the contrary, heirs have to develop strategies how to commercialize name rights, taking into account the particularities of trademark law. It is of utmost importance to ensure use of the name "as a trademark". Depending on the labeling practice, this is possibly uncritical in respect of merchandizing, but more difficult in respect of sound recordings and organization of music events. Consequently, sophisticated license agreements with producers and distributors are helpful.

However, even when alive, celebrities have to evaluate carefully and thoroughly how to realize trademark rights in their names.

7. Court of Justice of the European Union: Criteria for determining “reasonable compensation” in cases of infringement of Community plant variety rights (decision of July 5, 2012 – Case C-509/10 – Geistbeck v Saatgut-Treuhandverwaltungs GmbH – GEISTBECK)

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

The Court of Justice of the EU (ECJ) establishes criteria for “reasonable compensation” in cases of plant variety rights infringements by farmers exceeding their privilege.

According to Article 94 (1) of Council Regulation (EC) No 2100/94 of July 27, 1994 on Community plant variety rights (CPVR), holders of Community plant variety rights are entitled to recover, in cases of infringement of their rights, “reasonable compensation”. In cases of intentional or negligent infringements, “any further damage” may be recovered as well (Article 94 (2) CPVR). Under the “farmers’ privilege” (possibility to use for propagating purposes the product of the harvest, Article 14 (1) CPVR) “equitable remuneration” may be due to the holder of the right.

The defendants in the case referred to the ECJ by the German Federal Supreme Court had used more material for their own plantings than they had notified to the plaintiff, who was acting on behalf of the breeder. The question before the Supreme Court was to determine the criteria for calculating “reasonable compensation” within the meaning of Article 94 (1) CPVR, and whether surveillance costs could be claimed under the aspect of damages within the meaning of Article 94 (2) CPVR.

The questions referred to the ECJ were as follows:

1. Must the “reasonable compensation” a farmer must pay to the holder of a Community plant variety right in accordance with Article 94 (1) of Regulation No 2100/94, because he has used

propagating material of a protected variety obtained through planting and has not fulfilled the obligations laid down in Article 14 (3) of Regulation No 2100/94 and Article 8 of Regulation No 1768/95, be calculated on the basis of the average amount of the fee charged for the licensed production of a corresponding quantity of propagating material of protected varieties of the plant species concerned in the same area, or must the (lower) remuneration which would be payable in the event of authorised planting under the fourth indent of Article 14 (3) of Regulation No 2100/94 and Article 5 of Regulation No 1768/95 be taken as a basis for the calculation instead?

2. In the event that only the remuneration for authorised planting must be taken as a basis for the calculation:

In the circumstances described above, may the holder, in the event of a single intentional or negligent infringement, calculate the damage for which he must be compensated in accordance with Article 94 (2) of Regulation No 2100/94 as a lump sum based on the fee for the grant of a licence for the production of propagating material?

3. Is it permitted or even required, when assessing the “reasonable compensation” due under Article 94 (1) of Regulation No 2100/94 or the further compensation due under Article 94 (2) of that regulation, for the special monitoring costs of an organisation which protects the rights of numerous holders to be taken into account in such a way that double the compensation usually agreed, or double the remuneration due under the fourth indent of Article 14 (3) of

Regulation No 2100/94, is awarded?’

The ECJ concluded that those exceeding their privileges under Article 14 (1) CPVR must be treated as infringers and are thus liable to pay reasonable compensation under Article 94 (1) CPVR. The license fee regularly paid for authorized propagation by others than privileged farmers should be the starting point for measuring “reasonableness”. The answer of the ECJ thus was:

1. In order to determine the ‘reasonable compensation’ payable, under Article 94 (1) of Council Regulation (EC) No 2100/94 of July 27, 1994 on Community plant variety rights, by a farmer who has used the propagating material of a protected variety obtained through plant-

ing and has not fulfilled his obligations under Article 14 (3) of that regulation, read in conjunction with Article 8 of Commission Regulation (EC) No 1768/95 of 24 July 1995 implementing rules on the agricultural exemption provided for in Article 14 (3) of Regulation (EC) No 2100/94, as amended by Commission Regulation (EC) No 2605/98 of December 3, 1998, it is appropriate to base the calculation on the amount of the fee payable for the licensed production of propagating material of protected varieties of the plant species concerned in the same area.

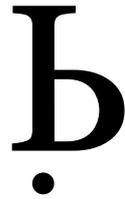
As regards the second issue, the ECJ concludes that costs for monitoring compliance cannot enter into the calculation of “reasonable compensation”.

Remarks

The case arose in Germany where there had been a debate, primarily in the legal literature, about the approach to calculating compensation due to right holders when farmers exceeded the notified or authorized plantings under the farmers’ privilege rule. The Order of the Federal Supreme Court of September 30, 2010 in Case

Xa ZR 123/09 – Solara, published, *inter alia*, in GRUR 2010, 1087, provides a complete review of the debate.

The outcome as well as the manner in which the ECJ reaches these results, appear entirely reasonable.



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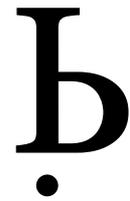
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