

Recent Case Law in German Trademark Law



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FOREWORD

We are pleased to send you the latest issue of our well-established 'Recent Case Law in German Trademark Law'. The overview compiled by the attorneys-at-law in the Trademark Practice Group at Eisenführ Speiser contains seven recent court decisions of relevance for practitioners in the field. The Trademark Practice Group pools the firm's competencies in the field of trademark law from and for the various offices and discusses new developments in case law and practice on a regular basis. Collectively, the Practice Group can draw on experience amassed over the past 50 years. Our clients benefit accordingly.

The following discussions explain the background and the main features of each decision and include the respective author's personal assessment. The overview is structured in two sections, the first covering infringement proceedings and the second covering proceedings before patent offices and courts concerning eligibility for trademark protection.

The Federal Court of Justice decisions presented here address issues ranging from who is responsible for a trademark infringement, to the exhaustion of trademark rights when goods are transported to non-EU countries via the EU, to the amount of damages that can be claimed when a trademark is infringed by advertising. We also focus on a new decision on the Lindt Gold Bunny (acquired distinctiveness through use) and on the FCJ's detailed 'sailing instructions' for assessing the similarity of goods. The European courts have ruled on reasons for refusal to register a trademark, particularly those which achieve a technical result, and, for the first time, on sound marks.

We wish you stimulating reading. If you have any questions or comments on the individual articles or about other trademark issues, please do not hesitate to contact us!

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EISENFÜHR SPEISER

I. INFRINGEMENT PROCEEDINGS

1. Assigning responsibility in cases of accessory liability for trademark infringement

Federal Court of Justice judgment of 6 May 2021 in case no. I ZR 61/20 – Die Filsbacher

BACKGROUND

Liability for an infringement of intellectual property is borne by any person who commits or participates in the act of infringement. A committer is the person who exerts control over the act in question (jointly with accomplices, where relevant). A participant is any person who promotes the deliberate act of infringement of another by his own actions (aiding and abetting) or who induced it by his own actions (instigation). Perpetration or participation can also be due to omission, but only when there is a duty to act ('guarantor's obligation'), for example because a

hazardous situation was created by one's own actions (legal duty to intervene due to previous endangering behaviour). There is also a liability to cease and desist, and also to remedy the disturbance, on the part of 'accessories'. These are persons who causally contribute in some way, willingly and sufficiently causally, to the infringement of IP rights. All these principles have been elaborated in case law over a period of decades. Where exactly the limits to liability run is still a continual point of contention.

DECISION

The plaintiff and a 'Mr P' originally performed together in a band called 'Die Filsbacher'. The plaintiffs are holders of the



trademark, among others, which is registered for music performances. Mr P left the band. A dispute over the rights to the band's name ensued and ended in a settlement in which the plaintiffs were only to perform under the band name 'Die Filsbacher XXL', and Mr P with his new band under the name 'S. P. und die Filsbacher'.

However, the name 'Die Filsbacher', without the 'S. P. und' prefix, continued to be used, or was used again, on Mr P's website and Facebook pages. In programmes for two events at which Mr P's new band appeared, the band was programmed as 'Die Filsbacher'.

The defendant is a member of Mr P's new band. An action for prohibitory injunction against use of 'Die Filsbacher', and for information, damages, etc., was brought against him by the plaintiffs.

The Regional Court and Higher Regional Court in Cologne affirmed the defendant's liability. Although he did not operate Mr P's website and Facebook pages, he could be seen in the photo on those pages and was mentioned by name as a band member. He thus contributed to the trademark infringement and should have revoked his consent to the use of his name and photographs of him as soon as he became aware of the infringement. He also bore liability for the trademark infringements in the programmes. The promoters of the events took the names 'Die Filsbacher' from the pages of Mr P. Once the defendant was responsible for the trademark infringements on those pages, he also had a duty to check the programmes and to insist on amendments.

However, the Federal Court of Justice set aside the appeal judgment as erroneous and dismissed the action. It was not evident that the defendant himself was responsible for the content of Mr P's pages. Involvement in their creation had not been shown. Nor had the defendant made the pages his own – nowhere had he created the impression of being responsible for them. The mere fact that he was mentioned on the page with a photo and his name was not sufficient evidence of the latter, nor was it a contribution to the trademark infringement, as photos and the name of the defendant do not constitute the

trademark infringement. Nor was there any room for general liability as an accessory, because it cannot be established as sufficiently causal that the trademark infringement would end when the photos and the name of the defendant were removed.

The defendant bore no responsibility for details printed in the programmes, either. He did not have a duty to check them for trademark infringements simply because he played in a band with Mr P.

ASSESSMENT

The decision is a clear indication of the Federal Court of Justice's requirement that the sued person make his own contribution, in an 'if-then' causal relationship, if he is to bear liability as an infringer or also as an accessory. The check must therefore show that if the action had not occurred, then neither would an infringement have been committed. For the Federal Court of Justice, this must be denied as far as use of the defendant's photo and name on the website and Facebook pages of Mr P is concerned. This is because there is no evidence to show that

the trademark infringement due to use of 'Die Filsbacher' would not have occurred. For litigators, this means that proof of a corresponding act must be furnished for every person being sued – either that, or refrain from bringing an action if no such proof can be furnished. The mere fact that someone is active within an infringer's 'orbit' or 'camp' cannot substantiate his liability. (Eberhardt)

2. Amount of damages when trademark infringed by advertising

Federal Court of Justice judgment of 22 September 2021 in case no. I ZR 20/21 – Layher

BACKGROUND

Under the 'Layher' mark, the plaintiff sells scaffolds and scaffolding systems in Germany and Europe as a leading manufacturer. A replica of the 'Layher-Blitz-Gerüst 70 S' scaffold was produced and marketed by the defendant, who advertised its replicas in around 35,000 identical letters and on the Internet with the claim that the 'Layher Blitzgerüst 70 S scaffolding can be mixed with P-scaffolding parts with intermixing approval'. The letters were sent on 08/02/2017, and the Internet advertising was accessible from 01/02/2017 to 16/03/2017.

The defendant sent a cease and desist letter and informed the plaintiff that its total sales revenue in the period from 01/02/2017 to 16/03/2017 was around €671,000, and that its profit amounted to around €105,000. The plaintiff then charged a notional royalty amounting to 8% of the net sales revenue. The court of appeal awarded it a 5% royalty. In the proceedings before the Federal Court of Justice, the defendant wants to reduce the amount payable for the licence to €4,000, whereas the plaintiff continues to aim for 8%.

DECISION

In the appeal decision, the Federal Court of Justice initially dismissed the defendant's argument that use of the protected mark solely in advertising does not allow the licence analogy to be applied to sales figures. The decision states that it is not correct in this context to distinguish between use in mere advertising and the sale of goods. The starting point is the compensation for use of the sign that reasonable parties would have agreed upon when concluding a licensing agreement. This requires calculation of the objective value of the arrogated right of

use, which consists of the reasonable and customary royalty. Even in the case of mere advertising use, it may be appropriate to also base the royalty on the revenue generated, rather than the only option being a lump-sum royalty, as the plaintiff argues. Advertising conducted prior to the sale of goods generally has an effect on such sales and cannot be disassociated from them.

ASSESSMENT

The 'triple calculation' method is the conventional one used in practice when intellectual property is infringed and the ensuing damages are to be calculated. To obtain compensation for losses incurred, the infringed party may choose between three options (see also Section 14 (6) of the German Trademark Act (MarkenG): the infringed party may calculate the specific losses incurred or the lost profits that the infringer gained by infringing the IP rights, or may have the amounts estimated by the court under Section 287 of the Code of Civil Procedure (ZPO). Another option is to calculate the reasonable payment that the infringer

would have had to pay if it had obtained permission to use the mark (notional royalty).

The judgment provides some important cues for calculating the notional royalty on the basis of the licence analogy. There are a number of factors to be considered when making such a calculation, also when estimated by a court. A generalised statement to the effect that advertising must be viewed separately from the sale of goods is not admissible, therefore. Even if the relevant publics that wanted to order from the defendant because of the

misleading advertising were to notice that they were not dealing with the plaintiff and for that reason did not order at all from the defendant, this does not preclude the advertising being taken into account. According to the Federal Court of Justice, there may also be an image transfer or an infringement of the advertising function of the protected trademark. Use in advertising alone can be used as an argument, at most, for reducing the amount of royalty, but cannot be entirely disregarded as a justification for damages.

As a final point, the Federal Court of Justice established that the interests of the infringed party as a notional licen-

sor must also be taken fully into consideration. For example, the fact that the prestige value of its own products can also be diminished by IP-infringing advertising, and that there is damage resulting from market confusion, may be taken into account when calculating the amount of royalty.

There is thus a number of factors to be appropriately assessed and included in the overall calculation of the notional royalty, which also means that infringers have fewer arguments for royalty reduction in their arsenal. However, the Federal Court of Justice does emphasise that an increase in royalty due to an 'infringement surcharge' is still out of the question. (Ebert-Weidenfeller)

3. Exhaustion of trademark rights

Federal Court of Justice judgment of 27 May 2021 in case no. I ZR 55/20 – Hyundai-Grauimport

BACKGROUND

This Federal Court of Justice judgment addresses the conditions to be met for exhaustion of trademark rights by goods that are initially manufactured in the European Economic Area (EEA), then delivered to a subsidiary of the buyer, domiciled outside the EEA, and finally reimported into the EEA.

The background to the decision was an action brought by a car manufacturer domiciled in the Republic of Korea that holds, among other rights, the EU trademarks 'HYUNDAI', 'TUCSON', 'HYUNDAI i30', and the 'H' logo. The plaintiff has a subsidiary (HMMC) that is domiciled in the Czech Republic, operates a production plant there and that sells the vehicles it manufactures under the said trademarks to national distributors. HMMC handed over

two such vehicles to a carrier it commissioned, which then delivered the vehicles, as specified in the purchase contract and in accordance with instructions issued by the buyer (A.M.L.), a company domiciled in the EEA, to the latter's subsidiary (H.S.) in Belgrade. The vehicles were intended exclusively for the Serbian market. The defendant, a commercial dealer, purchased both the vehicles and resold them to customers in Germany.

The court of appeal had deemed the defendant's use of the plaintiff's trademarks as constituting a trademark infringement, as the plaintiff's trademark rights were not exhausted by handing over the vehicles to a carrier commissioned by HMMC to transport the vehicles to Belgrade in accordance with the buyer's instructions.

DECISION

The Federal Court of Justice confirms that use of the 'HYUNDAI', 'TUCSON', 'HYUNDAI i30' signs and the 'H' logo by the defendant infringes the trademark rights of the plaintiff.

The condition for such infringement as stipulated in Section 24 (1) of the German Trademark Act (MarkenG) and in EUTMR Article 15, namely that the goods must be placed on the market in the EEA under these trademarks by the proprietor or with its consent, is not met because HMMC, as the plaintiff's subsidiary, had handed over the vehicles to the carrier it had selected, without relinquishing control over the goods. The Federal Court of Justice refers to CMR Article 12 (1), according to which the sender alone has the right to dispose of the goods. This means that the order given by HMMC to its chosen carrier to deliver the vehicles in Belgrade, which is outside the EEA, did not result in the plaintiff relinquishing its power of disposal over the vehicles. On the contrary – the plaintiff and HMMC retained their power of disposal both

in fact and in law, so handing over the vehicles in Serbia meant that the vehicles were not placed first on the market within the EEA.

The Federal Court of Justice pointed out that the mere selling of a product in the EEA was not yet a sufficient basis for assuming an exhaustion of trademark rights, as long as it was still up to the trademark proprietor to exercise its right vis-à-vis the carrier and thus to prohibit delivery of the product to the buyer. In such cases, the mere selling of a product in the EEA does not yet constitute a final realisation of the economic value of the trademark right.

In the final analysis, according to the Federal Court of Justice, the options available to a trademark proprietor producing in the EEA to also market goods outside the EEA without exhausting its trademark rights within the EEA would be limited to more than an acceptable extent.

ASSESSMENT

The decision addresses the conditions for trademark exhaustion and clarifies that the only aspect of relevance is the factual and legal power of disposal over the goods in question, i.e. the question as to whether the power of disposal is transferred to the buyer as soon as the goods are handed over to a carrier or other person commissioned to transport the goods, or whether the power of disposal remains with the trademark proprietor for the time being. In those cases, in particular, where the trademark proprietor uses its own carrier or specific carriers that it itself chooses, it must be assumed in the absence of any agreement to the contrary that the power of disposal remains with the trademark proprietor until final delivery of the goods.

In contrast to that, the principles of trademark exhaustion are apparently unaffected by the obligatory transaction underlying the dispositional transaction.

Trademark proprietors in the EEA are strongly advised, therefore, either to take charge of the transport of their own goods themselves, or to organise it themselves in such a way that the final decision on the transportation of such goods to a destination remains with the trademark proprietor to the very end. It is possible in this way to prevent trademark rights in respect of the goods becoming (prematurely) exhausted in the EEA, thus allowing the trademark proprietor to stop any undesired transportation of goods by asserting an infringement of rights. (Holderied)

4. Acquisition of acquired distinctiveness by a colour sign as trademark

Federal Court of Justice judgment of 29 July 2021 in case no. I ZR 139/20 – Goldhase III

BACKGROUND

The plaintiffs are members of the Lindt & Sprüngli group of companies; one of their most popular products is the Lindt 'Gold Bunny' wrapped in gold foil.



The plaintiffs have sold more than 500 millions of these over the last 30 years, and it is by far the best-selling chocolate Easter bunny in Germany.

According to a market expertise presented by the plaintiffs and dating from September 2018, just under 80% of

the relevant public understood the shade of gold as an indication of origin.

The plaintiffs therefore asserted trademark rights acquired through use. They requested that the defendants be ordered to refrain from offering, placing on the market, producing or advertising, without their consent, chocolate Easter bunnies wrapped in a shade of gold. The plaintiffs also sought information from the defendants and a declaratory judgment in respect of damages.

The Regional Court had granted an auxiliary request submitted by the plaintiffs. The appeal before the Higher Regional Court was unsuccessful.

DECISION

The appeal court ruled that the plaintiffs were not entitled to injunctive relief because they had not obtained a trademark, acquired through use, in the form of an abstract colour mark based on the shade of gold used on Lindt's Gold Bunnies.

The appeal on points of law before the Federal Court of Justice was successful.

The court firstly addressed the aspect that the entitlement to injunctive relief under Section 14 V 1 of the German Trademark Act (MarkenG) only exists when the act complained of constituted an infringement of rights according to the law in force at the time. In 2018, the applicable law was revised with effect from 14 January 2019. The new version of Section 3 II MarkenG extends the reasons for exclusion to signs which, besides shapes, consist exclusively of 'other characteristic features'. In the

view of the Federal Court of Justice, a colour is indeed an 'other characteristic feature', but that is of no relevance in this dispute because there was no transitional rule for the applicability of the extension to trademark rights existing prior to 14 January 2019 and because any retroactive effect is ruled out by general principles of law.

Nor is the new version of Section 3 II MarkenG applicable on the grounds that the sign's eligibility for trademark protection must be re-examined.

This is because trademark protection ensues, according to Section 4 No. 2 MarkenG, from use of the sign in the course of trade, provided that the sign has gained acquired distinctiveness as a mark within the relevant public. Such protection ensues when acquired distinctiveness is gained (September 2018 expertise). The old version of Section 3 II MarkenG is therefore applicable, and

there is no question of the colour mark being excluded from protection.

The plaintiffs proved that the gold colour for which they claim protection has acquired distinctiveness within the relevant publics within the meaning of Section 4 II MarkenG. Contrary to the assumption made by the court of appeal, this acquired distinctiveness cannot be refused on the grounds that the level of identification of the gold colour with the plaintiffs' company is solely based on the exceptional level of notoriety enjoyed by the Lindt Gold Bunny. The fact that the shade of gold is used in combination with well-known design elements of the Lindt Gold Bunny (sitting bunny, red collar with a golden bell, 'Lindt GOLDHASE' painting and lettering) does not preclude this acquired distinctiveness.

On this point, the Federal Court of Justice notes that the use of an abstract colour as a trademark does not necessarily require that it be used as the one and only feature. A sign can also gain acquired distinctiveness as a result of its being used as part of a complex trademark or in combination with other signs.

Furthermore, the fact that more than 50% of respondents associated the gold colour claimed by the plaintiffs for chocolate bunnies with only one particular undertaking means that the colour is also perceived as an indication of origin by the relevant publics.

As regards proprietorship, the Federal Court of Justice stated that it must generally be assumed for the appeal proceedings on points of law that both the plaintiffs are proprietors of the trademark acquired through use. It also noted that the proprietor of the trademark acquired through use is the one to whose benefit the acquired distinctiveness was gained. In the case of the plaintiffs, that is the group parent company, on the one hand, and the subsidiary responsible for sales in Germany, on the other. The Federal Court of Justice stated in this regard that it may be obvious that the relevant acts of use relate to the subsidiary, and that only the latter is perceived by the public as the holder responsible for carrying out checks.

The judgment handed down by the court of appeal had to be set aside accordingly, and the matter referred back to that court for reconsideration.

ASSESSMENT

Whereas in its *Goldhase I* judgment, the judges on the Federal Court of Justice ruled that the overall impression produced by the gold bunny was not characterised primarily by the word component, but rather that in the case of a three-dimensional trademark the other design elements have contributory importance, in the *Goldhase II* judgment the Federal Court of Justice also referred to the distinctive nature of a three-dimensional trademark. It stated in that regard that a specific shape and colour can affect whether the public perceives these design elements as an indication of origin.

The *Goldhase III* judgment fits into that series. The plaintiffs were able to prove, with an expertise produced in September 2018, that a dominant majority of respondents perceived the gold colour as an indication that Lindt was the origin. This meant that the acquired distinctiveness extended specifically to the colouring and shape of the product.

Although the Higher Regional Court had denied any acquired distinctiveness with the argument that Lindt did not use the gold colour in general as a corporate identity colour, but only for one very well-known product, and also argued that the shade of colour had only gained acquired distinctiveness because the public recognised it even without the other design features of the Gold Bunny and associated it with Lindt, that particular view cannot be accepted.

The Federal Court of Justice, too, is correct in not accepting that view. It is generally accepted that, pursuant to Section 4 No. 2 MarkenG, a colour can acquire the rights of a trademark through use. The Higher Regional Court sets the bar so high that a colour mark can only be acquired through use if it has become a company's corporate identity colour. For such cases, however, the legislature provides Section 5 II 2 Alternative 2 MarkenG as a means of protecting corporate signs. So if the view taken

by the Higher Regional Court were to be accepted, this would result in overlaps that the legislature clearly did not intend when the two norms were elaborated. It would also run counter to the meaning and purpose of Section 4 No. 2 MarkenG, since the latter is intended to protect a competitive achievement that consists in creating acquired distinctiveness through use. Lindt was able to prove this beyond any doubt, so denying protection would also run counter to the very meaning of a trademark acquired through use.

As far as proprietorship of the trademark acquired through use is concerned, the Federal Court of Justice correctly observed that the Gold Bunny was made exclusively by the subsidiary and that the act of use was performed effectively by that company only. It remains to be seen here how the Munich Higher Regional Court responds to this point. (Böhm)

5. Criteria for the similarity of goods between cars and bicycles

Federal Court of Justice judgment of 15 October 2020 in case no. I ZR 135/19 – PEARL/PURE PEARL

BACKGROUND

The Federal Court of Justice had to rule on whether the proprietor of the PEARL trademark registered for bicycles could assert claims against a subsidiary of the Peugeot car group. The latter had advertised a special PURE PEARL edition of the CITROËN DS4 car model and also sold a small number of them. The PURE PEARL designation was used in German print media and other promotion material, but not on the car models themselves, as follows:



In the end, the Federal Court of Justice referred the matter back to the Hanseatic Higher Regional Court. The grounds for the decision address in surprising detail the assessment criteria applied by the court of appeal when examining the similarity of goods.

DECISION

In the proceedings at first instance, the Hamburg Regional Court had affirmed a trademark infringement and had assumed an average degree of similarity. This was due, among other things, to a potential image and technology transfer, particularly in view of the trend towards electric bicycles and cars. However, the Hanseatic Higher Regional Court granted the appeal and dismissed the action, ruling that there was an absolute dissimilarity of goods between bicycles and cars. Claims under trademark law were therefore precluded from the outset. The Federal Court of Justice rejected that view. A slight similarity of goods, at least, could not be ruled out per se.

The plaintiff bases its claims primarily on an EU trademark, PEARL. The German court therefore has jurisdiction under Article 125 (5) of the EU Trademark Regulation (EUTMR), according to which the action may be brought where the act of infringement has been committed. Even

though the defendant is domiciled in France, the relevant active behaviour consisted in the publication of German-language promotion material.

Whereas a possible right to injunctive relief results directly from EUTMR Article 9 (1)(b), EUTMR Article 129 (2) refers with regard to annex claims to the applicable national law, including international private law. In the present case of a non-contractual obligation, Article 8 (2) of the Rome II Regulation determines which law is applicable in harmonised, EU-wide legislative acts (such as the EU trademark law) when the specific issue is not regulated. It is only via the Rome II Regulation that the final reference to German trademark law can be found. In Section 125 b No. 2b of the German Trademark Act (MarkenG), there is a reference to the general provisions of Section 14 (6) regarding claims to damages and Section 19 MarkenG regarding claims to information.

The question of the genuine use of the EU trademark PEARL for bicycles was not in dispute, nor was the assumption that the PEARL trademark had average distinctiveness. The Federal Court of Justice did not see any legal error in the assumption that the defendant was using the PURE PEARL designation as a trademark. The relevant public viewed CITROËN as indicating the manufacturer, DS4 as the model name and PURE PEARL as the designation of a special model. The juxtaposition of designations does not stand in the way of the individual elements being used as trademarks. This is common practice in the automotive industry and serves to draw further distinctions between competitors (e.g. Audi A4 Avant, VW Golf Trendline). The fact that the defendant had registered the name of the PURE PEARL special model itself as a trademark is also an indication of its use as a trademark.

The main focus of the decision was on reviewing the criteria on which the similarity of goods was based. According to established case law, an absolute dissimilarity of goods may only be assumed if, despite the (assumed) identity of signs and enhanced distinctiveness, a likelihood of confusion is precluded from the outset due to the dissimilarity of the goods.

In derogation from the Hamburg Regional Court, the court of appeal referred to the Stuttgart Higher Regional Court (GRUR-RR 2007, 313 – *CARRERA*) and assumed an absolute dissimilarity of cars and bicycles. In doing so, it weighed the following arguments against each other:

Although a similarity of goods was indicated by the following:

- both goods are used for locomotion,
- dealers offer accessories for both goods,

- car manufacturers were originally bicycle manufacturers in some cases,
- car manufacturers cooperate with bicycle manufacturers and grant licenses to them,
- car manufacturers sometimes also offer bicycles for sale, as an addition to their product range.

A dissimilarity of goods was indicated by the following:

- the two goods have different drive means, namely engine power and pedal power,
- there is extensive separation in trade,
- interchangeability of the goods is not possible, at least for long distances,
- a similarity of goods cannot be inferred from the fact that licences are occasionally granted,
- different legal requirements apply to drivers (car driver's licence) and to vehicles (Technical Control Board),
- there is no image or technology transfer.

The Federal Court of Justice refers firstly to the limited verifiability, in that assessing the similarity of goods is up to the trier of fact. The assessment made by the court of appeal is then objected to for the following reasons:

- due to the growing number of electric bicycles, there is an increasing degree of interchangeability between the goods, particularly on routes within a city,
- no reference was made to the aspect that they are functionally related products aimed at mobility,
- car manufacturers themselves continue to offer bicycles as an additional product,
- technology transfer cannot be ruled out,
- car manufacturers also use bicycles in their advertising to promote their own image.

ASSESSMENT

The Federal Court of Justice is consistent with established legal practice when it emphasises that an absolute dissimilarity of goods can only be assumed in exceptional cases. Regardless of the actual circumstances, the present assessment must assume an identity of signs and enhanced distinctiveness.

In its decision, expected soon, the Hanseatic Higher Regional Court can be expected to assume a slight or even an average similarity of goods, like the Hamburg Regional Court before it. Further observations concerning the similarity of signs, and the overall assessment of the factors influencing the risk of confusion will then be of decisive importance.

The consequence for practitioners is that one cannot rely on past case law on the similarity of goods. Assessment requires constant review regarding new trends, especially technological trends such as e-mobility. The likelihood of changes, for example in the similarity of products and services, is also increased by progressive digitalisation.

The assessment of PURE PEARL's independent distinctive role within the complex trademark 'CITROËN DS 4 PURE

PEARL' in print advertising also has far-reaching consequences. The form of infringement was not the use of PURE PEARL on its own on a DS4 model of a CITROËN car. Nor is the key aspect that the PURE PEARL component dominates the overall impression produced by the multi-component designation. It follows from the habitual practice in the automotive sector of stringing together different designations in the form of a manufacturer name, a model name and a special model name that each of these is perceived independently of the others. If the 'pure' component, in relation to the word 'PEARL', is then ascribed an essential meaning that is merely descriptive and thus recedes into the background, this has the consequence that the use of a word in a multi-component designation consisting of four words and a number will constitute a trademark infringement. This question was answered differently for the clothing sector, however (Federal Court of Justice GRUR 1988, 307 – *Gaby*), where the public understands common first names not as an indication of origin, but as an order code system customary in the industry. Similar situations arise, for example, in connection with body care products or food. So use as a trademark and an independent distinctive role are aspects that may have to be assessed differently for the respective industry, and may be subject to change. (Ehlers)

II. ELIGIBILITY FOR PROTECTION / CANCELLATION PROCEEDINGS / OPPOSITION PROCEEDINGS

6. Absolute grounds for refusal of registration – achieving a technical result

European Court of Justice judgment of 3 June 2021 in cases no. C-818/18 P, C-6/19 P – Pirelli-Reifenrille

BACKGROUND

The case concerned the EU trademark application for an L-shaped groove as an element of a tyre tread, inter alia for tyres for vehicle wheels:



The EUIPO had declared its registration invalid on the basis of EUTMR Article 7(1)(e)(ii), according to which signs consisting exclusively of the shape or some other charac-

teristic of the goods concerned shall be refused registration if the shape or the feature is necessary to obtain a technical result.

The Board of Appeal had upheld EUIPO's decision. The General Court (GC) set the decision aside on the grounds that (1) the groove did not represent the claimed goods, but only part of the tyre tread, and (2) the groove in itself was not able to fulfil or perform a technical function, such as traction control or water displacement on wet roads. The reason for refusal set out in EUTMR Article 7(1)(e)(ii) applies only to signs that consist exclusively of the shape or a characteristic of the goods which is necessary to obtain a technical result. This reason for refusal only applies, therefore, if the filed trademark constitutes a significant part of the actual goods, quantitatively and qualitatively, and that part is necessary to achieve a technical effect. This requirement was negated with regard to the individual groove of a tyre – a single groove of a tyre was not sufficient to produce particular technical effects of such a tyre.

DECISION

The European Court of Justice (ECJ) upheld the decision of the General Court that the absolute reason for refusing registration, pursuant to EUTMR Article 7(1)(e)(ii), only exists in the case of signs that constitute, quantitatively and qualitatively, a significant part of the goods and which can have a technical effect. A single groove does not have such a technical effect. Assessment of the reasons that may result in protection being refused under EUTMR Article 7(1)(e)(ii) due to the technical necessity of a characteristic may not be confined to the characteristics of the sign that are apparent from its graphic representation. The trademark applied for must also be assessed by taking into

account other available information, which includes examining the function of the real-life products.

The ECJ confirmed, in a kind of obiter dictum, the limited scope of protection of such a trademark for that part of a product, in that similar shapes that are combined with other elements of a competitor's tyre tread are beyond the scope of protection conferred by the trademark. Third-party marketing of tyres which have such a (possibly also technically advantageous) groove cannot be prevented by the trademark, in other words.

ASSESSMENT

The Pirelli tyre groove decision is a continuation of the ECJ's long-standing case law, according to which additional information from 'real life' must be taken into account when examining the absolute reason for refusing registration pursuant to EUTMR Article 7(1)(e)(ii). In connection with the well-known 'magic cube' (Rubik's Cube), the ECJ had referred to the principle that, although the graphic representation of the shape must be taken as a basis, the refusal of protection due to a technical function cannot be examined without taking into account the elements relating to the function of the actual goods at issue (ECJ, C-30/15, paras. 48-50 – *Simba Toys*; ECJ, C-337/12 P to C-340/12 P, para. 54 – *Pi-Design*).

Insofar as the Pirelli tyre groove decision is ultimately a continuation of this established practice, therefore, taking

into account the limited technical function results here in the 'groove' sign being protected as an EU trademark. The scope of protection afforded the trademark is small, however. Moreover, after expiry of the five-year protective period for genuine use, furnishing proof of genuine use may be an interesting issue, because final consumers will not generally see a particular groove in the tread of a tyre as constituting use as a trademark. It is always necessary, therefore, to carefully examine the conditions under which it makes sense to apply for registration of such a sign for part of a product, and which legal objectives are pursued thereby. Conducting a marketing campaign based on trademark protection for part of the tread may justify the effort of a trademark application in this particular case, however. (Förster)

7. Absolute grounds for refusal of registration in the case of sound marks

European General Court judgment of 7 July 2021 in case no. T-668/19 – Geräusch beim Öffnen einer Getränkedose

BACKGROUND

A beverage can producer filed a trademark application with the European Intellectual Property Office (EUIPO), consisting of a sound file which reproduced the sound of a beverage can being opened, about a second of silence followed by about nine seconds of fizzing.

The application claimed protection in Nice Classes 6 (inter alia for 'storage and transport containers of metal, in

particular cans'), 29 (inter alia for 'milk or yoghurt drinks'), 30 (inter alia for 'coffee; tea; cocoa'), 32 (inter alia for 'beer; carbonated water; non-alcoholic beverages') and 33 (inter alia for 'alcoholic beverages (except beer)'). The application was refused by the EUIPO due to lack of distinctiveness. The applicant's appeal was unsuccessful. The applicant then appealed to the General Court (GC).

DECISION

The General Court dismissed that appeal. The EUIPO had correctly refused registration because the trademark lacked any distinctiveness.

A trademark must have distinctiveness to be eligible for registration. In other words, it must be capable of identifying the goods or services for which registration is sought as originating from a particular undertaking and thus of distinguishing those goods or services from those of other undertakings.

The criteria for assessing distinctiveness are the same for all trademark categories. However, an important argument advanced by the Board of Appeal was that the case law elaborated in respect of three-dimensional marks representing the goods themselves, or their packaging, is also applicable to sound marks – namely that only a mark which differs significantly from the norm or the customary practice in the industry can fulfil its function as an indicator of origin. The Court rejected that reasoning on the grounds that it was not applicable to sound marks.

Nevertheless, this legal error did not lead to the decision being set aside, because the EUIPO had cited other arguments as well. It had also based its decision on previous case law concerning a mark filed as a sequence of sounds, namely that, to have distinctiveness, the mark must have

a certain resonance or recognition value so that consumers can perceive it as an indication of origin and not as a functional element of the goods. In the case under consideration, the sound produced when the can is opened is to be regarded as a purely technical and functional element. The fizzing sound is perceived immediately as an indication of drinks. The Court upheld that view, even though the Board of Appeal had also stated that this applies because all the claimed goods could contain carbonic acid, which was not the case. That error, too, had no effect on the result.

The Court also addressed the argument that the sound filed for registration was not the conventional sound known from cans of beer or cola, followed by a short fizzing sound, but rather that the sound of opening was followed by a second of silence and then nine seconds of fizzing. This meant that the applicant did not want to monopolise this typical sound per se, but rather a modified sound that was supposedly related to a special opening technique. However, the Court saw this difference as a mere nuance that was not sufficient for the noise to be perceived as an indication of origin. It was not striking enough because it was not unusual per se, but corresponded, rather, to foreseeable and common elements on the beverage market. The combination did not enable the relevant public to distinguish those goods as originating from a particular undertaking, therefore.

ASSESSMENT

The decision is the first from the General Court that is concerned with a sound mark submitted as an audio file, and which therefore contains a sound which cannot be represented in the form of musical notation. The decision was predictable, because the EUIPO had already ruled in the same way in a number of other cases. In its precise grounds for decision, the Court specified the relevant criterion for assessing sound marks.

Practitioners should note that sound marks are an interesting way of obtaining trademark protection. However, the registration of sounds, particularly those made when using the goods in question, will be unsuccessful in most cases.

That said, the noise in the case under consideration was not identical to the typical sound of a can being opened, but was longer in duration, with a pause between the

opening sound and the fizzing sound. That was not so unusual that it would be perceived by consumers as an indication of origin. The applicant presumably wanted to obtain protection for the effect or the sound of a technical innovation or development.

This strategy, although unsuccessful in this case, shows that all the options available under the law should at least be considered when seeking protection for innovations. Where exactly the boundary is located that defines a sound as striking and unusual must be explored in each individual case (the Court implied similar reasoning to that applying to shape marks).

It should also be borne in mind that a sound which is so characteristic that it has become 'well-known' to the relevant public, i.e. that has acquired distinctiveness, can be registered as a trademark. (Brecht)

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