

Recent Case Law in German Trademark Law



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FOREWORD

At EISENFÜHR SPEISER, trademark competence is pooled across the firm in the trademarks practice group. The attorneys-at-law and patent attorneys regularly exchange information regarding new developments in case law and practice. Together, the practice group draws on a wealth of experience of over 50 years. And our clients benefit from this.

The most up-to-date case law is also taken into account in the Commentary on European Trade Mark Regulation (Eisenführ/Schennen, UMV, Carl Heymanns Verlag 2017), published by EISENFÜHR SPEISER in cooperation with Detlef Schennen, Chairperson of a Board of Appeal at the European Union Intellectual Property Office (EUIPO), now already in its fifth edition.

In this case law review, the trademarks practice group has compiled and prepared eight current practice-related decisions from the last couple of months for you.

The courts dealt in particular with specific types of trademarks such as the abstract colour trademark or the three-dimensional trademark and its distinctiveness, as well as the closely related issue of the scope of protection. Furthermore, the courts also had to deal with parallel imports of pharmaceuticals, statements on online sales platforms, conflicting company symbols or the forfeiture of claims due to trademark infringement.

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I. PROTECTABILITY/CANCELLATION PROCEEDINGS

1. Proof of secondary meaning by means of demoscopic expert opinions

Federal Court of Justice, court order of 21.07.2016 – I ZB 52/15 (Federal Patent Court) – Sparkassen-Rot

BACKGROUND

If a sign registered as a trademark is lacking the intrinsic distinctive character, which is one of the prerequisites for registration pursuant to Section 8 (2) No. 1 German Trade-mark Act, such a mark can still be approved for registration if it is known as trademark and if the prerequisites of a

secondary meaning pursuant to Section 8 (3) Trademark Act are fulfilled. Whether such registration by means of secondary meaning was legal can be reviewed retroactively in cancellation proceedings.

DECISION

The starting point of the proceedings was that the umbrella organisation Sparkassen-Finanzgruppe (Savings Bank Finance Group) obtained a cease and desist order against the Santander Group regarding the use of the abstract colour "red" for services of a financial institution in the field of retail banking. Defending this, Santander filed a request for cancellation of the attacking trademark DE 30211120 "Rot [red] (HKS 13)" of Deutscher Sparkassen- und Giroverband e. V. [German Savings Banks Association]:



This trademark had been registered for services of class 36, namely financial services and various banking services for private clients, since 11 July 2007 as a mark enforced via secondary meaning on the basis of an expert opinion regarding secondary meaning.

In proceedings which took more than six years, the First Senate of the German Federal Court of Justice confirmed

the decision of the DPMA [German Patent and Trade Mark Office], which, with its decision of 24 April 2012, had dismissed the requests for cancellation filed in October 2009 against the abstract colour trademark "red" of Deutscher Sparkassen- und Giroverband e. V.

The decision of the Federal Court of Justice provided clarification with regards to a number of practice-related issues:

1. Unlike the courts of lower instances that had still found with regard to the proof of secondary meaning that it is not always necessary for a consumer survey to result in a degree of association for this trademark of at least 70%, the Federal Court of Justice, subsequent to a parallel decision regarding the well-known colour trademark "Langenscheidt yellow", has found and confirmed that "no degree of market acceptance significantly greater than 50% is required."
2. With regard to the methodology for preparing expert opinions regarding secondary meaning, the Federal Court of Justice clarified that demoscopic expert opinions must not be taken into account if the initial question was suggestive. In particular, the initial question must not already suggest the character of the mark that indicates the origin of said mark.

However, the Federal Court of Justice deemed as permissible an initial question of the subsequent expert opinion of the German Savings Banks Association that asked whether the depicted abstract colour “red” is known to the surveyed persons in connection with the financial services (account management, transfers, account statements, savings, loans, building society savings) also presented in the form of a list. With the initial question, it is to be determined only whether the surveyed person has ever perceived the mark at issue in connection with the claimed goods and services. Only afterwards can the group of persons knowing the mark be asked whether they see this as an indication for a certain company.

As a result, on the basis of the aforementioned initial question, the expert opinion of the German Savings Banks Association was able to identify a degree of awareness of 54% after all, ultimately justifying the secondary meaning and thus the registration. The fact that a degree of market acceptance of even more than 60% could be proven, by means of surveying in the demoscopic expert opinion, was ultimately no longer relevant.

3. Another interesting question is at what stage of the proceedings to submit the expert opinions to prove secondary meaning even at the time of the decision. In this respect, the Federal Court of Justice deemed the expert opinion of the German Savings Banks Asso-

ciation, which was prepared in 2013, to be sufficient, although the decision was made only some two years later. For longer periods, especially during appeal stages, it may be appropriate to repeat a survey regarding secondary meaning in due time.

4. The decision was also able to provide clarification regarding the fact that, in each individual case, it may be permissible to evaluate the services claimed by the owner of the trademark by way of a single survey. Since, when assessing the secondary meaning pursuant to Section 8 (3) Trademark Act (*MarkenG*), the degree of market acceptance has to be routinely proven for each individual good or service of the register of goods and services for which the registration of the mark as trademark is desired, it is to be expected in this case that an exception could be made only because there was an intrinsic correlation between the individual financial services. If it is clear that several services of different kinds are typically provided by a single company (here: banking services for private clients) then the relevant public will expect – if it makes use of the most important of these services (here: maintaining a current account) – that the company offers additional services upon request (here: issuing debit and credit cards, loans, investments, etc.). Given these special conditions, by way of exception, a package of services may also be the subject matter of a single survey regarding the secondary meaning of a mark.

ASSESSMENT

In view of proceedings, it is interesting to see that the Federal Court of Justice has left it open as to whether the trademark owner or the party requesting the cancellation has the burden of proof regarding the claim that the trademark registered on the basis of secondary meaning was registered unjustly. However, since the Federal Court of Justice deemed it sufficient that one of a total of 13 demoscopic expert opinions of 2013, in part contradicting each other, had determined a sufficient degree of market acceptance, there are indications – notwithstanding the significant methodological criticism regarding some of the remaining expert opinions – that the Federal Court of Justice has not yet completely adopted the point of view of

the European Court of Justice, which sees the burden of proof as lying exclusively with the trademark owner. Clarification is to be expected in the years to come in this regard.

Furthermore, guidelines have now been prepared with respect to posing questions in public surveys; these are to be complied with in the future, especially with regard to the initial question. Such clarifications regarding the posing of questions in combination with the confirmation of the percentage thresholds for the registration by means of secondary meaning have resulted in significant forecasting reliability. (Förster)

II. INFRINGEMENT PROCEEDINGS

2. Recall obligation of the manufacturer from distribution channels as an “accessory obligation” in the case of a cease and desist order from a court

Federal Court of Justice, court order of 29.10.2016, I ZB 34/15 – RESCUE TROPFEN

BACKGROUND

The Federal Court of Justice had to decide whether it is sufficient for a party liable to cease and desist to merely refrain itself from distributing products with a corresponding labelling in the future, the distribution of which products has been forbidden to it by a court, or whether such a cease and desist order also implies the obligation of the manufacturer to stop all further sales of the incriminated products in the distribution channels via a

product recall with its customers. The existence of such a recall obligation had thus far been assessed in different ways by the upper district courts. Now, the Federal Court of Justice, by way of a decision in penalty proceedings, has made a decision regarding the matter of dispute, determining that in principle such a recall obligation does exist, unless the recall is unreasonable in individual cases.

DECISION

The parties disputed the lawfulness of the designation “RESCUE” for the distribution of Bach flowers products. In using this designation, the plaintiff saw a violation against the Health Claims Regulation. In 2013, the Munich Upper District Court banned the manufacturing company from advertising or distributing the products “RESCUE TROPFEN” and “RESCUE NIGHT SPRAY”, which were designated as spirits. The defendant complied with the injunction order, however, such products continued to be sold in the pharmacies supplied by the defendant. In addition, the defendant continued to advertise the additional “RESCUE” Bach flowers products not cited in the judgment of Munich Upper District Court, distributing them under the designation “RESCUE SPRAY” and “RESCUE NIGHT TROPFEN”.

Due to the recall that was not executed and the use of the similar designations, the plaintiff initiated penalty proceedings pursuant to Section 890 of the German Code of Civil Procedure, which failed before Munich District Court I, but were successful before the Upper

District Court. The Upper District Court determined a fine of a total of EUR 45,000; EUR 15,000 for the recall that was not executed, and EUR 30,000 for the advertising activities with the additional “RESCUE” designations. The Federal Court of Justice confirmed the fine determined by Munich Upper District Court and explained in its reasoning that the party liable to cease and desist should have prompted the pharmacies to return the goods. Even though the party liable to cease and desist is generally not responsible for the independent actions of third parties, it is required to exert an influence on third parties whose actions are economically advantageous to it if said party is to seriously anticipate a violation, and if it has legal and actual options to influence the behaviour of third parties.

The fine due to the use of the designations “RESCUE SPRAY” and “RESCUE NIGHT TROPFEN” was rightly imposed, although specifically only the words “RESCUE TROPFEN” and “RESCUE NIGHT SPRAY” were banned, since what is characteristic for the ban is in the designation “RESCUE.”

With the decision of the Federal Court of Justice it is now clarified that, as a general rule, a party liable to cease and desist must not limit itself to mere inaction. Furthermore, it is to be assumed that a recall obligation in principle does not only exist for a cease and desist order from a court, but also for a contractual cease and desist declaration with a penalty clause, unless the parties agree otherwise. The fact that the parties should by all means consider agreeing otherwise in individual cases is shown strikingly by the initial adversary proceedings on which the decision of the Federal Court of Justice is based. Upon the appeal lodged by the defendant, the Federal Court of Justice presented the case to the European Court of Justice, which decided that grandfathering exists for the "RESCUE" products until 2022. The defendant and party liable to cease and desist will therefore presumably not have to pay the fine imposed on it. Moreover, the plaintiff will have to reimburse the costs of the proceedings initiated by it and would also have to reimburse the costs of the recall activity (Section 717 (2) German Code of Civil Procedure) if the defendant had actually recalled its products from

the German pharmacies (of which there are approximately 20,000) immediately after delivery of the decision of the second instance.

The consequences for the consulting practice are quite far-reaching. For example, a person who as a party liable to cease and desist makes a cease and desist declaration with a penalty clause after a warning, with a note that this does not involve a recall obligation from the distribution channels, risks, for example, a preliminary injunction being requested against him or a complaint being initiated, because issuing such a cease and desist declaration is in general not subject to any conditions. A person who successfully files for and serves a preliminary injunction has to take into account that the respondent will recall the products from the distribution channels immediately, which can cause significant costs, and, should the preliminary injunction fail to last, could also cause significant costs for the applicant (Section 945 German Code of Civil Procedure). (Sander)

3. Liability for third-party statements in online offers

Federal Court of Justice, judgment of 03.03.2016, I ZR 140/14 – Angebotsmanipulation bei Amazon

(Parallel decision regarding competition law due to misleading information, Federal Court of Justice, judgment of 03.03.2016, I ZR 110/15 – “Herstellerpreisempfehlung bei Amazon“)

BACKGROUND

According to settled case law of the Federal Court of Justice, any person shall be held liable to cease and desist as the interfering party in the case of an infringement of absolute rights – without being the perpetrator or the participant – who contributes in any way deliberately and in an adequately causal fashion to the infringement of the protected legal right. Since liability for interference may not unduly be extended to third parties who did not themselves carry out the illegal interference, liability of the interfering party assumes the infringement of due diligence obligations. A company that, according to the external presentation of an advertisement, purports itself to be responsible for said

advertisement, is in general free to prove that it was in fact not able to influence the content of the objected advertisement (see for example Federal Court of Justice, judgment of 10.02.2011, I ZR 183/09 – *Irische Butter*).

In contrast, the case that was decided here does not concern the situation whereby an advertisement was displayed by a third party completely without influence of the company held responsible, but here the offer that is the subject of dispute was originally compiled by the merchant held responsible in any case.

DECISION

Under the category “Amazon Marketplace”, the online trading platform “Amazon” offers merchants the possibility to offer their own offers via the platform. If merchant A sets up a corresponding offer there, an offer page is created and an offer number is assigned. If a second merchant B would like to offer the same product, its generated offer page is automatically linked to the offer page of merchant A. In this way, the customer is intended to be provided with the option of directly comparing prices for identical or seemingly identical products between the different merchants on “Amazon Marketplace.” Changes that merchant B makes later on regarding the product description of its offer are transferred to the (seemingly) identical offer of merchant A. Changes in the product descriptions of automatically linked offer pages thus have a direct impact on all other offers linked thereto. The merchant having prepared the original offer will not receive a

notification pertaining to the retroactive change. The General Terms and Conditions of Amazon serve as the basis for this approach.

The plaintiff is the owner of the trademark “TRIFOO” - registered for “data processing systems and computers, interface systems and programs for computers.” The defendant operates a merchant shop on the trading platform “Amazon Marketplace.” In this shop, it offered a “finger mouse” for “PC notebooks.” On 20 November 2011, this offer was available on www.amazon.de with the information “Trifoo USB 2.0 finger mouse optical mouse for PC notebook 800 DPI” and “sale and shipping by e.”

The Federal Court of Justice affirms the responsibility of the defendant, thus the merchant having compiled the original offer, regarding trademark infringement.

Merchants who offer products on the online trading platform “Amazon Marketplace” have a responsibility to monitor and review possible changes to product

descriptions that are made independently by third parties if the operator of the platform allows such changes to the offer.

ASSESSMENT

The judgment imposes strict due diligence obligations on the merchant. Responsibility for the actions of third parties can already be affirmed if a change is made of which the content infringes upon industrial property rights. It is not necessary for the merchant compiling the original offer to have been aware of this subsequent change or to have already been made aware of the possible infringement in order for the merchant to be held responsible. Thus, it is not enough to point out to the owner of the industrial property right that the action was carried out by a third party over which the merchant preparing the offer has no influence, which could nevertheless be the case in view of facts. Consequently, the merchant compiling the offer has no choice but to check each and every single of its offers for potential changes and, if applicable, undo any changes violating the law in a timely fashion. In this context, the Federal Court of Justice deemed a period of two weeks between said checks as too long.

For owners of industrial property rights, the judgment signifies a substantial simplification of the assertion of legal rights. The merchant compiling the offer can be held liable as the infringer (for offers on “Amazon Marketplace”). With this, identification of the “initiator” of the infringement on trading platforms, which is possible only with considerably difficulty, is not required.

The relevance of the judgment is likely to be limited due to the specific linking of offers on the “Amazon Marketplace” platform and such platforms that operate in the same fashion. In view of the virtually great importance of “Amazon Marketplace” there will nevertheless be an impact on a multitude of offers on the Internet. (Dekker)

4. A shape of goods used as a trademark

Federal Court of Justice, judgment of 21.10.2015, I ZR 23/14 – Bounty

BACKGROUND

A prerequisite for a trademark infringement is that the contested mark is used as a trademark. According to now well-established case law, this requires that the use of the mark interferes with one of the trademark functions protected by the relevant infringement situation. Frequently, this mostly concerns whether the function of the trademark as an indication of origin is interfered with. In other words: It is crucial to know whether the mark is used in such a way that the target audience sees in it an indication of the origin of the marked product from a certain company. For word and figurative marks, the focus is mostly on the differentia-

tion from descriptive uses of marks. In contrast, for shapes of goods that are protected as trademarks, this results in the peculiarity that the target audience – in comparison with word and figurative marks – is not so accustomed to seeing a “trademark” in a shape of goods in the sense of an indication of origin, rather, they mostly see only a (functional or pleasing) product design. The decision discussed in the following is about such a differentiation – the question as to whether the target audience sees in a shape of goods (only) a product design or at the same time (also) an indication of origin.

DECISION

The plaintiff claims the following three-dimensional trademark registered among other things for “non-medical candies”:



It pertains to the typical shape of the “Bounty” chocolate bar. The complaint contests the distribution of the following chocolate bars:



The court of appeal had dismissed the complaint essentially with the argument that the contested chocolate bar shape does not constitute a trademark use of the same. The Federal Court of Justice did not agree and allowed the complaint. In a first step, the Federal Court of Justice refers to its previous case law according to which the target audience is generally less accustomed to seeing an indication of origin, and thus not only a functional and/or aesthetics-based product design, in a shape of goods. In the present case, the plaintiff, however, had presented an expert opinion relating to opinion research according to which approximately 53% of the target audience saw in the (pure, unpackaged) shape of the "Bounty" bar an indication of the origin of the chocolate bar from a certain company (so-called "degree of market acceptance").

This led to the Federal Court of Justice dismissing a petition regarding suspension of the proceedings (in

view of cancellation proceedings initiated in the meantime by the defendant against the trademark claimed with the complaint) since the high degree of market acceptance is indicative of a secondary meaning with which the otherwise opposing protection obstacles, such as a lack of distinctiveness, can be overcome.

In addition, the Federal Court of Justice came to the following conclusion: If more than 50% of the target audience see an indication of origin in the shape of the original "Bounty" chocolate bar, the target audience will also do the same for the shape of the imitation product since its shape is to be seen as highly similar to the shape of the "Bounty" chocolate bar, which is protected as a 3D trademark. With this, the contested shape of goods also represents a trademark use thereof. The infringement was subsequently to be affirmed.

ASSESSMENT

The decision is stringent and logical. If a survey regarding secondary meaning proves that the target audience sees in the shape of goods of the "original" an indication of origin – thus a trademark – the same can be assumed in view of an extremely similar shape of goods of an imitation product. However, the Federal Court of Justice – following its prior case law – clarifies that the same assumption cannot necessarily be made for opposing shapes of goods that are less similar, even if

the claimed trademark has acquired secondary meaning. In individual cases, the degree of similarity is what matters in this context. For shape-of-goods trademarks that have not acquired secondary meaning, the previous case law prevails, according to which it is often difficult for the trademark owner to substantiate the "trademark" use required for trademark infringement with regard to respective imitation products. (Eberhardt)

5. Composing of an application and forfeiture for company symbols

Federal Court of Justice, judgment of 05.11.2015, I ZR 50/14 – ConText

Drafting of an application; right arising from the company symbol, Sections 5, 15 Trademark Act; forfeiture, Section 21 (4) Trademark Act

BACKGROUND

The decision initially deals with the question of permissible drafting of an application. In principle, a demand for relief aiming at cease and desist has to fulfil the following two prerequisites: the application has to be sufficiently defined, Section 253 (2) No. 2 German Code of Civil Procedure, and it has to correctly present the tangible form of infringement, i.e. the application must not go beyond the existing risk of a first or repeated infringement.

In addition, the mark-based evaluation of two company names is discussed. In the context of comparing two company names, it is first of all necessary to determine

the relevant designations that are to form the basis of the infringement review. Unlike trademarks, where the focus is on the overall consideration, here special principles apply that allow for the use of distinctive company keywords and acronyms for company names as suitable objects of comparison.

The question of whether the general forfeiture principles are applicable in addition to the special rules of forfeiture under trademark law is also discussed repeatedly. In principle, the special rules of Section 21 (1-3) Trademark Act do not affect the application of the general principles of Section 21 (4) Trademark Act.

DECISION

In the present case, the Federal Court of Justice initially deals with the question of the correct drafting of an application. The plaintiff had requested to ban the defendant from using the designation "Context" in isolation and had cited, in the "especially" supplement, the complete company name of the defendant, Context Gesellschaft für Sprachen- und Mediendienste mbH.

The Federal Court of Justice explained in this context that a demand for relief that targets in its abstract part the use of the mark in isolation, here the use of the designation "Context," and in the "especially" part cites the designation within the company comprised of several parts, here the designation "Context Gesellschaft für Sprachen- und Mediendienste mbH", is in itself contradictory and vague. Here, the Federal Court of Justice explains that the "especially" part of a demand for cease and desist is intended to explain in more detail the abstract part of the application. Thus, the part is to show which form of the commission of an

offence the plaintiff wanted to include under the abstract part of the application. However, the required sufficient definiteness of the application is lacking insofar as the abstract part of the application is no longer covered by the "especially" part. Accordingly, the plaintiff, in line with remanding the matter to the court of appeal, was given the opportunity to adjust its application.

In terms of content, this is about the evaluation of two opposing company symbols. Regarding the scope of a company symbol of a company, the Federal Court of Justice confirms that, in line with reviewing the likelihood of confusion of two company names, it is to solely focus on the company keywords to the extent that they show distinctiveness and to the extent that they are suitable to prevail as an indication for the company. To the extent that a part of the commercial designation has separate protection under trademark law, as it is the case in the present case for the

designation "ConText" of the plaintiff, the focus was to be solely on this component. The same also applied in the present case to the component "Context" of the company name of the defendant. All other company components of the parties ("Communication" added to the company of the plaintiff and "Gesellschaft für Sprachen- und Mediendienste" added to the company of the defendant) were thus less important during the overall consideration. The marks were therefore deemed to be identical in this case.

Finally, the Federal Court of Justice expressly clarified in this context that the general principles of forfeiture in the sense of Section 21 (4) Trademark Act are to be applied for the assertion of claims arising from a company symbol in addition to the rules regarding the forfeiture of claims in Section 21 (2) Trademark Act.

ASSESSMENT

In terms of filing an application, one has to carefully ensure that the "especially" part does not go beyond what is required in the abstract part of the application. Since in the "especially" part of an application there is a more detailed explanation of what is to be included in the application, particular attention should be paid to the wording of the application. Insofar as the abstract part of the application and the "especially" part contradict each other, the application is to be dismissed on the grounds of indefiniteness.

In view of the evaluation of the likelihood of confusion of two company symbols, there is the peculiarity here that, in the context of the comparison, the focus can be solely on the company keywords to the extent that these show the required distinctiveness and to the extent that they can serve to identify the business. In this context, it is not required that the company keyword also be used in isolation. Rather, it is sufficient that it is suitable for referring to the business designated by it.

In view of the regulations of forfeiture, there is some disagreement regarding whether the special provisions of Section 21 (1-3) Trademark Act also apply in addition to the general principles of forfeiture of Section 21 (4) Trademark Act. This has now been decided by the Federal Court of Justice in the assertion of a claim arising from a company symbol insofar as a parallel use is possible, since this case is not a case that is covered by Section 9 of Directive 89/104/ECC as part of the comprehensive harmonisation made therein. Accordingly, in this case a parallel use of the special and the general provisions is possible so that, in case of the non-existence of the prerequisites of Section 21 (2) Trademark Act, the defendant may also rely on the general rules in Section 21 (4) Trademark Act, if applicable, which is designed to be a lot more flexible without stating fixed periods of acquiescence. (Holderied)

6. Exhaustion in the case of parallel import of pharmaceuticals

Federal Court of Justice, judgment of 02.12.2015, I ZR 239/14 – Eligard

BACKGROUND

Since the European Court of Justice in its decision *Bristol-Myers Squibb* established the five conditions of exhaustion for a permitted parallel import of pharmaceuticals, this area of law has calmed down somewhat. However, the civil courts repeatedly have to deal with new situations. The interest of pharmaceutical companies not to make it easy for parallel importers is

shown in their attempt to plead *legitimate interest* in the sense of Section 24 (2) Trademark Act. Pharmaceutical companies as trademark owners of the product description could then oppose repackaging. However, the limitations of this exceptional rule are closely defined. In addition, legitimate interest was denied in the present judgment of the Federal Court of Justice

DECISION

In the present decision, the Federal Court of Justice, among other things, had to decide whether a parallel importer was to trust in the approval document of the responsible authority. A pharmaceuticals distribution company responsible for Germany brought an action against a parallel importer due to trademark infringement and violation against provisions of fair competition. The claims were asserted by way of the established representative action with the authorization of the pharmaceuticals company as the trademark owner. The dispute was based on characteristics of the pharmaceutical product. The pharmaceutical product consists of two syringes that are packaged in a tray packaging with deep-drawing film and that are sold in a folded box. After opening the tray packaging, the pharmaceutical product has to be used immediately. Otherwise, its shelf life is at risk.

What was indisputable and not part of the dispute was that labelling the tray packaging with deep-drawing film and the folded box has to take place in the German language. In fact, the plaintiff asserted that according to the labelling requirements for pharmaceuticals (Section 10 (1, 8) German Pharmaceuticals Act) the syringes also

have to be labelled in the German language. The plaintiff had already argued this in the regulatory approval process. The responsible authority, however, opposed the requirement in an official notification. The subsequent approval document for the defendant, however, did not expressly state that labelling of the syringes does not have to take place in the German language.

The Federal Court of Justice concluded from the objective explanatory value of the approval document that the authority deemed labelling the syringes in a foreign language to be sufficient. Labelling the syringes in the German language would have required opening the tray packaging with deep-drawing film. However, this would have had an immediate impact on the shelf life of the product and posed a risk to the safety of the pharmaceutical product. From the circumstances, it can be deduced that the authority took this into account in the proceedings. In this regard, the approval document had an effect that is binding on the civil courts. If the plaintiff deems the document to be null and void, proceedings would have to be initiated in an administrative court by way of action of opposition.

The decision of the Federal Court of Justice is to be agreed to. A requirement to also label the syringes in the German language would result in it not being possible to parallel import this pharmaceutical product. The necessary opening of the tray packaging with deep-drawing film would require the immediate application of the pharmaceutical product. In the overall consideration of all interests, the basic principle of the free movement of goods (Section 34 TFEU) and pharmaceutical product safety regarding the shelf life have to be given priority here. The plaintiff attempts to argue that labelling requirements are in the public interest; however these are already sufficiently guaranteed. The folded box as well as the tray packaging with deep-drawing film are labelled in the German language. Thus, the defendant was right to trust in the lawfulness of the approval document; especially because the authority was aware of the issues.

The attempt of the plaintiff to assert an alleged violation against the labelling requirements as a legitimate interest in the sense of Section 24 (2) Trademark Act or

impropriety provisions is denied by the Federal Court of Justice. Thus, the manufacturers will have to seek their fortune in appealing the approval document in proceedings in an administrative court. The future will show whether an administrative court will affirm a pharmaceutical company's right to bring an action for a claimed violation against the obligations to label pharmaceutical products. This is by no means a certainty. Initially, only the addressee of the document (namely the parallel importer) or the party that is to be protected by the labelling requirements has the right to bring an action. These are the consumers, and not the pharmaceutical company as the trademark owner. However, the Federal Court of Justice in its decision affirms the pharmaceutical company's right to bring an action. According to the Federal Court of Justice a – quasi downstream – review under trademark law of the approval document would be considered only if an administrative court were not to follow this decision. There is still much excitement in the legal area of parallel importing! (Ehlers)

III. LICENSES

7. Insolvency-proof nature of a trademark licence

Federal Court of Justice, judgment of 21.10.2015, I ZR 173/14 – Ecosoil

BACKGROUND

The “*Ecosoil*” decision of the Federal Court of Justice deals with the fate of trademark licences in the case of insolvency of the trademark owner and licensor. The case decided by the Federal Court of Justice dealt with the question of the continued existence of the licence after the sale of the insolvent trademark owner.

For the party acquiring the trademark owner and licensor, this was a rude awakening: it believed to have acquired unencumbered trademark rights; however, in the end it had to accept the continued existence of the trademark licence previously granted by the former trademark owner. However, the licensee had reason to be happy. The licensee may continue to use the licence despite the insolvency and sale of the licensor.

Regarding the facts: after the previous parent company and licensor had become insolvent, the current plaintiff had acquired the rights to the EU trademark “*Ecosoil*.” Subsequently, the plaintiff then called on the subsidiary and licensee to cease and desist the use of the trademark “*Ecosoil*.” The subsidiary defended itself with a licence to use the trademark “*Ecosoil*” that was granted to said subsidiary and all other affiliated companies by the previous parent company in line with a uniform market presence. At that time, the licence was granted in a simple fashion (meaning not exclusively, excluding other licensees), without consideration, permanently and not subject to cancellation.

DECISION

The licensee may also use the licence that was permanently granted to the licensee by the later insolvent parent company after the transfer of the trademark rights to the party acquiring the parent company. The licence agreement entered into prior to the insolvency continues to exist between the original rights owner and the licensee; the party acquiring the parent company, and new trademark owner, could have entered into this contract only with the consent of the licensee

The effectiveness of the licence also does not require for the licence to be registered. It is also not required for the party acquiring the company to have concrete knowledge of the content of the licence regarding the trademarks acquired by said party (interpretation of Section 23 (1) p. 2 EU Trademark Regulation).

The licence substantiated via a contract guaranteeing the permanent right of use (according to a legal lease) is insolvency-proof as a right in rem if the main services of the licence agreement were completely fulfilled by both parties prior to the start of the insolvency. The main services are on the one hand the granting of the licence by the licensor and on the other hand the use of the licence by the licensee. In the “*Ecosoil*” case, these prerequisites were given. With this, an option of the insolvency administrator to refuse the obligations arising from the licence was also eliminated (Section 103 Insolvency Act).

In passing, the Federal Court of Justice also clarified that in principle a licence agreement is to be requested, but that in the present case the meeting minutes were sufficiently clear to act as proof for granting the licence.

ASSESSMENT

The rather complex "*Ecosoil*" decision of the Federal Court of Justice ultimately creates more legal certainty for the licensee when insolvency proceedings are initiated against the licensor. This is to be welcomed since, especially in the age of digital media, intellectual property rights are often among the greatest assets of a company, for example in the form of the name of the company.

The Federal Court of Justice did not make a universally valid statement regarding the insolvency-proof nature of

a licence; in particular, it did not confirm the general applicability of the right for segregation of the licensee that exists for rights in rem (Section 47 Insolvency Act). Nevertheless, the court clarified that, besides the exchange agreement without consideration that serves as a basis in this context, it also expressly identified the acquisition of a licence as another construct for the insolvency-proof design of licence agreements. (Overhage)

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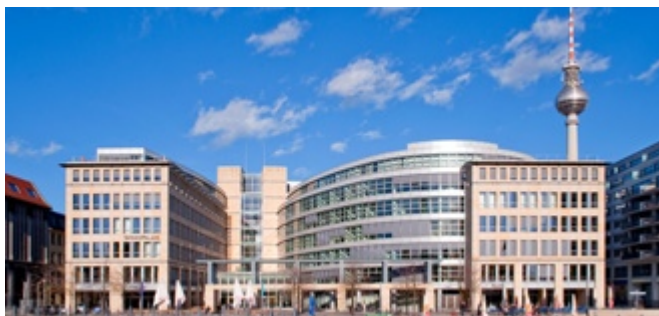
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