

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.

This year's case law review pays particular attention to the forthcoming "Brexit" and the resulting possible scenarios for EU intellectual property rights. In order to ensure the protection of, for example, your EU trademarks and Community designs even after Brexit, you will find some useful hints in the following.

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. In addition to the question of trademark infringement by various forms of use and questions of distinctiveness, the courts also dealt with the issue of "parity of arms" in temporary injunction proceedings, with two widely-noticed decisions handed down by the Federal Constitutional Court. In addition, the review also highlights the latest developments on the subject of "recall obligations in injunctive relief".

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EISENFÜHR SPEISER

I. BREXIT: WHAT STEPS DO YOU NEED TO TAKE IN THE EVENT OF A 'NO-DEAL' SCENARIO?

At the time of going to press (April 2019), the terms of 'Brexit' are still unclear as regards both its date and the question whether there will be an orderly departure of the United Kingdom from the EU, or whether there will be a 'no-deal Brexit' instead.

In the following, we provide an overview of the various consequences that a 'no-deal' scenario will have for your intellectual property rights.

The key messages are the following:

- If, when Brexit occurs, you hold a **registered European Union trade mark** or **Community design**, a corresponding and equivalent British right ensues automatically – without the need to file an application or pay official fees. You do not have to do anything, in other words.
- If any applications for **European Union trade marks** or **Community designs** are still **pending** when Brexit occurs, an application for the equivalent British right must be filed within nine months (but has the same filing date as the EU application).

For detailed and up-to-date information, please refer to the News section of our website.

II. INFRINGEMENT PROCEEDINGS

1. Injunction proceedings concerning intellectual property

Federal Constitutional Court, decisions of 30.09.2018, 1 BvR 1783/17 & 2421/17 – Waffengleichheit im Verfügungsverfahren

BACKGROUND

In practice (particularly that of the District Court in Cologne), temporary injunctions have routinely been granted even when the respondent had neither been warned beforehand nor given an opportunity to state its position during the injunction proceedings. In injunction proceedings (particularly as practised by the courts in Hamburg), furthermore, the applicant has often been given information one-sidedly by telephone.

Two constitutional complaints opposing this legal practice were filed last year. Although primarily relating to press matters, the decisions that were handed down by the Federal Constitutional Court also have ramifications for injunction proceedings concerning intellectual property.

DECISION

The Federal Constitutional Court establishes in the two decisions that the aforesaid practice basically violates the fundamental right to parity of arms in court proceedings – especially as regards both parties being equally able to present facts and arguments.

Granting a temporary injunction without a warning being issued beforehand, or without an opportunity to state one's position in the proceedings themselves, is thus allowed only by way of exception when there is a specific reason for doing so. The urgency that is required anyhow before any temporary injunction can be granted is no such reason, in any case. In those cases in which a warning had previously been given, it is essential, if an injunction is to be granted *ex parte*, that the warning and the application for injunction do not differ in the stated reasons for the claim being asserted.

The Constitutional Court then states, however, that the applicant's urgent need for a fast decision can also be reconciled with the adversary's right to be given a fair hearing if the respondent is only given an opportunity to provide a written statement of position. A hearing does not always have to be held, in other words.

Informing the applicant alone by telephone, without telling the respondent, is likewise denounced by the Constitutional Court as basically unconstitutional. The content of any guidance given by phone must also be documented by the court in the case file. Notes such as "objections discussed" do not meet this requirement.

ASSESSMENT

The decisions do not mean that a warning must invariably be issued before any application for injunction can be filed.

In the intellectual property field, prior warnings may be dispensed with in product piracy matters, especially, where sequestration (seizure of the infringing goods) is requested in addition to injunctive relief. Issuing a prior warning would otherwise alert the party engaged in product piracy and engender the risk of the claim being frustrated by the infringing products being hidden away. Due to the special urgency in trade fair matters, warnings might only be possible within the hour (and only verbally in some cases).

The main point to be learned for other cases from the decisions of the Constitutional Court, however, is that the required warning and the application for injunction must both be drafted very meticulously. Only then is it possible

to avoid situations in which the seised court is prompted by the Constitutional Court decisions to give the adversary an opportunity to state its position – for example because of divergence between the stated reasons for the claim in the warning letter and in the application for injunction, or because the court deems it necessary to draw attention to the need for further facts and arguments to be presented.

However, as regards old cases that were conducted in a way that would now be deemed unconstitutional according to the recent decisions of the Constitutional Court, it is not possible to challenge temporary injunctions obtained in a such a way by arguing that they were conducted in an unconstitutional manner. This is because the Constitutional Court also rules that the procedural deficiency is basically remedied by opposition proceedings against the temporary injunction. (Eberhardt)

2. Admissible use of a company name in the Amazon autocomplete function

Federal Court of Justice, judgment of 15.02.2018, I ZR 201/16 – goFit

BACKGROUND

The present case involves goFit Gesundheit GmbH, a limited company domiciled in Austria, which sells a foot reflexology mat in Germany under the name 'goFit Gesundheitsmatte'. The mat was developed and designed in Switzerland and was not sold on the www.amazon.de website either by the plaintiff or by Amazon directly.

Nevertheless, the autocomplete function used in the search box on www.amazon.de suggests 'goFit Gesundheitsmatte' as soon as the first few letters, e.g. 'gof' or 'gofi', are typed. After clicking on these suggested search terms, results lists are shown that include offers which

have nothing to do with the plaintiff's company or the mat it sells, but which instead show similar acupuncture or relaxation mats sold by competitors.

The object of dispute in the present case was solely the use of 'goFit' as a company keyword when auto-completing search terms. The further-reaching use of the 'goFit' sign that resulted in competitor products being included in the hit list was not attacked (surprisingly), either under trademark law or competition law, or with any auxiliary request in that regard.

DECISION

The Federal Court of Justice firstly affirms that protection derived from protection of the full company name under Section 5 (2) of the Trademark Act (MarkenG) can also be asserted for a part of a company name, if said part is a distinctive element of the company name, compared to the other elements, that is able by nature to establish itself on the market as a keyword referring to the undertaking. The crucial aspect is not whether the short name is actually used on its own as a keyword referring to the company, or whether it has established itself on the market.

The 'goFit' decision also affirms the established precedent that the computerised analysis of user behaviour and the generation of keyword suggestions on the basis of such analysis are imputed to the search engine operator. By disseminating automatic suggestions for search terms, Amazon is thus making use of a mark.

However, this use of a mark is not inadmissible, and the Federal Court of Justice ruled that there is no infringement of the company name, because use of the company name in the autocomplete function does not detract from the company name's function as an indicator of origin. This is because the keyword suggestions generated by Amazon point to the plaintiff and to the foot reflexology mat sold by it. Given the absence of any risk of confusion, no claims can be asserted under trademark law. It is unimportant, in the view of the Federal Court of Justice, that no product originating from the plaintiff is displayed when one of the keywords in the hit list is selected, because even if the user mistakenly believed, due to the keyword suggestions, that he could purchase the plaintiff's product on Amazon, the plaintiff cannot prohibit this under trademark law, in any case not by arguing that there is a risk of confusion. Producing such a misapprehension may only be impugned under competition law, at most.

The decision is one of various decisions relating to Internet search engines, in which trademark proprietors have tried to stop Google, Amazon, eBay, etc. using their trademarks and company names as search terms, by arguing that the notoriety and attributional function of company names and trademarks are being exploited in this way.

Even after the 'goFit' decision, trademark proprietors are still unable to prevent their company names and trademarks from being used in searches or in keyword suggestions on the Internet, even when the trademark proprietor's products are not sold on the respective platform.

The 'goFit' decision is thus consistent with the established legal practice of the ECJ, according to which trademarks are an important element of the system for defending undistorted competition, but are not meant to protect their proprietors from competitive practices. Advertising on the Internet on the basis of keywords corresponding to specific trademarks is one such practice, because its purpose in general is merely to give Internet users an alternative to the goods or services of that particular trademark proprietor. If, on the basis of a keyword which is similar or identical to a trademark, advertising is shown for goods or services that are identical to the goods or services for which the trademark claims protection, the proprietor of the trademark cannot take action against such advertising unless special circumstances are involved.

Due to the absence of any request to that effect, the Federal Court of Justice was unable to examine the real issue at the heart of the 'goFit' case, namely whether such 'special circumstances' existed or not, i.e. whether the selection of hits, or at least the presentation of the hit list, constitutes infringing use of a mark. As a basic principle, however, it is possible to assert claims under trademark law in such special circumstances, if it is difficult or impossible for the user to tell from the hit list whether the goods or services advertised there originate from the trademark proprietor or from a third party. However, if the other offers are clearly marked as coming from a third party, then this must preclude any claims under trademark law based on a risk of confusion, even in such situations (on this point, see the *Ortlieb* decision that is likewise discussed in this case law review).

Claims under competition law that may exist in a given case thus appear to be crucially important in situations such as the one in the 'goFit' case, if a trademark or company name is entered, and offers by competitors of the sign's proprietor are exclusively or predominantly displayed. Unfortunately, the Federal Court of Justice was unable to hand down a ruling on this aspect, due to the absence of any request to that effect. When well-known company names and trademarks are used, it might also be possible to assert further claims under trademark law, due to impermissible exploitation of another's reputation. (Förster)

3. Recall in a claim to injunctive relief

Federal Court of Justice, court order of 11.10.2017, I ZB 96/16 – Produkte zur Wundversorgung

BACKGROUND

The First Civil Division of the Federal Court of Justice, responsible for matters concerning trademarks and competition law, has conclusively ruled in several decisions on competition law that the obligor is also under an obligation to take active steps to remove the products from the channels of distribution when a prohibitory injunction is imposed on it. Such steps include measures up to and including recall (decisions on *Hot Sox* (GRUR 2016, 720), *RESCUE-Tropfen* (GRUR 2017, 208), *Piadina-Rückruf* (GRUR-Prax 2016, 107) and *Luftentfeuchter* (GRUR 2017, 823)).

Many lawyers have voiced serious criticism of those decisions. The competition and trademark law committee of GRUR (Gesellschaft für Gewerblichen Rechtsschutz und Urheberrecht e.V.), for example, the most important specialist association for IP, published an ‘interjection’ (GRUR 2017, 885) in which many of the points were directed specifically against implementing this case law in temporary injunction proceedings.

DECISION

This is the first time that a decision on this issue has been handed down in the field of trademark law.

The respondent sold wound treatment products through pharmacies. The applicant obtained a temporary injunction from the Frankfurt am Main District Court against sales of these products, due to infringement of trademark rights. In the relevant order processing system for pharmacies (‘Lauer-Taxe’), the defendant then marked these trademark-infringing products as ‘withdrawn from sale’ and stopped selling them. However, it neither recalled the products nor informed its customers (wholesalers) about the temporary injunction that was granted against it.

The applicant then made a test purchase from the wholesaler, which then delivered the goods. The applicant therefore applied for an administrative penalty to be imposed, due to breach of the temporary injunction. The District Court granted the request.

The question, therefore, was whether the order to cease and desist that was imposed on the respondent also included the obligation to recall the trademark-infringing goods from the channels of distribution. Another question

was whether the same principle applied in temporary injunction proceedings, in particular. As the injunction is a means of provisional judicial relief, temporary injunction proceedings may not anticipate the decision in main proceedings, so as not to curtail the legal protection enjoyed by the respondent.

Prior to that decision, it had been argued in the legal literature, above all, that a recall of products – as opposed to merely ceasing and desisting – certainly does anticipate a final decision in main judicial proceedings, because the customer of the (alleged) infringer has already been called upon to return the products, and because the products have therefore ‘turned to ash’ on the market.

The Federal Court of Justice firstly affirmed the line it had adopted in the decisions cited above, namely that a claim to injunctive relief may also include the removal of products from the channels of distribution, i.e. recall measures. This also applies when the obligation to cease and desist was imposed in temporary injunction proceedings. All that is required in temporary injunction proceedings, however, is that feasible and reasonable action be taken to remedy the disturbance – which means the specific action to be taken

is subject to a review of proportionality. Thus, the obligor does not have to take any action that is disproportionate, due to such a temporary injunction.

However, the Federal Court of Justice departed from its previous decisions regarding the question as to what is reasonable and proportionate when a temporary injunction is imposed. It emphasised that generally there is no anticipation of the main issue, which is basically not permitted, when the obligor does not recall the goods it sells from its customers on account of the temporary injunction granted against it, but merely requests them to stop

selling the retained goods for the time being in view of the temporary injunction. In other words, it must inform its customers that they should stop selling the goods in question, for the time being at least (e.g. until a decision has been handed down in the main judicial proceedings). The argument is that it is not unreasonable to expect this from the obligor, because it has a secondary obligation, under the purchase agreement concluded with the customer, to tell the customer that it must likewise expect a temporary injunction against it if it continues to sell the goods.

ASSESSMENT

The decision provides further detail on the basic stance of the Federal Court of Justice in respect of temporary injunction proceedings – it is necessary that action be taken vis-à-vis commercial customers, but informing the customers about the temporary injunction, rather than recalling the goods, is all that is required in most cases. The fact that customers will often be unwilling in practice to store the potentially infringing goods until the proceedings on the main issue have been completed, and that telling them to stop selling the goods is tantamount to a recall, is a different matter entirely.

All in all, the precedents set by the Federal Court of Justice provide a degree of latitude, in practice, as to which particular actions are necessary in a given case if the order to cease and desist is to be complied with. It is important, therefore, when advising not only the trademark proprietor, but also the trademark infringer, to consider the action necessary to eliminate the infringement, and to weigh up what exactly must be done in the specific case to conform to the requirements of established legal practice. (Brecht)

4. Don't look a gift horse in the mouth – potential trademark infringement by refilling towel dispensers with third-party goods?

Federal Court of Justice, judgment of 17.10.2018, I ZR 136/17 – TORK

BACKGROUND

The Federal Court of Justice had to rule on whether refilling TORK refill dispensers with paper towels made by a different company constitutes trademark infringement. The plaintiff was Essity Professional Hygiene Germany GmbH, as holder of the European Union trademark TORK (word/picture). The defendant was a wholesale company selling paper towel rolls as refills for dispensers and which were marked 'also suitable for TORK dispensers'. The refill product itself does not bear a trademark ('no-name').

The Federal Court of Justice referred the matter back to the court of appeal in Munich. In the grounds for the decision, however, some important principles were set out for assessing, under trademark law, the extent to which refilling containers bearing a trademark may involve an infringement.

DECISION

The Munich District Court ruled at first instance that there was no trademark infringement. Given the variety of towel dispensers in public places, consumers do not infer the origin of refills from the origin indicated on the dispensers, but view the container and the refill as two separate things. The court of appeal accepted that argument on the whole and likewise ruled that there was no use of the trademark. This ruling ran counter to an older decision of the Federal Court of Justice relating to towel dispensers (GRUR 1987, 438 – *Handtuchspender*). The relevant public had changed its understanding of the matter in recent years, and due to other categories of goods, such as printer cartridges, vacuum cleaner bags, coffee capsules and razor blades, it was now used to the fact that material needed for basic devices no longer had to come from the original manufacturer (referring, inter alia, to BGH GRUR 2015, 1136 – *Staubsaugerbeutel im Internet*).

The Federal Court of Justice disagreed with the reasons given for negating trademark infringement. It could not be assumed, without further ado, that the average consumers in question did not understand the TORK trademark in suit applied to the towel dispensers as an indication of the origin of the product inside the container. In the case under consideration, further clarification was required to

determine whether a distinction was made between the marking on the device for dispensing the product and the marking on the product itself. There is no cause, on the other hand, to refer the matter to the European Court of Justice, because the question of the relevant public's understanding is a matter for the courts of the Member States to assess.

The Court clarifies, first of all, that the defendant's offering of refills stating 'also suitable for TORK' does not constitute an infringement of the trademark and is permitted under Section 23 (1) No. 2 of the Trademark Act. However, the objective reference to compatibility is an act that objectively aids infringement. To that extent, it is irrelevant that the defendant does not refill the dispensers itself, but only supplies the refills to third parties. Supplying the product is sufficient to constitute contributory infringement, also in trademark law, due to the principle of vicarious liability that is taken from criminal law. Refilling the dispensers marked with the TORK trademark in suit is also subjectively consistent with the defendant's will and serves to promote its sales.

The Federal Court of Justice then emphasises once again the principal function of a trademark as an indication of

origin. That function is compromised when it is difficult for the relevant public to tell whether the product being offered originates from the proprietor of the trademark, or from a third party instead. Use of the trademark is assessed on the basis of the presumed expectations of precisely that relevant public. The crucial aspect, therefore, is whether the TORK trademark on the dispensers is seen as an indicator of origin not only for the containers themselves, but also for the paper towels inside them.

The criteria for determining the supposed understanding of consumers are a possible secondary mark on the refills, the conditions in which the refills are replaced, and the question as to whether refilling is done by third parties or by the consumers themselves.

In this particular case, the court of appeal did not take these criteria sufficiently into account. The refill product

did not bear any marks of the defendant, for example, but was a 'no-name' product, instead. Unlike other products such as printer cartridges, vacuum cleaner bags or coffee capsules, the consumers do not replace the product, either, which means that no conclusions about the origin of the refill product can be drawn from the refilling process.

This is followed in the Federal Court of Justice judgment by points to be taken into consideration in the re-opened appeal proceedings. It might be the case, for example, that trademarks play less of a role in everyday 'away-from-home' products. The diversity of towel dispenser systems (e.g. paper towels, cotton towel rolls or jet air dryers), and the fact that these products are provided free of charge, could affect the public's understanding. It will be necessary to clarify, therefore, whether the public pays attention to trademarks at all, or to a lesser degree, when using paper towels in public washrooms.

ASSESSMENT

The Federal Court of Justice decision makes it clear, first of all, that the old *Handtuchspender* decision from the year 1987 is outdated. In future, trademark infringement would seem to be the exception rather than the rule. The following criteria are relevant when assessing whether the assumed consumer draws any conclusions from the trademark on a dispenser container about the refill product inside that container:

- weakened function of the trademark on the container as an indicator of origin, due to a secondary trademark on the refill product
- conditions and practice of refilling, in the specific sector of industry
- refilling by third parties or by consumers
- product diversity in respect of the dispenser containers
- use in private space or in public space ('away-from-home')
- use free of charge

In this specific case, the guidance given by the Federal Court of Justice suggests that a trademark infringement will ultimately be negated.

In practice, manufacturers of refill products can easily avoid trademark infringement by applying their own secondary trademarks to refill products. The mental link established between the trademark applied to the container, and the product inside it, is thus deprived of any force. Use of the refill product free of charge in public spaces is also an indication that there is no trademark infringement. The comments by the Federal Court of Justice suggest that, in such cases, it is unimportant to the average consumer from whom the refill product comes. As the saying goes, 'don't look a gift horse in the mouth'.

Whether that is always the case must be doubted, however. People get annoyed when they are unable to pull a paper towel out of the dispenser, for example, or when they end up holding a whole stack of paper towels. In addition to refilling not being done properly, this may also be a sign that the paper towels are of lower quality. Unwisely soap dispensers covered in liquid soap may result in dissatisfaction among the public and allow undesirable conclusions to be drawn about the mark shown on the dispenser. Beside indication of origin, assessment must therefore take account of the other trademark functions acknowledged by the supreme court precedents, especially the function as an indication of quality. (Ehlers)

5. Exhaustion of rights, impairment of a trademark's functions and use in the course of trade

ECJ, judgment of 25.07.2018, C-129/17 – Mitsubishi u. a./Duma u. a.

BACKGROUND

The plaintiffs are companies in the Mitsubishi Group that manufacture and sell forklift trucks, inter alia. They are the proprietors of several 'MITSUBISHI' word marks and picture marks registered as European Union trademarks and Benelux trademarks, each for forklift trucks, with which they brand their respective forklifts (referred to collectively as the 'Mitsubishi trademarks').

The defendants, which are undertakings domiciled in Belgium, are mainly involved in buying and selling forklift trucks, but also sell their own forklift trucks under their own marks.

Since 2009, the defendants have bought Mitsubishi forklifts from outside the European Economic Area ('EEA'), which they bring into the territory of the EEA, where they are initially placed in a customs warehousing procedure. Non-Union goods can be stored in customs warehouses without having to pay customs duties. In the customs warehouse, the defendants then remove all the Mitsubishi marks, perform the necessary modifications of the goods so that they conform to the standards applying in the EU, and apply their own trademarks to the goods. Only then do they import the goods into the EEA and place them on the market there.

The actions brought before the Commercial Court in Brussels against such behaviour were dismissed, with the plaintiffs then lodging appeals. The court of appeal then referred the following questions, presented in simplified form below, to the European Court of Justice (ECJ):

(1) Can the proprietor of a trademark forbid a third party to import its goods without its consent into the EEA, where they have never been traded before, and place them on the market there, if, in the customs warehouse prior to import, the third party has removed all the trademarks applied to the goods (debranding)?

(2) Does the decision depend on whether the goods are imported under a different sign that is applied by the third party (rebranding)?

(3) Does it make any difference to the answer to these questions whether the goods can still be identified as originating from the trademark proprietor, even after debranding and rebranding?

DECISION

The ECJ answered the first two questions together in the affirmative.

It firstly explains the purpose and extent of the exhaustion of rights. A trademark proprietor's right to prohibit third parties from using an identical or similar sign for identical or similar goods is exhausted (i.e. can no longer be asserted) if the specific goods are placed on the market in the EEA by the trademark proprietor or with its consent. The ECJ explicitly clarifies at the outset that placing

the goods on the market outside the EEA does not exhaust the rights deriving from the European Union trademark. The trademark proprietor has the right to control the first placement on the market of the goods bearing the trademark.

In the view of the ECJ, removal of the trademarks prevents the goods from being marked with that trademark when they are placed on the market in the EEA for the first time. This thwarts the trademark proprietor's right to

control the first placement on the market in the EEA of the goods bearing the trademark.

Furthermore, the various 'functions of the mark' are also affected adversely, in the view of the ECJ, by the debranding and rebranding.

The main function of the mark is to indicate the origin of the goods, and consists in guaranteeing to the consumer or final customer the origin of the goods bearing the mark, in that it allows the consumer to distinguish those goods from goods of different origin.

Since any action which prevents the proprietor from controlling the first placing of goods on the EEA market naturally has an adverse effect on the function of guaranteeing origin, according to the ECJ, the same also holds true for the actions of the defendants.

With regard to the third question, with which the referring court asks whether it makes any difference to the answer to the first two questions, and if so how, if the relevant average consumer can still identify the goods as Mitsubishi forklifts, even after debranding, the ECJ states in all brevity that that fact is likely to accentuate the harm done to the essential function of the mark as an indicator of origin.

The ECJ also rules that removal of the Mitsubishi marks and affixing new marks also has an adverse effect on the

mark's functions of investment and advertising. The investment function means that the proprietor of the trade mark has the opportunity to use the mark to acquire or keep a reputation that is likely to attract and retain consumers. The advertising function of the mark consists in using a mark for advertising purposes in order to inform or convince the consumer. The debranding and rebranding performed by the defendants made it more difficult for the plaintiffs to use the mark to acquire a reputation and to tie consumers, and deprived the proprietor of its opportunity to generate a return on its investments.

With regard to the requisite use of the mark in the course of trade, the ECJ refers to its previous rulings. The concept of 'use' thus includes active conduct only. Action in the course of trade requires that the action involves a commercial activity for economic advantage, and not an action performed in the private sphere. The debranding and rebranding carried out by the defendants is active conduct in the course of trade, because it is aimed at procuring themselves an economic advantage.

It is irrelevant in this context that the marks are removed and new signs are affixed while the goods are still in the customs warehousing procedure. This is because the defendants were acting with a view to placing the goods on the market in the EEA, as is evident from the fact that the goods were modified by them to comply with EU standards and in fact were also subsequently imported into the EEA.

ASSESSMENT

This ECJ decision comes as rather a surprise. Until now, established legal practice in Germany and also in other Member States has not deemed the removal of a mark to be trademark infringement. According to that view, there is no use of the removed mark, because a trademark which is not applied to goods (any longer) is not being used. The argument put forward by the Court of Justice that the trademark proprietor is deprived of its right to control the first placing of goods bearing the mark on the EEA market, is not quite conclusive for the same reason.

According to previous case law, such conduct in a specific case could merely constitute a breach of rules under the law against unfair competition. In his Opinion on the referred question, the Advocate General, too, had voted against any trademark infringement and referred to national competition law.

This ECJ decision signifies a major widening of the concept of use in trademark law, and its significance must not be underestimated.

In some of the legal literature, the view is taken that any removal of the mark anywhere in the world now constitutes trademark infringement if the goods are imported later into the EEA. However, it should be noted that one special aspect of this case is that, when they were de-branded and rebranded, the goods were already in the customs warehousing procedure in the territory of the EEA – albeit not yet released for free circulation. Article 9 (4) of the European Trade Mark Regulation applies to precisely such a case and stipulates that the proprietor of a trade mark may forbid goods being brought into the EU without being released for free circulation, unless the

owner of the goods proves in infringement proceedings that the proprietor does not have the right to prohibit the placement of the goods on the market in the country of final destination. However, given that the ECJ mentions that rule merely as an aside, it remains to be seen whether every case of debranding anywhere in the world really will have to be seen now as infringing the rights of the proprietor of a European Union trademark when the goods are subsequently placed on the market in the EU, or only in those cases in which the customs warehousing procedure is conducted on European soil. (Kirschner)

6. Admissible use of a trademark for the internal search function on the Amazon platform

Federal Court of Justice, judgment of 15.02.2018, I ZR 138/16 – Ortlieb

BACKGROUND

The plaintiff, the Franconian undertaking Ortlieb Sportartikel GmbH ('Ortlieb'), is a producer of waterproof bicycle bags, rucksacks and other leisure articles. Ortlieb has operated a selective distribution system with selected partners since 2011 and deliberately refrains from selling its products on Internet platforms such as Amazon.

Ortlieb took action against the fact that, when 'Ortlieb' is entered as a keyword in Amazon's internal search engine,

products made by other manufacturers are also shown in the hit list, in addition to offers for 'Ortlieb' products. These include offers by Amazon directly, as well as offers by third-party suppliers.

Ortlieb wants to prevent searches for 'Ortlieb' on Amazon resulting in alternative products also being included in the hit list, and claims that the registered trademark 'Ortlieb' is infringed in such cases.

DECISION

Following rulings by the District Court and Upper District Court in Munich that the 'Ortlieb' trademark was infringed by Amazon, the Federal Court of Justice did not rule on the matter but referred it back to the Upper District Court for a decision.

Trademark infringement (Section 14 of the Trademark Act) exists when a third party uses an identical or similar sign, without the consent of the trademark proprietor, to mark identical or similar goods, thus engendering a risk of confusion.

According to the Federal Court of Justice, the Upper District Court did not examine whether the customers could tell from which manufacturers the products offered in the Amazon hit list originated. Only if they were unable to do so would Ortlieb's trademark rights be infringed.

The Federal Court of Justice shared the view, in Ortlieb's favour and in line with previous ECJ precedents, that

Amazon used the 'Ortlieb' trademark, even if it was not Amazon but the Internet user who entered the term into the search bar. The reason given by the Federal Court of Justice was that Amazon was responsible for selecting the keywords used in the algorithm and therefore for the results as well.

Although the Upper District Court has still to concern itself with the matter again, the FCJ decision already puts Amazon in a stronger position. A trademark infringement need only be affirmed if, when looking at the hit list, the public thinks that the products displayed are Ortlieb products, even they actually originate from various other sellers.

The Federal Court of Justice dismissed the claim that this constituted comparative advertising under competition law.

Amazon may continue to show competing products when a visitor to the platform uses the internal search function to search specifically for a particular mark. The decisive aspect is that users of the platform can recognise that the products shown are other marks made by other manufacturers. The requirements to be met for such recognition are not likely to be all that tough.

It would have been interesting to see the outcome if the Federal Court of Justice had to rule on claims based on a well-known trademark. This might have produced results that were more satisfying for the plaintiff.

For the Federal Court of Justice, it was irrelevant that the function of the trademark as an indicator of origin – the ‘navigator’ function of the mark – may be adversely affected even when different suppliers are recognisable (as the Upper District Court ruled in the previous instance). The fact that the products of other manufacturers were presented as real alternatives and as a real search result was deemed by the Upper District Court to be a crucial aspect, and convincingly so. Someone who enters ‘Ortlieb’ when searching for products on a trading platform is ultimately searching specifically for that mark, otherwise he or she would simply enter ‘bicycle bag’.

This judgment, which makes trademark rights subject to the provisos of competition law, is an ‘all clear’ signal for Amazon and other platforms: as long as there is sufficient

transparency to prevent any risk of confusion with alternative offers, there is no reason to fear any trademark infringement.

The judgment is all the more annoying for Ortlieb, in contrast, because the company operates a selective distribution system and does not sell products at all on the Amazon platform, either itself or through specialised dealers. The important point for Ortlieb is that it sells high-quality products that need to be explained to consumers, and for which the special customer service and provision of information regarding the reparability of the products are of crucial importance. The decision also shows the limits, therefore, to the influence which the proprietor of a trademark can exert even in selective distribution systems.

It is certainly in the trademark proprietor’s interest, however, that the Federal Court of Justice has clearly ordered platforms like Amazon to mark alternative offers in such a way, when a particular mark name is entered, that they are clearly discernible as such.

It is interesting to note that, on the same day, the Federal Court of Justice ruled in Amazon’s favour in the case brought by goFit, the Austrian producer (case no. I ZR 201/16), which concerned the autocomplete function used by Amazon’s search engine. That decision is also discussed in this case law review. (Overhage)

III. ELIGIBILITY FOR PROTECTION, CANCELLATION PROCEEDINGS, OPPOSITION PROCEEDINGS

7. Referral to the ECJ of a question concerning the extent to which the potential uses of a sign are to be taken into account when assessing its distinctiveness

Federal Court of Justice, court order of 21.06.2018, I ZB 61/17 (Federal Patent Court) – #darferdas?

Prior instance: Federal Patent Court, decision of 03.05.2017, 27 W(pat) 551/16

BACKGROUND

According to Article 3 (1)(b) of the Trademark Directive (Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks), signs which are devoid of any distinctive character shall not be registered as trade marks. This was implemented as national law in Germany, inter alia in Section 8 (2) No. 1 of the Trademark Act. The applicable, largely parallel rule for European trademarks is found in Article 7 (1)(b) of the European Trade Mark Regulation. Lack of distinctiveness is assumed in the case of signs which consist of common words in the German language or in a well-known foreign language and which are not understood by the relevant public as a means of distinction. According to the established legal practice of the Federal Court of Justice, how-

ever, it is not imperative, for distinctiveness to be assumed during the registration procedure, that every conceivable use is such that the sign is readily understood by the public as a trademark. It suffices, rather, if there are practically significant and obvious ways of using the filed sign so that it is readily understood as a trademark by the public (cf. Federal Court of Justice, GRUR 2001, 240, 242, **SWISS-ARMY**; Federal Court of Justice, GRUR 2012, 1044, **Neuschwanstein**). According to ECJ precedents, however, there is no obligation in the registration procedure to extend the examination of distinctiveness to other uses of the filed trademark besides those that the examining office recognises as the most likely, with the help of its expertise in that field (cf. EuGH (ECJ) GRUR 2013, 519, **Umsäumter Winkel**).

DECISION

In the case under consideration, the German Patent and Trademark Office (GPTO) had refused registration of the word mark application for '#darferdas?', for various kinds of clothing in Class 25, due to lack of distinctiveness. The applicant appealed to the Federal Patent Court (BPatG), which then upheld the decision by the GPTO. In the view of the Federal Patent Court, use of the sequence of characters as clearly visible lettering on the front or back of clothing items, such as T-shirts, or as recognisable lettering on headwear or footwear, and thus as a motif, is the most likely way of using the sequence of characters and at the same time a practically significant form of use. The

relevant publics then understand '#darferdas?' as meaning that the sign wants to provoke thoughts or discussion on the topic of 'Darf er das?' (Is he allowed to do that?). Thus, the relevant public see this merely as a design element and not as an indication of origin, in the sense of a trademark. Similarly conceivable but less probable uses, and also other less significant uses, for example on the label of a garment, are of no relevance.

The Federal Court of Justice, where the appeal lodged by the applicant against the Federal Patent Court decision is pending, has now referred the following question to the

ECJ for a preliminary ruling on the interpretation of Article 3 (1)(b) of the Trademark Directive:

‘Does a sign have distinctiveness when there are practically significant and obvious ways of using it as an indication of origin for the goods and services, even if this is not the most likely form in which the sign is used?’

The Federal Court of Justice expresses doubts about the Federal Patent Court’s assumption that when examining for distinctiveness, it is necessary to consider (only) the form in which the sign is most likely to be used, and that any other similarly conceivable, but less likely and practically less significant uses are of no relevance. According to the established legal practice of the Federal Court of Justice, it is not necessary that every conceivable use of the sign be that of a trademark, in order for distinctiveness to be assumed during the registration procedure. It is sufficient if there are practically significant and obvious ways of using the filed sign in such a way, for goods and services for which it claims protection, that it is readily understood as a trademark by the public. In the view of

the Federal Court of Justice, this established practice is also consistent with the precedents set by the ECJ, according to which there is no obligation during the registration procedure to take into consideration other uses of the filed mark, besides the one recognised as the most likely, when examining for distinctiveness. This is because those statements by the ECJ must be understood, according to the Federal Court of Justice, as meaning that when assessing distinctiveness, the examination need only be limited to the most likely form of use if the other forms of use are of no practical importance, or are not obvious. There is no justification in refusing registration of a trademark due to lack of distinctiveness if there are practically significant or obvious ways of using the trademark as an indication of origin for the goods or services for which trademark protection is claimed. If, however, the examination for distinctiveness must be based on all the practically significant or obvious ways in which the sign can be used (including use on a garment label, etc.), then the filed sign cannot be denied any distinctiveness at all, according to the rulings hitherto.

ASSESSMENT

The Federal Court of Justice is referring to the ECJ, for a preliminary ruling, the question whether the examination of distinctiveness must be based on all the practically significant or obvious ways of using a sign, because if that is the case then the other, less likely, way of using the sign as claimed by the applicant, namely on a label, would also have to be taken into consideration. If there is such a use, the consequence is that it cannot be assumed without further ado that the consumer would not see it as an indicator of origin, as with a trademark.

That view on the part of the Federal Court of Justice has not been verified by the ECJ as yet. In the *Umsäumter Winkel* decision, the ECJ appears instead to reject the Federal Court’s view, but this is not quite clear yet. Due to the order for referral, the ECJ is now compelled to provide some clarity in this respect. It is doubtful, however, that the ECJ will accept the view taken by the Federal

Court of Justice, so it can be expected that the question referred will be answered in the negative. The Federal Court of Justice has already ruled on several occasions, however, that signs applied to the front of garments are not generally perceived as product labels by the relevant public, but only as decorative elements. This type of use, which the Federal Patent Court then viewed as the one and only most likely form of use in the ‘#darferdas?’ case, might therefore fail to meet the requirements for use as a trademark, also in the sense of genuine use in a way that preserves trademark rights, with the consequence that the applicant would effectively be forced to apply the mark to labels as well, for example, as is indeed common practice in the clothing industry. When viewed realistically, there is no apparent reason, therefore, why this likely form of use should be totally ignored when examining for distinctiveness. (Dekker)

8. Indication of geographical origin, distinctiveness of a mark

ECJ, judgment of 06.09.2018 – C-488/16P – Neuschwanstein

BACKGROUND

This case related to the eligibility for registration of the word mark 'Neuschwanstein'. Application for the German trademark was initially filed by the Free State of Bavaria in 2005, with the mark being subsequently registered. In 2011, the mark was then filed and registered as a European Union trademark for a large number of goods and services, including ones that usually serve as souvenirs. Applications for cancellation or nullification were then filed against the German and also against the European Union trademark, on the grounds that there were absolute reasons why the word mark 'Neuschwanstein' could not be registered.

Whereas the German trademark was subsequently denied any distinctiveness for most of the goods and services, in all instances up to the Federal Court of Justice (Federal Court of Justice, court order of 08.03.2012, I ZB 13/11 – *Neuschwanstein*), the EUIPO deemed the 'Neuschwanstein' mark to be eligible for trademark protection. Both the Cancellation Division of EUIPO and the subsequent instances, namely the Board of Appeal, the CJEU and the ECJ, accepted that decision and dismissed the application for a declaration of invalidity, and the subsequent appeals filed by the applicant.

DECISION

In its decision, the ECJ agrees with those handed down in the preceding instances and affirms that the 'Neuschwanstein' mark is neither a descriptive indication within the meaning of Article 7 (1)(c) EUTMR, nor does it lack the necessary distinctiveness within the meaning of Article 7 (1)(b) EUTMR.

It argues that Neuschwanstein Castle is a museum location and not a place which is associated with the manufacture of goods or the provision of services. Nor is that altered by the fact that some of the goods can be classified as souvenir items, because a product's function as a 'souvenir', according to the ECJ, is not an objective characteristic that is inherent to the nature of that product. Rather, the buyer will decide on the basis of his or her respective intentions whether or not to buy a particular product as a souvenir. The ECJ also notes that the mere recollection prompted among the public by the name

'Neuschwanstein' is not an essential characteristic of the goods and services covered by the mark.

Nor, finally, does the name 'Neuschwanstein' describe the geographical origin of the goods and services in question. The fact that goods and services are offered for sale at a specific location is not a descriptive indication of their geographical origin, because the place where they are sold is unsuitable as an indicator of the product's characteristics, qualities or distinctive features of the goods and services.

The ECJ also affirmed the comments made by the CJEU with regard to distinctiveness, according to which merely associating the trademark 'Neuschwanstein' with the relevant goods and services allows them to be distinguished from goods and services sold or provided at other commercial or tourist locations.

The decision is primarily concerned with the question as to whether a trademark which exhausts itself in the name of a well-known work of architecture, in this case Neuschwanstein (Castle), is merely an indication of the geographical origin of (specific) goods and services, and for that reason is excluded from registration.

In its 'Neuschwanstein' decision (Federal Court of Justice, court order of 08.03.2012, I ZB 13/11 – **Neuschwanstein**), the Federal Court of Justice had affirmed that principle, stating that the name 'Neuschwanstein' did not have distinctive character for most of the goods and services covered by the mark, because they are typical souvenirs and are marketed in order to satisfy tourists' needs for food, drink and other items offered at tourist sightseeing spots. The Federal Court of Justice concluded, accordingly, that in connection with souvenirs and travel requisites, the relevant public associated the name 'Neuschwanstein' only with the building itself, due to the fame of the castle.

In contrast, the ECJ bases its judgment solely on the fact that the goods and services in question are everyday consumer goods first and foremost – and in purely dogmatic terms is perfectly correct in that regard. The applicant's objection that the goods are souvenir items that are automatically associated with the building is countered by the

ECJ with the argument that there is no separate category for 'souvenir items' and that the function ascribed to the goods depends on the customers buying them. Although the goods themselves could serve as souvenir items, affixing the name 'Neuschwanstein' to such goods is not an essential characteristic describing the goods, according to the ECJ. Furthermore, the castle is not known for its souvenir items, but for its unique architecture. The ECJ acknowledged the distinctiveness of the mark on the grounds that it is easy for the relevant public, when the name 'Neuschwanstein' is affixed, to distinguish the goods from those sold or provided by other commercial and tourist locations.

The decision means, first of all, that the Free State of Bavaria may continue to use the 'Neuschwanstein' mark for the many goods and services for which it is registered, namely for souvenir items as well. All other traders, in contrast, must exercise a degree of care, at least, because depending on the product get-up, they must be anxious about committing trademark infringement if they use the 'Neuschwanstein' mark. On the other hand, if they merely sell 'normal' souvenirs that only depict the castle and are marked with its proper name, 'Schloss Neuschwanstein', then this cannot constitute trademark infringement. (Holderied)

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