

Recent Case Law in German Trademark Law



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CONTENT

Foreword	2
I. Infringement proceedings	3
1. International competence of German courts in cases involving the infringement of European Union trademarks and German trademarks	3
<i>Federal Court of Justice, judgment of 09.11.2017, I ZR 164/16 – Parfümmarken</i>	3
2. Trademark for checking the production process	5
<i>European Court of Justice, judgment of 08.06.2017, C-689/15 – Baumwollblüte</i>	5
3. Interpretation by the market when assessing descriptive elements of a word mark; likelihood of confusion when there is phonetic or visual similarity, but differences in the conceptual content of the sign	7
<i>Federal Court of Justice, judgment of 02.03. 2017, I ZR 30/16 (Hamm Upper District Court) – Medicon-Apotheke/MediCo Apotheke</i>	7
4. Perceived use of a sign as a trademark	9
<i>Federal Court of Justice, judgment of 03.11.2016, I ZR 101/15 – MICRO COTTON</i>	9
5. Geometric (textile) pattern is usually decorative and not distinctive as a trademark	11
<i>Federal Court of Justice, judgment of 10.11.2016, I ZR 191/15 – Sierpinski-Dreieck</i>	11
II. Eligibility for protection, cancellation proceedings, opposition proceedings	13
6. Requirements to be met by use so that the trademark is preserved under Section 26 (1), (3) sentence 1 MarkenG	13
<i>Federal Court of Justice, court order of 11.05.2017, I ZB 6/16 – Dorzo-Vision</i>	13
7. Well-known MEISSEN trademark for porcelain fails to assert itself against MEISSEN sanitary products	15
<i>European Court of Justice, judgment of 26.07.2017, C-471/16P – MEISSEN</i>	15
8. ‘Stadtwerke Bremen’ can be registered as a word mark	17
<i>Federal Court of Justice, court order of 09.11.2016 – I ZB 43/15 – Stadtwerke Bremen</i>	17

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 primarily with the distinctiveness of signs, their use as trademarks, and uses which maintain protective rights. Other cases related to the international competence of German courts.

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EISENFÜHR SPEISER

I. INFRINGEMENT PROCEEDINGS

1. International competence of German courts in cases involving the infringement of European Union trademarks and German trademarks

Federal Court of Justice, judgment of 09.11.2017, I ZR 164/16 – Parfummarken

BACKGROUND

In cross-border cases (for example when infringing goods are supplied from one EU Member State to another), the first step is to establish in which Member State the courts have international competence. A flexible choice of venues is interesting from the perspective of the plaintiff (for

example to bring an action where its headquarters are located, or to utilise the benefits of a particular judicial system). In many cases, the defendant side has an interest in being sued at its domicile.

DECISION

The plaintiff, Coty, is one of the biggest manufacturers of perfume in the world, selling perfumes under trademarks such as 'Davidoff', 'Joop!', 'Jil Sander' and 'Calvin Klein'. The defendant trades in cosmetic products and is domiciled in Italy. Its website is also available in German. A third, German, company sent an enquiry to the defendant about specific products. The defendant sent the third party an email containing information about stock levels and prices of the requested products. The third party placed an order, the products were handed over in Italy to a transport company commissioned by the third party and were transported to Germany.

Coty sought an injunction against the Italian company due to infringement of its trademark rights.

The Federal Court of Justice ruled that the action was inadmissible insofar as it was based on rights deriving from European Union trademarks. On the other hand, the action was admissible in respect of the rights deriving from an international trademark that extended to Germany (but not to the entire EU).

On the question as to whether the courts of a particular Member State have 'international competence', the EU

trademark regulation (EUTMR) stipulates that, in principle, an action must be brought in the country where the defendant is domiciled (Article 97 (1) EUTMR). Alternatively, according to Article 97 (5) EUTMR, it is possible to bring an action in any Member State in which an act of infringement has been committed or threatened.

The active behaviour of the infringer is the essential criterion for an act of infringement. The criterion focuses on the Member State in which the incident forming the basis of the alleged infringement took place, and not the place where the consequences of the infringement ensue.

The European Court of Justice had ruled shortly before this judgment that when an offer is published on the seller's website, the place of infringement is the place where the process of putting the offer for sale online was initiated by the seller (ECJ, GRUR 2017, 1120 – *Nintendo/Big Ben*).

The Federal Court of Justice ruled accordingly that, in the case under consideration, the offering of a website in German, also with an integrated online shop targeting commercial customers in Germany, occurs at the place where the defendant initiated said publication, which in

this case is Italy. By the same token, the sending of price lists to Germany was also initiated in Italy.

What makes the decision particularly interesting, however, is that the competence of the courts is assessed differently where the infringement of a German trademark is involved (or in the present case, an international registration that has been extended to Germany) – because in this case, it is not the special rules in the EUTMR governing international jurisdiction that apply, but the general rules of the Brussels Ia Regulation. According to

the latter, a person domiciled in an EU Member State may be sued in another Member State if a ‘harmful event occurred’ there (Article 7 (2) of the Regulation). This includes, according to established case law, not only the place where the damage occurred, but also the place where the event causing the damage occurred.

In the present case, the place of the event causing the damage is in Italy, but the place where the damage occurred is in Germany. This means it is possible to sue in Germany for infringement of the national trademark.

ASSESSMENT

The decision limits the choice of venue for claims under trademark law in cross-border disputes, in accordance with ECJ case law. The case also shows clearly that, due to the divergent rules applying to EU trademark and national trademarks, corporate trademark strategies should

also consider how trademark rights can be asserted. It may therefore make sense to have national German trademarks in addition and parallel to a European Union trademark, in order to have a place of jurisdiction that is more likely to be in Germany. (Brecht)

2. Trademark for checking the production process

European Court of Justice, judgment of 08.06.2017, C-689/15 – Baumwollblüte

BACKGROUND

According to Section 26 MarkenG [German Trademark Act] and Article 15 EUTMR, trademarks are subject to an obligation to use the mark, and they must have been put to genuine use by their proprietor, or by a third party with the consent of the proprietor, for the goods or services

for which they are registered. In the '*Baumwollblüte*' decision, the courts of instance had to consider under which conditions a registered trademark is being used specifically as a trademark, and therefore maintaining trademark rights, and not merely as (some other) label of quality.

DECISION

These proceedings concerned the picture mark



which had been used by various undertakings, before its registration as a trademark, as an indication of the good quality of cotton products. After the Bremen Cotton Exchange Association (*Verein Bremer Baumwollbörse – VBB*) had registered the trademark, it concluded various licensing agreements with its members. These allowed the licensees to use the cotton flower sign as a guarantee of the quality of their goods, subject to occasional checks by the trademark proprietor.

The defendant, W.F. Gözze Frottierweberei, marked its products with a similar sign likewise representing a cotton flower, but without having acquired a licence beforehand from VBB. For this reason, VBB brought an infringement action against W.F. Gözze Frottierweberei, which responded with a counterclaim for revocation of the trademark. It argued that the trademark is purely descriptive for the product being marketed, is not an indication of origin and for that reason has not been put to "genuine" use. After the counterclaim had been dismissed, W.F. Gözze Frottierweberei lodged an appeal at the Düsseldorf Upper District Court, which affirmed that there is a likelihood of confusion between the two marks. However, the Düsseldorf Upper District Court was uncertain whether the cotton flower is (also) being

used as a trademark, or whether it merely functions as a label of quality.

The core issue of the case is whether the plaintiff and the defendant used the 'cotton flower' picture mark as a trademark and/or as an indicator of quality. The Düsseldorf Upper District Court considers use as a label of quality to be a possibility, so it stayed the proceedings and referred the following question, *inter alia*, to the European Court of Justice:

Did the plaintiff use the mark as a trademark at all – which is the requirement to be met if the trademark is not to be cancelled in accordance with the counterclaim – and not merely as a label of quality?

The European Court of Justice answered that question as follows:

The essential function of an individual EU trademark (like the 'cotton flower' mark) is to guarantee to the market that the goods are produced under the control of a single undertaking which is responsible for the quality. Although the trademark may have other functions, namely communication, investment and advertising functions, for example, it can also be used as an indication of quality. However, use which preserves the right to use a trademark is only proven when the essential function of an individual EU trademark is still being performed. If that is not the case, the trademark is revoked unless there are proper reasons for non-use. In the case under

consideration, the market sees the 'cotton flower' trademark merely as a sign which guarantees the high quality of the goods. However, no conclusions about the origin of the product are made. The only function of the 'cotton flower' is that of a quality label, whereas the essential function of a trademark, namely the guarantee of origin for a product, is not fulfilled. The trademark was not being used by VBB in a way that ensured that rights were maintained.

Following dismissal of the case by the Düsseldorf Upper District Court, it was therefore necessary to clarify the further-reaching question of whether the VBB is seen by the public as the producer of all the cotton products made by its members and bearing the 'cotton flower' quality label. If this is not the case, the trademark must be revoked.

According to a further question referred by the Düsseldorf Upper District Court, the European Court of Justice had also to examine whether the 'cotton flower' trademark had to be revoked on the grounds that the licensor had only rarely carried out quality controls, since this meant that quality could not be fully guaranteed by VBB and thus that the essential function of the trademark, namely the guarantee that the goods are produced under the control of a single undertaking, is performed only to a qualified extent. The European Court of Justice commented that the management and use of the trademark is irrelevant for its revocation, because only a risk of deception or a breach of the regulations at the time of registration is sufficient to revoke a trademark application because of the risk of deception it causes.

ASSESSMENT

The ECJ judgment has provided further clarification of the function of trademarks and has affirmed, in particular, that use merely as a label of quality is not sufficient, save for a few exceptions, to show that an EU trademark is being used in a way which preserves the trademark rights. If the type of use is still unresolved at the

date of filing, it may therefore be necessary to file an application for an EU certification mark, to ensure that use preserving the trademark can also be made after expiry of the protective period allowed for genuine use to be shown. (Förster)

3. Interpretation by the market when assessing descriptive elements of a word mark; likelihood of confusion when there is phonetic or visual similarity, but differences in the conceptual content of the sign

Federal Court of Justice, judgment of 02.03. 2017, I ZR 30/16 (Hamm Upper District Court) – Medicon-Apotheke/MediCo Apotheke

BACKGROUND

The plaintiff brought an action on the basis of a German trademark, 'Medicon-Apotheke', which is registered for 'services of a pharmacist'. The defendant operates a pharmacy, under the name 'MediCo Apotheke', in a health centre by the name of 'MediCo'. It also operates a website under the 'MediCo-Apotheke' domain, on which it uses the 'MediCo Apotheke' sign.

The plaintiff sought an injunction against the defendant, mainly due to the likelihood of confusion between the 'Medicon-Apotheke' and 'MediCo Apotheke' signs.

Whereas the courts of lower instance ruled out any risk of confusion, the appeal filed by the plaintiff before the Federal Court of Justice was successful. The appeal resulted in the previous appeal judgment being set aside and referred back to the Upper District Court in Hamm, which now has to produce further findings of fact to affirm infringement of the trademark.

DECISION

In the first part of the judgment, the Federal Court of Justice addresses the distinctiveness of the 'Medicon-Apotheke' trademark.

The Federal Court of Justice complains that the lower court of appeal wrongly assumed that the trademark in suit, 'Medicon-Apotheke', had very little or far below average distinctiveness. The reason given by the lower court of appeal was that the market viewed the trademark in suit as a concatenation of descriptive and therefore non-distinctive elements – 'Medi', 'con' and 'Apotheke'.

The only point of agreement was that the 'Apotheke' element is nothing but descriptive. However, unlike the lower court of appeal, the Federal Court of Justice did not view the 'Medi' element as being purely descriptive.

Above all, however, the Federal Court of Justice focused on the allegedly descriptive content of the 'con' element. The appeal court was of the opinion that 'con'

is a reference to 'consulting'. The 'con' element expresses that the services provided by the plaintiff are an 'innovative consulting concept in respect of medical preparations', as the plaintiff had presented in the course of the proceedings.

The Federal Court of Justice ruled that this is not the crucial aspect, even if the plaintiff did offer an innovative consulting concept. When assessing the distinctiveness of an element of a sign, the way in which the public confronted with the trademark understand it is the only aspect of relevance, and not what the trademark proprietor was thinking when it created the sign. The average consumer confronted with the services of a pharmacist does not see any reference to 'consulting' in the 'con' element.

The second part of the judgment focuses on the question of the similarity of the 'Medicon-Apotheke' and 'MediCo Apotheke' signs.

The court of appeal had taken the view that, when assessing the likelihood of confusion, the similarity between the 'con' and 'Co' elements is the only relevant aspect, due to the purely descriptive elements 'Medi' and 'Apotheke'.

Since the 'Medi' element is not purely descriptive, in the opinion of the Federal Court of Justice, it, too, must be taken into consideration. The Federal Court of Justice also clarified that the relevant public does not generally tend to analytically dissect a sign.

In contrast to the view taken by the lower court of appeal, it was necessary in this case to compare the 'Medicon' and 'MediCo' elements. These are not only phonetically but also visually similar.

Contrary to what the court of appeal had assumed, the 'con' element could not be ascribed a specific, clearly discernible meaning (in this case, 'consulting'). So although the Federal Court of Justice reaffirmed once again its established legal practice regarding the exception where a likelihood of confusion may have to be denied, despite phonetic or visual similarity, due to a clear and readily discernible difference in the conceptual content of the signs, it nevertheless ruled that this case did not constitute such an exception. The rule still applies that visual, phonetic or conceptual similarity is sufficient to affirm a similarity of signs.

In the third part of the judgment, the Federal Court of Justice also ruled that, when it re-opened appeal proceedings, the lower court of appeal also had to reconsider the question of the 'MediCo' sign being used as a trademark. In other words, the court still has to clarify whether the defendant used the 'MediCo' sign to designate its services, or merely as a company name. The Federal Court of Justice was critical regarding whether, on the basis of established case law, the services in question were designated with the 'MediCo' in a manner beyond normal business operations, particularly since 'MediCo' is also interpreted as a name for a health centre.

Another issue to be clarified is the applicability of the protective barrier imposed by Section 23 No. 1 of the Trademark Act (MarkenG), according to which a third party is allowed to continue using its own name in spite of it being protected as a trademark. It remains to be seen whether this rule will still apply to trade names following implementation in German trademark law of the current Trademarks Directive of the European Parliament. The Directive stipulates that use is limited to the names of natural persons, because these cannot be freely chosen, in contrast to trade names.

ASSESSMENT

Although the judgment does not contain anything new and surprising in its headnotes and associated comments, it does re-state in a convincing manner the basic principles by which the distinctiveness of a sign is to be established. One of those principles is that the perception of the relevant publics is what counts, and not what the user of a trademark sees in the sign.

The Federal Court of Justice also reaffirmed that the clear meaning of a particular element of a sign may neutralise the similarity of marks in exceptional cases, but rightly denied that such an exception existed in the case under consideration.

It was also reaffirmed by the Federal Court of Justice that elements in compound names which are ineligible for

protection cannot usually create a likelihood of confusion (in this case the 'Apotheke' element, but not the purely descriptive 'Medi' element).

An interesting question to be clarified by the court of appeal concerns use of the 'MediCo' as a trademark, as opposed to use of a sign as a mere reference to a company.

As regards the applicability of the protective barrier imposed by Section 23 No. 1 of the Trademark Act, we refer to further forthcoming changes to the Act. The adaptation of national trademark law in accordance to the EU Trademarks Directive (2015/2436) must be completed by the Member States by 14 January 2019, for all but one of the Articles. (Overhage)

4. Perceived use of a sign as a trademark

Federal Court of Justice, judgment of 03.11.2016, I ZR 101/15 – MICRO COTTON

BACKGROUND

A precondition for trademark infringement is that the accused sign is used 'as a trademark'. According to what is now established case law, this requires that use of the sign entails infringement of one of the protected functions of a trademark. The primary issue is generally whether the function of the trademark as an indicator of origin is infringed. Put another way, the crucial question

is whether the sign is used in such a way that the relevant public sees it as an indication that the designated product originates from a specific undertaking. In the case of registered trademarks comprising artificial words with a descriptive ring, the question raised is whether and in which circumstances third parties are using a sign as a trademark when they adopt it for their own goods.

DECISION

The plaintiff is suing primarily on the basis of a registered EU trademark, 'MICRO COTTON' (a word mark). Said trademark is registered, *inter alia*, for textile towels and bath towels. The defendants trade in towels with the following get-up:



The Upper District Court in Hamburg, as the court of appeal, had dismissed the trademark infringement action mainly with the argument that the defendants were not using 'Microcotton' as a trademark. The court of appeal also granted a counterclaim to revocation of the trademarks being sued upon, due to lack of distinctiveness, among other reasons.

However, the Federal Court of Justice has set aside the appeal judgment as erroneous and referred the matter

back to the court of appeal. Contrary to the view taken by the Upper District Court, use as a trademark is not ruled out by the fact that the word 'Microcotton' is embedded between the number '2' and the word 'Handtücher' (towels) in the accused get-up. Given its size and placement, '2 Microcotton Handtücher' is designed as a heading. The relevant public generally sees such headings as an indication of origin.

The Federal Court of Justice also disagrees with the view taken by the Upper District Court that 'Microcotton' is purely descriptive. The court of appeal had established that, although 'Microcotton' is an artificial word, the meaning that it is a particularly fluffy and voluminous cotton towels is evident to the relevant public, according to the court of appeal, from the parallels with the well-known expression 'microfibre'. In the view of the Federal Court of Justice, 'Microcotton' may have a descriptive ring, but it is an artificial word with creative content of its own that cannot be denied any distinctiveness whatsoever.

The court of appeal had also based its judgment on the argument that 'Microcotton' had been used as a descriptive term by third parties before the actions sued against in this case. As a result, the relevant public understood the expression as a descriptive one. The Federal Court of Justice disagreed with that view and referred to the fact that the plaintiff had successfully taken action against such third-party use.

The conclusion drawn by the Federal Court of Justice in that respect was that the sign was used as a trademark. It was also wrong of the Upper District Court to grant the counterclaim for revocation of the trademark sued upon, because for the reasons stated, the trademark did not lack distinctiveness. Given that the Upper District Court (as a logical consequence, in its own view) had not yet addressed issues of importance for the decision, in particular the likelihood of confusion, it was therefore necessary to refer the matter back to the court of appeal.

A procedural that the Federal Court of Justice had to deal with was that, in the course of the appeal proceedings, insolvency proceedings had been opened against the assets of defendant 2), the supplier of defendant 1). This caused the proceedings against defendant 2) to be interrupted. Irrespective of that aspect, the Federal Court of Justice considers a partial judgment in infringement proceedings to be admissible in respect of defendant 1), because the two defendants could also have been sued separately and individually and therefore were not 'mandatory joined parties' under the Code of Civil Procedure.

ASSESSMENT

The decision shows that the Federal Court of Justice is relatively generous regarding the question of the distinctiveness of artificial words with a descriptive ring – which acquired relevance in this case also for the question of use as a trademark. It is generous, in any case, when the present case is viewed in relation, for example, to the *'Doublemint'*- judgment of the European Court of Justice (judgment dated 23.10.2003, C-191/01 P). Although the latter ECJ judgment is somewhat older,

it is still applicable, and specifically ruled that the fact that a sign is an artificial word is not sufficient for distinctiveness if at least one of its possible meanings can be designated by the relevant public as a descriptive feature of the goods concerned. Even though the Federal Court of Justice does not address the *'Doublemint'* decision in *'MICRO COTTON'*, it apparently takes a more generous perspective in favour of the trademark proprietor, as noted above. (Eberhardt)

5. Geometric (textile) pattern is usually decorative and not distinctive as a trademark

Federal Court of Justice, judgment of 10.11.2016, I ZR 191/15 – Sierpinski-Dreieck

BACKGROUND

Infringement of a trademark requires that the sign is 'used as a trademark', i.e. as a designation of a product label, so the question that is often raised in the fashion industry, especially, is whether a sign on the article of clothing is understood as a product label or merely as a decorative element. In addition to stitching designs on jeans pockets, stripes as ornaments on sports clothing, and bone patterns on the soles of shoes, the courts have also been concerned in this context with words and sequences of words printed on outer garments. In 2010, for example, the Federal Court of Justice addressed this issue in two judgments handed down on the same day

which related to symbols from former Warsaw Pact countries applied to the front sides of clothing items. For the 'DDR' sign with the emblem of the former GDR, and 'CCCP' (the Cyrillic abbreviation for the former USSR) with a hammer and sickle, the Federal Court of Justice had ruled that such symbols are generally perceived by the targeted public not as a product label, but as a purely decorative element instead. However, the situation may be different if a particular sign is known to the relevant public as an indication of origin for certain products; in such cases, it is seen as a mark on articles of clothing.

DECISION

In the present '*Sierpinski-Dreieck*' judgment, the '*DDR*' and '*CCCP*' decisions dating from 2010 were explicitly affirmed by the Federal Court of Justice for symbols as well. The parties were in dispute over whether or not use of the 'Sierpinski triangle' on clothing constituted use as a trademark. The defendant was a producer of winter sports articles and clothing, particularly ski clothing, which operated in the course of trade under the sign



('Sierpinski triangle'), with the firm's slogan arranged under the triangle.

The defendant is also the proprietor of two picture marks which likewise have this basic shape:



The latter design is also protected by two EU picture marks and an international registration, effective in Germany, for an affiliate of the defendant, with the result that the respondent is able to assert claims against third parties in its own name. In winter 2012/2013, the plaintiff offered the following hooded sweaters for sale, mainly in the western and southern areas of Germany:



An injunction initially obtained by the respondent against the plaintiff was set aside by the Cologne Upper District Court on the grounds that the respondent's trademarks were not used as a trademark on the articles of clothing sold by the plaintiff. The plaintiff then brought an action before the Düsseldorf District Court for a negative declaration that the respondent had no entitlement to injunctive relief. In a cross-action, the respondent filed a cross-action against infringement of its trademarks by the articles of clothing sold by the plaintiff. The Düsseldorf District Court initially assumed that the mark was not used as a trademark, but only as a decorative element. The plaintiff lost its appeal before the Düsseldorf Upper District Court, which considered such use to be 'use as a trademark', because in the segment for luxury fashion, leather goods and jewellery – made by the likes of Yves Saint Laurent, Gucci, Moschino and Hermès –, a constant and uniform repetition of the same symbol on the sweaters made by the plaintiff was held to be an indication of origin. The plaintiff's appeal on points of law against that

judgment was granted by the Federal Court of Justice, which annulled the judgment and referred the matter back to the court of appeal. The main reasons given by the Federal Court of Justice, in line with its '**DDR**' and '**CCCP**' judgments, were that the repetition of a common geometric shape, like the 'Sierpinski triangle' in this case, which is not known as a mark to the relevant public and which extends like a pattern over the entire garment, is generally viewed by the relevant market as a decorative element only, and not as a product label. Even if such patterns are viewed differently by the relevant public in the luxury segment, this is not readily transferable to the 'everyday clothes' involved in the present case. A different assessment can only be considered in this context if the sign being used has a special notoriety, not only in the field of ski clothing, but also in respect of everyday clothes. The court of appeal did not reach any findings in that regard, so the Federal Court of Justice referred the matter back to the Upper District Court.

ASSESSMENT

This judgment develops the established case law of the Federal Court of Justice in a consistent manner and clarifies that the principles elaborated in '**DDR**' and '**CCCP**' apply also and in particular to geometrical figures, especially when these are distributed over the entire garment. The trademark proprietor against which the action was brought was not helped, either, by the trademark



which covers such repetition. Another interesting aspect here is that such product labelling is common practice in the luxury segment, which then led the Düsseldorf Upper District Court in the appeal instance to assume that such repetition constituted use as a trademark. It is not un-

quivocally clear from the Federal Court of Justice judgment whether a distinction must always be drawn between the luxury segment and everyday clothing in this regard, such that use as a trademark is negated in the latter case, or whether this aspect is relevant only in the case of geometric shapes which are very common. However, the reference to the possible notoriety of the sign for clothing in general, as a question of importance for the judgment, can be interpreted to mean that (more) distinctive signs may serve as product labels in specific cases, even when they are distributed over the entire garment. In the case of simple geometric figures such as triangles or stripes, use as a trademark would only be seen, at most, if those figures enjoy a certain notoriety as an indication of a specific producer, regardless of whether the targeted public correctly ascribes that indication to the right producer. (Dekker)

II. ELIGIBILITY FOR PROTECTION, CANCELLATION PROCEEDINGS, OPPOSITION PROCEEDINGS

6. Requirements to be met by use so that the trademark is preserved under Section 26 (1), (3) sentence 1 MarkenG

Federal Court of Justice, court order of 11.05.2017, I ZB 6/16 – Dorzo-Vision

BACKGROUND

This court order handed down by the Federal Court of Justice addresses the requirements to be met if use of a registered trademark, albeit with additions, is to preserve the trademark rights. The question of whether and in which circumstances the distinctive nature of a registered trademark is modified by the form in which it is

used, with the consequence that the currently used form rules out any use which preserves the rights, is specifically discussed in this court order to dismiss an appeal.

DECISION

The decision is based on an opposition in which the proprietor of the senior trademark, 'Dorzo', opposed the application of the trademark 'Dorzo plus T STADA'.

Following successful opposition proceedings before the German Patent and Trademark Office, the Federal Patent Court set aside the initial decisions. It was assumed not only that there was no likelihood of confusion between the opposing marks, but also that the contested trademark had not been used in a way that preserved the trademark rights.

The contested trade mark, 'Dorzo', had not been used in the registered form, in any case, but exclusively with additions, as in 'Dorzo-Vision®', 'DorzoComp-Vision®' and 'DorzoComp-Vision® sine', as shown below:



The Federal Court of Justice confirms the view taken by the Federal Patent Court, namely that 'Dorzo-Vision®' and 'DorzoComp-Vision®' forms of use coming closest to the registered form are not split by the relevant public into their 'Dorzo', 'DorzoComp' and 'Vision' elements, respectively, but are perceived in their composite form as a unitary indication of origin.

If the trademark is used in any form which departs from the registered form, there is genuine use preserving trademark rights, pursuant to Section 26 (3) sentence 1 of the Trademark Act, only if the divergence does not alter the distinctive character of the trademark. A change in the distinctive character of the mark must be negated when the relevant public still equates the different sign with the registered trademark on the basis of the overall impression, particularly when the differences are perceived, i.e. when the public still sees the same trademark in its used form.

The Federal Court of Justice based its decision in this case on the relevant criteria being the size and design of the individual elements, and the use of a hyphen to link them. Another indication of unitary marking is that the ® symbol is not placed after the 'Dorzo' element, but after the designations 'Dorzo-Vision' and 'DorzoComp-Vision',

because the market generally perceives the ® symbol as meaning that the trademark is shown in its specific, registered form.

The fact that the two elements 'Dorzo' and 'Vision' mutually refer to each other, from the conceptual perspective, was brought into the Federal Patent Court judgment without legal error, in the view of the Federal Court of Justice. 'Dorzo' is a reference to the active agent, 'Dorzolamid', which is recognised by the general public – particularly since it is stated on the packages. The English expression 'Vision' means 'sight', 'the power of seeing' and 'visual acuity' and thus refers likewise to the field of application. Since both these expressions refer to each other's content, this is further evidence that the composite mark is viewed as unitary.

The appellant argued that a relevant aspect in assessing whether there was genuine use preserving trademark

rights was that the 'Dorzo' element has a separate, distinguishing position in the product designations 'Dorzo-Vision®' and 'DorzoComp-Vision®'. The Federal Patent Court and the Federal Court of Justice correctly established in this regard that an independent and distinguishing position is a criterion that has no relevance for the question of whether a trademark has been used in a way which preserves the trademark rights. The only relevant aspect, in contrast, is whether the distinctiveness of the trademark in its registered form has been changed as a result of the specific way in which it is used. However, if the targeted public no longer sees the autonomous mark that was registered in the composite mark actually being used, then this precludes any genuine use preserving the rights. It is wrong here to take the criterion of a separate, distinguishing position into consideration, which is reserved for the examination for confusing similarity.

ASSESSMENT

Using a registered word mark in a different, composite form with additional words, pictures and/or word/picture elements, is widespread in practice. Such additions are mostly unproblematic when they are purely descriptive or of simple graphic design. Nevertheless, in this regard also the details of the specific case are what matter, so it is necessary to examine meticulously beforehand whether supposedly simply or descriptive additions might alter the distinctiveness of the registered trademark after all, on account of their specific form.

The ® symbol that many companies like to use to refer to their trademark rights must always be placed immediately beside the registered trademark and not at the end of the composite sign which is used, but not registered, so as to prevent the wrong impression being conveyed about the protective scope of the mark.

Any licensees must be instructed about how the trademark may be used, so as to rule out any legal disadvantages for the proprietor. (Holderied)

7. Well-known MEISSEN trademark for porcelain fails to assert itself against MEISSEN sanitary products

European Court of Justice, judgment of 26.07.2017, C-471/16P – MEISSEN

BACKGROUND

The Staatliche Porzellan-Manufaktur Meissen GmbH (Meissen Porzellan), famous for its prestigious porcelain ware, and the firm of Meissen Keramik GmbH (Meissen Keramik), likewise domiciled in Meißen, have been locked in legal combat for many years over the use of the word MEISSEN on sanitary products made by Meissen Keramik. Parallel to this civil dispute, opposition proceedings against a word/picture mark MEISSEN registered by

Meissen Keramik have been brought to the European Court of Justice. Just after the European Court of Justice handed down its judgment on 26 July 2017, the parties reached a settlement before the Upper District Court in Dresden, in which they agreed on the coexistence of the signs. The decision of the European Court of Justice nevertheless provides some important legal pointers for practitioners.

DECISION

Meissen Porzellan filed an opposition against a word/picture mark MEISSEN, filed by Meissen Keramik for the entire EU, for goods in the sanitary field, as well as for wall tiles, furniture and mirrors. The opposition was based on several senior trademarks, each of which contained the MEISSEN element. The crucial aspects for the decision were above all the HAUS MEISSEN trademark, use of which could not yet be proved, and the MEISSEN trademark for porcelain ware, registered on the basis of its acquired distinctiveness. Meissen Porzellan argued that the pre-eminent reputation of the MEISSEN trademark can be assumed as being familiar to the Trademark Office. After the opposition was partly granted by the European Union Intellectual Property Office, both parties filed appeals. The Board of Appeal found that the opposing goods were dissimilar on the whole. Porcelain ware, especially, has no similarity with goods in the sanitary field, since these different products were sold in different shops and there was also no way in which they complemented each other. The distinctiveness of the HAUS MEISSEN trademark was also weakened by inclusion of the place name 'Meißen'. Although it could be assumed, to the benefit of Meissen Porzellan, that the MEISSEN trademark is notorious for high-quality porcelain ware, entitlement pursuant to Article 8 (5) of the EU Trademark Regulation (EUTMR) did not accrue, however, because the respective targeted publics did not

mentally associate the trademarks with each other. Meissen Porzellan continued to pursue its case with actions before the Court of Justice of the European Union and the European Court of Justice. The courts did not accept its arguments and upheld the decision handed down by the Board of Appeal.

The European Court of Justice clarified that the evidence which was not presented by Meissen Porzellan until the proceedings before the Court of Justice of the European Union were not to be taken into consideration. Review by the European Courts of Justice is confined, namely, to issues of lawfulness. The argument that the new evidence presented merely added to the facts presented in previous instances was dismissed. The acquired distinctiveness noted in the register for the MEISSEN trademark was not transferable to the HAUS MEISSEN trademark. Each protective right must be separately assessed, and in the case of the HAUS MEISSEN trademark, acquired distinctiveness had not been claimed during the application procedure. In that respect, it could also be assumed that the distinctiveness of the 'MEISSEN' element was weakened due to its reference to the place name 'Meißen'. Finally, it was affirmed with regard to protection based on reputation that the type of goods in question and the degree of

their dissimilarity is one of several factors to be taken into consideration when examining whether the marks are mentally associated with each other by the targeted publics. High-quality porcelain ware, on the one hand,

and sanitary goods, furniture and mirrors, on the other hand, are so dissimilar that the relevant publics do not mentally associate the trademarks with each other.

ASSESSMENT

The decision of the European Court of Justice hands practitioners three key aspects to consider. These have less to do with legal innovations, but more with clear-cut practical 'instructions' which need to be given careful consideration as early as opposition proceedings, but not later than in the appeal instance.

Firstly, utmost care with regard to necessary evidence must already be exercised in the instances at the European Union Intellectual Property Office. Relevant facts must be submitted at an early stage in the form of documentary evidence of genuine use, distinctiveness or even the notoriety of the trademark. This will often require clients to invest a considerable amount of time. However, it would be wrong to take a wait and see approach in order to save one's own clients the work of compiling the documents. What is required is good communication and close cooperation in an atmosphere of trust, which will pay off in the end.

Secondly, it is imperative to distinguish very precisely between the separate IP rights being asserted in any proceedings. From their commercial perspective, clients tend to view their own products as a single body, rather than focusing on the individual IP rights behind those products. From the legal perspective, in contrast, it is essential to draw very precise distinctions. No conclusions may be drawn automatically from one IPR for another. Registration of a trademark on the basis of acquired distinctiveness does not mean, for example, that greater distinctiveness must also be ascribed to other, identical trademarks.

Thirdly, the European Court of Justice clearly states, in affirmation of its case law to date, that the protection afforded on the basis of an established reputation, pursuant to Article 8, (5) EUTMR, the type of goods and the degree of dissimilarity is an important factor when examining whether the relevant publics mentally associate the opposing trademarks with each other. It is not until this mental association is present that it is then necessary to examine whether the appreciation for, and the distinctiveness of the older trademark is unfairly exploited or adversely affected by the younger trademark.

The 'hint' given by the European Court of Justice is above that precise analysis and argumentation, based on the specific facts of the case, is essential even in cases that are ostensibly clear-cut. For Eisenführ Speiser, conducting this examination at the highest level of quality at all times is an essential element of our daily consultancy work, also in order to keep in mind from the outset any potential weaknesses that may lurk in a case which at first glance seems easy to win. This may demand some effort on the part of clients, because when compiling the facts of the case, we are reliant on information that only the client can provide, and sometimes have to keep coming back to the client with further questions. However, working closely and productively together with a clear aim in sight is the best guarantee for successful assertion of intellectual property rights. (Ehlers)

8. 'Stadtwerke Bremen' can be registered as a word mark

Federal Court of Justice, court order of 09.11.2016 – I ZB 43/15 – Stadtwerke Bremen

BACKGROUND

For goods in classes 4 and 9 and services in classes 35, 36, 37, 38, 39, 40 and 42, the Trademark Division of the German Patent and Trademark Office (GPTO) rejected an application for the word mark 'Stadtwerke Bremen' (the municipal utilities company in Bremen) due to lack of distinctiveness and due to a need to keep the trademark free. The applicant appealed the decision and assigned the application to another undertaking in which the municipality of Bremen only held a minority interest. The appeal instance also heard the President of the German Patent and Trademark Office, who, like the Trademark Division before her,

refused registration due to a lack of distinctiveness and the need to keep the trademark free. The Federal Patent Court took the view that the trademark has distinctiveness, but that in view of the municipality of Bremen no longer holding a majority interest in the utilities company, there was a likelihood of deception and therefore an impediment to protection pursuant to Section 8 (2) No. 4 of the Trademark Act (MarkenG). The applicant's appeal was accordingly dismissed by the Federal Patent Court, a decision which the applicant then contested with a further appeal that was admitted by the Federal Patent Court.

DECISION

The Federal Court of Justice concerned itself firstly with the reason given for refusing registration, namely deception or the likelihood of deception. According to Section 8 (2) No. 4 MarkenG, trademarks which deceive or are likely to deceive the public, in particular with regard to the nature, the properties or the geographical origin of the goods or services, may not be registered. The Federal Patent Court's assumption that 'Stadtwerke Bremen' is likely to deceive the consumer, within the meaning of Section 8 (2) No. 4 MarkenG, into believing that the undertaking was run by the municipality, given that the municipality of Bremen could not ensure a controlling local government influence on the corporate policies of the applicant and due to its only having an (indirect) minority interest, was wrong, according to the Federal Court of Justice. When assessing whether such an impediment to protection exists, the question is whether there is any deception by the proprietor itself, rather than examining whether the sign may be likely to mislead when used in a particular way in the course of trade. There is no deception, as an absolute impediment to protection, when it is possible to use a trademark for the claimed goods and services without misleading the relevant public. Misleading statements about the claimed goods or services,

which are not self-evident from the content or the message conveyed by the mark, but ensue only in conjunction with the person or the undertaking of the trademark proprietor, are unlikely to deceive the consumer within the meaning of Section 8 (2) No. 4 MarkenG, nor can the word mark applied for be considered generally capable of deceiving the public into believing that the provider of the goods and services covered by the mark is in municipal ownership. The court ruled that use of the 'Stadtwerke Bremen' word mark for the claimed goods and services is not misleading, in any case. It seems feasible that the municipality of Bremen will gain a controlling influence on the business operations of the applicant in the course of extensive remunicipalisation. Nor is there any reason why the applicant could not license or assign the trademark to a utilities enterprise managed or controlled by the municipality of Bremen.

The Federal Court of Justice also disagreed with the view that the trademark 'Stadtwerke Bremen' lacks any distinctiveness within the meaning of Section 8 (1) No. 1 MarkenG. According to its particular semantic content, the expression 'Stadtwerke' indicates a municipally owned utilities company. The targeted public sees the

municipal ownership expressed in 'Stadtwerke' as being specified by the city name of 'Bremen'. The filed word mark thus expresses that the claimed goods and services originate from a utilities company owned by the municipality of Bremen.

The Federal Court of Justice then examined whether there is any (current) need to keep the trademark free, pursuant to Section 8 (2) No. 2 MarkenG, and answered that question in the negative. According to said provision, trademarks shall not be registered which solely consist of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the services, or other characteristics of the goods or services. The filed word mark was not confined to the descriptive statement that the claimed goods and services were offered by a utilities company domiciled in Bremen, or for customers resident within the boundaries of the Bremen municipality. The consumer understands the word combination 'Stadtwerke Bremen' to mean that the utilities are provided by a local government enterprise in which the municipality of Bremen holds at least a majority share.

The Federal Court of Justice also denied any future need to keep the trademark free. Before a future descriptive indication can be assumed, it is necessary to establish that such use can reasonably be expected. Although

there are grounds for assuming that other Bremen-based providers of public services will enter the market, given the trend to privatisation of municipal undertakings and the liberalisation of the energy market, it is absurd to believe that these providers will then use the designation 'Stadtwerke' for their goods or services, because it would be an infringement of competition law to use the term if the municipality of Bremen did not hold at least a majority interest in the undertaking. A company would be acting misleadingly, within the meaning of Section 5 (1) sentence 1 and 2 No. 1 and 3 of the law against unfair competition (UWG), if it offers utilities in Bremen under the name 'Stadtwerke', but the majority of shares in the company are not held by the municipality of Bremen. Even if such misleading uses were to occur, they would be legally irrelevant in this context. It is not in the general interest, when liberalising markets, to give every business participant the opportunity of using a designation unlawfully. Given these circumstances, there is no reasonable expectation that the designation 'Stadtwerke Bremen' will undergo a change in meaning to the effect that the consumer understands it as indicating that goods and services are being offered by a utilities company in the municipal area of Bremen.

For these reasons, the decision of the Federal Patent Court was set aside, with the matter being referred back to the Federal Patent Court for reconsideration and judgment.

ASSESSMENT

The grounds for negating the likelihood of deception were correct. The observations that there is no need in the present case to keep the trademark free, and in particular that there is no future need to keep the trademark free, also seem fully acceptable.

However, it is surprising that the word mark was deemed to have distinctiveness. The filed word mark expresses that the claimed goods and services originate from, or are provided by, a utilities company owned by the municipality of Bremen. In other words, the trademark indicates the origin of goods or services as being a particular utilities company under municipal ownership.

As far as distinctiveness is concerned, the word 'Bremen' does not play any role, in that this element of the mark obviously has no distinctiveness as a geographical indication that everyone in Germany knows. However, the word 'Stadtwerke' does not have distinctiveness per se, either. A 'Werk' is understood to mean an industrial production facility – another word for it would be 'factory'; when prefixed with the word 'Stadt' (town/city) and turned into the plural form, the relevant public will recognise the origin from plants or factories belonging to a city. Numerous German cities have such plants and factories, so the relevant public cannot find anything distinctive in the word 'Stadtwerke' regarding the goods

or services thus designated. Though it is true that 'Bremen' as a place name allows goods and services to be associated with a particular undertaking, it does not result in the expression 'Stadtwerke' acquiring distinctiveness in respect of goods or services – and not in the combination of words, either.

Moreover, the registration of 'Stadtwerke Bremen' as an overall designation for the claimed goods and services raises some thorny questions for future infringement cases. Is the proprietor of the 'Stadtwerke Bremen' trademark (which is registered, for example, for 'apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity') now able to prohibit other 'Stadtwerke' – e.g. 'Stadtwerke München' or 'Stadtwerke Hannover' – from selling goods bearing their company name 'Stadtwerke München' or

'Stadtwerke Hannover', because the relevant public would deem this to be 'use as a trademark', with the place name being ignored when examining for any likelihood of confusion? Or can (and should) all the municipal utilities companies in Germany that have the word 'Stadtwerke' in their name oppose the registration and use of the trademark 'Stadtwerke Bremen' on the basis of their older trade names? How is the scope of protection conferred by the various German trademark registrations to be determined in future, in which the word 'Stadtwerke' has a dominant position, but which also have additional graphical elements that were relevant for the overall sign being eligible for registration?

We would have welcomed it if the view taken by the President of the German Patent and Trademark Office had prevailed. (Sander)

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Founded in 1966 in Bremen, the law firm of Eisenführ Speiser is specialised in the field of intellectual property (IP) and is one of the "Top Ten" IP firms in Germany. Besides patent, trademark and design law, services also cover copyright and competition law. The partners in Eisenführ Speiser include both patent attorneys and attorneys-at-law, whose close collaboration results in advanced expertise in litigation, licensing and contract law, IP portfolio analysis and IP due diligence.

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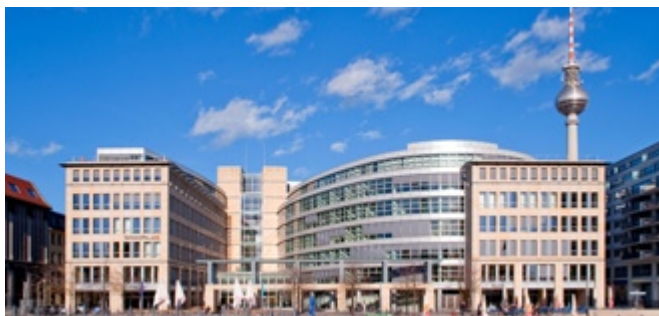
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