

# Recent Case Law in Trademark, Design, Competition and Copyright Law



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## FOREWORD

The eighth edition of the articles compiled by the attorneys-at-law of the "Trade Mark Practice Group" at Eisenführ Speiser brings significant innovations, as we have decided to expand the scope of the topics covered to include design law, competition law and copyright law. All of these topics play a significant role in our day-to-day advisory practice and the development of case law in design and copyright law in particular is exciting to observe. The consideration of all aspects of intellectual property rights in order to dovetail and optimise the protection of our clients is the core of our understanding as IP advisors, naturally including patent law, which reflects the strength of the mixed practice of patent attorneys and attorneys-at-law at Eisenführ Speiser.

The following reviews explain the background and the essential features of the decision as well as the personal assessment of the respective author or provide practical insights into relevant topics. The overview is organised accordingly into the subject areas of trademark law, design law, competition law and copyright law.

Among other things, we present decisions of the European Court of Justice, the Federal Court of Justice and various higher regional courts that shed light on interesting aspects of intellectual property law. For example, the question of the exhaustion of high-quality branded products in relation to perfumes, the use of trade marks in relation to automotive parts, advertising for construction machinery or how trademarks are to be used in a way that preserves rights in Europe and the USA. In addition, we discuss issues relating to the protection of complex product presentations using the example of honey jars, the application of copyright law to works of so-called applied art using the example of the Birkenstock sandal and the extended possibilities for design protection for components of a complex product in the form of a bicycle saddle.

We wish you an inspiring read. If you have any questions or comments on individual articles or other topics in the field of intellectual property, please do not hesitate to contact us!

August 2024

**EISENFÜHR SPEISER**

# I. TRADEMARK LAW

## 1. Trademark exhaustion when goods with luxury aura sold through discount retail chain

*Düsseldorf Higher Regional Court, judgment of 29 June 2023, 20 U 278/20 – Coty/ALDI Süd*

### BACKGROUND

This dispute was a face-off between the Coty Group and ALDI Süd. Coty sells renowned perfumes, including the JOOP! and Calvin Klein brands, using a selective distribution system. ALDI offered these brands of perfumes for sale, but Coty brought an action to stop it doing so.

ALDI's advertising was placed in its standard weekly brochure showing different categories of goods. Various



scents were offered under the 'Brand Perfumes' heading, where bottles and packs costing EUR 29.99 were shown.

In the stores themselves, the perfumes were initially displayed in a chute next to the conveyor belt at the check-out. They were later offered in glass display cases located next to 'bargain bins'.

Coty opposed these offers of original goods from its own group of companies, on the grounds that such sales damage the prestige of the brands concerned.



### DECISION

The Higher Regional Court acknowledged the claims for injunctive relief to a large extent and prohibited ALDI from presenting the products in the challenged manner in its individual stores. However, the action was unsuccessful insofar as it related to the offering of products in the brochures.

ALDI could not claim that the rights to the trademarks had been exhausted. Although original goods were being sold

for which the rights conferred by the trademark are generally exhausted when the trademark proprietor first places them on the market, Coty could invoke legitimate reasons within the meaning of Article 15 (2) EUTMR, so exhaustion of its rights does not apply.

A legitimate reason could also be the damage to the reputation of the brand or its prestigiousness. Damage may occur when the brand appears in a setting that could have

a significant detrimental effect on the image that the proprietor has achieved for its brand. Whether the image is damaged by being sold by the discounter depends on the addresses to whom the goods are to be sold, and on the specific circumstances of the sale.

This prestigiousness is affected not only when a luxury brand is involved, because the aura of luxury is already sufficient. In the case of perfumes in the medium price segment, this means that, while not every act of selling by a discounter is damaging per se to the prestige value,

the actual offer itself does cause a degree of impairment. A distinction must be made here: offering the goods next to bargain bins and as 'pester power items' at the check-out aisle deprives them of any exclusivity and must be prohibited. Advertising the goods in weekly brochures, on the other hand, is not yet detrimental to their exclusivity, because the advertising has the appearance of a normal weekly sales promotion.

## ASSESSMENT

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The decision is important for makers of branded goods, in that the Düsseldorf Higher Regional Court does not require an absolute minimum level for luxury goods status to be able to resist the marketing of original goods by discount retailers or in similar situations. The previous instance had still assumed that trademark exhaustion had occurred because the perfumes were not to be regarded as luxury goods. The Higher Regional Court takes a balanced approach in which the decisive aspect is the interaction between the level of prestigiousness and the degree to which such prestige is compromised. That also explains why the actual offer of the goods in the stores themselves is prohibited, due to its 'lucky dip' or 'bargain

basement' nature, whereas the relatively neutral advertising in the brochures still appears acceptable.

So even when a brand enjoys neither fame nor the status of an absolute luxury product, it is nevertheless possible to oppose its being sold in a setting that takes away from the brand's image. To do so, it is imperative to identify the sales modalities that could be detrimental to the prestigiousness of the brand in question. This means that a ban on sales per se cannot be sought, but rather a ban on offering and selling in certain situations, which then have to be specified in detail. (Ebert-Weidenfeller)

## 2. Referential and rights infringing use of a trademark by third parties

*European Court of Justice, judgment of 11 January 2024, C-361/22 – Inditex/Buongiorno*

*European Court of Justice, judgment of 25 January 2024, C-334/22 – Audi AG/GQ*

### BACKGROUND

The ECJ's *'Inditex'* judgment addresses the limits to referential use of a trademark by third parties, and in that context the revised wording of the rules in Trademark Directive (EU) 2015/2436 limiting the effects of a trademark.

The background to the decision was a national infringement action brought by Industria de Diseño Textil SA (Inditex) – proprietor of the trademark portfolio of the well-known fashion brand ZARA – against the Italian multimedia company Buongiorno Myalert SA (Buongiorno). Buongiorno had launched an advertising campaign in which a ZARA gift card could be won in a draw by those subscribing to its mobile phone service. To participate in the draw, potential subscribers had to click on a banner, with the 'ZARA' sign then being shown within a rectangle that conveyed the impression of a gift card.

Inditex brought an infringement action in Spain that was ruled upon according to old law (national implementation of EU Directive 89/104/EEC, Article 6 (1)(c)). The national courts of instance dismissed the action and ruled that the trademark had not been subjected to referential use eligible for exemption. The Spanish Supreme Court referred

the matter to the ECJ for a preliminary ruling on whether Article 14 (1)(c) of the revised Directive, which exempts the use of a trademark *'for the purpose of identifying or referring to goods or services as those of the proprietor of that trade mark'*, *'in particular* where the use of the trade mark is necessary to indicate the intended purpose of a product or service', is a clarification of the old rule, or a broader scope of application of the referential use rule that previously limited the effects of a trademark.

The *'Audi'* decision that was handed down shortly afterwards related to trading in spare parts: a Polish trader sold car radiator grilles with a mount for the Audi emblem that was at least similar to the well-known Audi mark. The Polish referring court raised the questions as to whether this case involved a use of the trademark in a way that negatively affected the function of the product, and which Audi as the trademark proprietor could prohibit, and whether the technical necessity of the design had to be taken into account.

### DECISIONS

In the *'Inditex'* judgment, the ECJ states that a literal comparison with the previous rule shows that the revised wording in Directive 2015/2436 broadens its scope of application. The revised wording no longer only applies to use which is necessary to indicate the purpose of a product sold or service offered by a third party, but to any use of another's trademark for the purpose of identifying or referring to goods or services as those of the trademark proprietor and which accords with honest practices in industrial or commercial matters.

In the proposed legislation, the European Commission had already noted that it would be appropriate to explicitly limit the effects of a trademark to allow its referential use. In that respect, the ECJ advocates a more restrictive interpretation with regard to the old rule in Article 6 (1)(c) (also with reference to the *'Gillette'* and *'Portakabin'* judgments).

In the *'Audi'* decision, the ECJ begins by arguing that the radiator grille element imitating the Audi trademark is a

rights-infringing use within the meaning of Article 9 of the EU Trademark Regulation (EUTMR) and the purpose of use is not a referential one, but is merely that of representing the goods of the trademark proprietor 'as faithfully as possible'. This use goes beyond the referential

use exception according to Article 14(l)(c) of EUTMR 2017/1001; technical necessity does not play any role.

## ASSESSMENT

The normative purpose behind the 'limitation of the effects of an EU trademark' rule is to limit trademark protection in favour of the general public interest in free trade in goods and services and in fair and undistorted competition. According to the reworded limitation rule, using another's trademark merely for referential purposes does not substantiate claims against third parties by the proprietor of the trade mark, as long as such use is not unfair (namely in accordance with 'honest practices in industrial or commercial matters'). The provision is also intended to counteract any monopolisation of the spare parts market by means of trademark registrations, while at the same time deterring third-party suppliers from profiting unjustifiably from the reputation of a trademark that the proprietor of the trade mark has achieved by making its investments.

The new rule shows how referential use has shifted in legal systematic terms from a focus on the infringement of rights towards harmonisation of the limitation rules (informed by unfair competition law) with the '*O2*' and '*L'Oréal*' judgments (acknowledging the commercial functions of trademarks, such as their advertising function, which thus led to a broadening of what constitutes infringement). According to the old limitation rule that applies, use of the 'ZARA' trademark by Buongiorno does not come under Article 6(1)(c), whereas this would be expected without further ado under the reworded rule, since its use is for identification purposes.

The '*Audi*' decision, on the other hand, relates to a special, separately governed, case under the limitation rule, namely the specification of intended use in the spare parts trade.

Contrary to the opinion expressed by the Advocate General in her final statement, the ECJ affirms an adverse effect on the function of the trademark, and hence that

*Audi*'s trademark was being used. It was argued in this regard, also on economic policy grounds no doubt, that customers expect a device that is designed accordingly, and that an adverse effect on the function of the trademark, as emphasised by the Advocate General, may be assessed differently from one country to another. Depending on the view taken by the relevant public, this could lead to nationally divergent outcomes, where the respective liberalisation of the spare parts market could play a role. In the case of EU trademarks, however, a consistent and uniform framework for assessment is the order of the day. Moreover, since these issues were not the subject of referral, the concerns expressed by the Advocate General were not addressed.

With regard to the limitation rule that is not applicable here, consideration must be given when balancing the interests of the original manufacturers and free third parties to the fact that, in contrast to the advertising of spare parts in a trademark-neutral manner, what is involved is not merely a referential limitation, as the trademark is not being used as a reference to *Audi*'s goods ('fits *Audi*'), but rather to the third-party supplier's own goods, and therefore is not merely a reference to the intended purpose of the spare part.

The Federal Court of Justice had already come to the same conclusion in its '*Kühlergrill*' (radiator grille) judgment, although said judgment was somewhat more cumbersome in not rejecting suitability as an indication of intended purpose out of hand. One conclusion that can be drawn, in any case, is that affixing another's trademark to the product itself is generally not exemptible – in contrast to referential use of the trademark in advertising for spare parts.

The decision addresses design law issues only marginally. The ECJ points out, as before, that the 'repair



clause' in EU registered design law (Article 110 of Council Regulation (EC) 6/2002)) does not need to be taken (analogously) into account in trademark law. This is grounded, logically enough, in the principle of undistorted competition, as guaranteed by Article 14 EUTMR. The draft of the new EU Design Regulation also envisages the introduction of an EU-wide repair clause that exempts 'must

match' spare parts from design protection. Such a general exemption clause for 'must match' spare parts does not exist in trademark law, where assessment is based solely on Article 14 EUTMR, which means in practice that trademark law may be the 'sharper sword' in some cases. (Venohr)

### 3. International jurisdiction when an EU trademark is infringed by search engine references or meta tags

*European Court of Justice, judgment of 27 April 2023, C-104/22 – Lännen MCE Oy/Berky GmbH et al.*

#### BACKGROUND

Lännen, a Finnish company that manufactures amphibious dredgers and is the proprietor of the EU trademark 'WATERMASTER', sued Senwatec and Berky, two companies domiciled in Germany and belonging to the same corporate group, before the Finnish Market Court.

Lännen accused Senwatec of having used 'Watermaster' as a search engine reference on the [www.google.fi](http://www.google.fi) website, for a fee. The Google search for 'Watermaster' produced a link to Senwatec's website. Neither the advertising link displayed, nor the associated text, included any reference either to the products being sold to buyers in Finland or to the geographical areas supplied. On Senwatec's website, there was a text in English stating that the Senwatec products are used worldwide. On a map of the world showing dark-coloured countries where Senwatec claimed to be operating, Finland was not coloured in such a way.

Berky was accused of having used product images with the 'Watermaster' meta tag as a keyword on the

[flickr.com](http://flickr.com) website, which is a platform where users can upload images, with the result that photos of Berky's goods were displayed when 'Watermaster' was entered as a search term on the [www.google.fi](http://www.google.fi) website.

The Finnish court had to decide on its international jurisdiction, given that the defendants were domiciled in Germany and that Article 125 (5) EUTMR requires that an act of infringement had been committed in Finland. The Finnish court referred the matter to the ECJ for a preliminary ruling and mainly wanted to know whether the plaintiff can bring a trademark infringement suit in a Member State in which the consumers and traders targeted by this advertising and offers to sell are located, even if the third party does not explicitly and unambiguously list that Member State among the territories to which the goods in question are supplied.

#### DECISION

The ECJ makes a distinction between the two defendants, due to their different circumstances, and comes to different conclusions. Since the criterion being applied when examining for jurisdiction must not pre-judge the merits of the action, it should be sufficient for establishing international jurisdiction that there are circumstances which allow a reasonable presumption that an act of infringement may have been committed or threatened in the territory of a Member State. The expression 'act of infringement' means 'active conduct on the part of the person causing the infringement', whereby in the case where an EU trademark is infringed by online content, it is presumed that the act of infringement was committed in the Member State in which the consumers or traders targeted by the online content are located.

Precise details on the geographical areas to be supplied are a particularly important indication in this regard. Other indicative factors are the international nature of the activity, the use of a language or currency other than that used in the Member State in which the trader is established, the mention of telephone numbers with an international dialling code, the outlay of expenditure to facilitate access to the website for consumers resident in other Member States, the use of a top-level domain other than that of the Member State in which the trader is established, and the mention of an international clientèle. The mere accessibility of a website in a certain area is not in itself a sufficient basis for concluding that the website is aimed at customers in a particular territory.

The ECJ then concludes, with regard to the Google search reference initiated by Senwatec, that although the accessibility of advertising on a website with a different top-level domain is not in itself a sufficient basis for concluding that the activity is aimed at customers in that Member State, active conduct on the part of Senwatec can be seen in the fact that it paid the operator of the search engine website with a different top-level domain to display the link to its own website. This enables a specific target group to access its product offering.

On the other hand, the ECJ does not consider the use of a registered trademark as a meta tag to be an active act targeted at customers in Finnish territory. The meta tags were used on a website under a generic top-level domain that is aimed not only at the public in a particular Member State. The purpose of meta tags, moreover, is simply to allow images to be better identified, and hence to increase their accessibility.

## ASSESSMENT

The ECJ decision is to be welcomed, in the final analysis. In order to address the consumers and traders of a particular Member State within the meaning of Article 125 (5) EUTMR, the mere availability of potentially infringing content in that Member State is not a sufficient basis for jurisdiction. Every market participant could otherwise be faced with a large number of lawsuits in the EU, due to the worldwide availability of Internet content, without having given any specific cause for such legal action.

That a potentially trademark-infringing use of meta tags has effects on the global findability of the images in question is comparable to the fact that trademark-infringing

content can be accessed worldwide on the Internet. The ECJ decision is therefore logical and consistent. According to Article 125 (1) EUTMR, an action can be brought against such a trademark infringement in the courts of the Member State in which the defendant is domiciled.

If, on the other hand, the potential infringer targets consumers and traders with paid advertising on a search engine under a top-level domain of a different Member State, this constitutes active conduct which gives the trademark proprietor a legitimate interest in suing for infringement in that Member State (and limited thereto). (Kröger)

## 4. Necessity to use a trademark – a comparison of EU and US trademark law

### BACKGROUND

A common feature of all trademark laws worldwide is that, unless the registered mark is actually used on the protected goods or services, a trademark proprietor can expect to lose those trademark rights. The applicable rules differ considerably in detail between different countries. This guide for practitioners compares the rules applying in the European Union and in the United States. Whereas the use of trademarks is not reviewed by Trademark Offices in the EU, there is an obligation in the USA

to submit evidence of use. Given the ever-increasing volume of intellectual property rights, other countries can be expected to follow suit, so the requirement to file a declaration of use of a mark will gain in importance in the future.

### EUROPEAN UNION

Trademark law in Germany is a fully harmonised field of law within the EU, in principle, and is congruent in large measure with the rules governing EU trademarks. A trademark proprietor generally does not have to actively submit evidence of use to the Trademark Offices, so non-use does not automatically mean the loss of trademark rights. Use is not mandatory, in other words. In order to give a trademark proprietor enough time and entrepreneurial freedom during a product launch, there is a five-year period after registration often referred to as the 'grace period' for genuine use. Not until the five-year period has expired can a third party assert in bilateral proceedings that the trademark has not been used at all, or not enough, and demand that evidence of use be presented. The question of whether, when, how and to what extent a trademark has actually been used is therefore relevant in opposition or judicial infringement proceedings, primarily. However, the usage situation is

then decisive only for the legal situation between the parties involved. There are no consequences for the registered status of the trademark.

An application for revocation due to a lack of genuine use carries more weight. This can be filed by anyone, without having to prove a legitimate interest to take legal action. The reason for that is the public interest in cancelling wrongly registered trademarks, thus allowing control to be exercised over the register's contents. Experience has shown that this general right of application is used with surprising reticence in the EU. A practical consequence of this legal system is that broadly worded lists of goods and services are still being filed in many cases. For example, if a pacemaker is to be launched on the market, other terms such as 'cardiological apparatus and instruments' are included for registration.

### USA

In Anglo-American law, a contrarian legal concept applies. Historically speaking, a trademark is not so much a registered right, but a protective right that automatically ensues from the use itself. Reference is made in that regard to a 'trademark acquired through use'. In a legal dispute, actually proving rights to a trademark acquired through use is a difficult, complex and above all costly matter. This means that the registered trademark has also become widely established in the USA. The original approach,

namely that a trademark must be used in commerce, is nevertheless firmly anchored in US trademark law.

The primary principle is that a national trademark application is not registered in the USA until evidence has been submitted that the trademark has been used for the claimed goods. The date of first use worldwide and specifically in the USA must be specified (Section 1(a) of the Lanham Act). If a trademark has not yet been used when

the application is filed, the application is based on a bona fide intention to use the trademark (Section 1(b) of the Lanham Act). The application is subjected to formal examination, but only a 'notice of allowance' is issued. Evidence of use must then be submitted within six months. If this is still not possible, the time limit may be extended several times to up to three years. This explains why lists of goods and services in the USA are worded more precisely and are narrower in the scope of protection they claim.

There are two exceptions to the principle of 'no registration without use' that are interesting for foreign applicants, in particular. A national trademark application can be based, firstly, on an identical trademark that has been filed or registered in a foreign country (Section 44 of the Lanham Act). There is no need to claim its priority. If the registration certificate for the foreign trademark is submitted, the US application is also registered, without use in the USA having to be proved. Similar principles apply when the USA is mentioned in an international trademark. In that case also, a declaration of bona fide intention to use the trademark is sufficient, and protection for the USA is granted regardless of actual use. If the applicant does not limit the list of goods and services of its own accord, the broad scope of protection obtained in the EU will probably be kept. All that is typically necessary is to be more specific about classes of goods that have been worded particularly broadly. In the example above, the term 'cardiological apparatus and instruments' would have to be made more precise, e.g. as 'stents and defibrillators'.

Between the fifth and sixth year after registration, all US trademarks are subject to an obligation to actively furnish evidence of use. Many foreign rights holders are then confronted for the first time with these requirements. The evidence to be submitted is usually in the form of photos showing the trademark on the products themselves, or on their packaging and labels. Brochures, operating instructions on YouTube, or invoices, are not sufficient because they do not show a direct association between the trademark and the goods. For services, in contrast, relevant Internet extracts and invoices are also accepted by the US Trademark Office. Evidence is required

for each class. However, the declaration of use includes confirmation that the trademark is used for all the types of goods listed under the class, otherwise the unused goods must be deleted from the registration. In the above example, the declaration of use could only be filed for pacemakers. Stents and defibrillators would have to be removed.

Exercising due care here is absolutely imperative! The US Trademark Office dislikes broadly worded lists of goods and services that have entered the US register due to the registration options referred to above, especially when filed by foreign trademark proprietors. These stand in glaring contradiction to the legal concept of a 'trademark acquired through use'. Practice has shown that trademark proprietors have tended to be rather lax in the way they handle the declaration of use, and have failed to limit the products actually sold to the legally necessary extent. This is one of the reasons why the US Trademark Office has introduced a supervisory review procedure. Submitted declarations of use may be examined ex officio and further evidence of use may be requested in a post-audit office action, in which the proprietor is requested to provide evidence of use for goods randomly selected by the US Trademark Office. Our experience shows that these review procedures can have undesirable consequences. Lists of goods and services have often drawn objections in the registration procedure and subsequently been made more specific in accordance with accepted practice in the USA. If, in the example above, the proprietor had failed to delete stents, it would be unable to comply with the request to furnish evidence of use on such products. If one subsequently abandons the specific goods – practically admitting that the original declaration of use went too far – the US Trademark Office will then require in a second office action that evidence be provided for all the other goods mentioned under the class in question. In our case for defibrillators as well, therefore. If the proprietor is unable to comply, the entire class of goods is removed. That would mean the proprietor also losing trademark protection for pacemakers, even though it sells such products in the USA.

## FUTURE TRENDS

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The increasing number of trademark registrations is causing problems for practitioners. It is becoming increasingly difficult to find new 'risk-free' product names that will withstand a prior trademark search. A search will generally return some trademarks that need to be considered a legal risk, for example a mark that is phonetically or typographically similar and claims broad generic terms. If a trademark registered for 'medical apparatus and instruments', for example, is no longer within the grace period for genuine use, further evaluation will depend on how exactly the mark is used. Internet searches will then be necessary to investigate how the trademark is used.

If clear indications are found that the mark is used for X-ray equipment, for example, the search result initially classified as a legal risk can be relativised. In the case above, the proprietor of the older mark could not claim rights for the entire scope of the generic term, but only

to X-ray equipment in the broader sense. If the searched designation is used for a hearing aid, for example, the dissimilarity between the goods would probably be sufficient. In a given case, such evaluation harbours many uncertainties. If use had to be proved after expiry of the five-year grace period for genuine use, or at least after ten years with the first extension, a clearer picture would result and the Trademark Register would be a better reflection of actual use.

Some first countries such as Mexico or the Philippines also require that declarations of use be submitted a few years after registration. The requirements differ from those in the USA, but it is foreseeable that other countries will follow this example. The introduction of declarations of use was recently the subject of intense debate in China, during discussions on a future reform of trademark law. (Ehlers)

## II. DESIGN LAW

### 5. Visibility requirement of a component part of a design

*European Court of Justice, judgment of 16 February 2023, C-472/21, and subsequent Federal Court of Justice, order of 16 June 2023, I ZB 31/20 – Fahrradsattel II*

#### BACKGROUND

After a successful appeal, the Federal Patent Court (BPatG) initially established that a registered design was invalid, while at the same time admitting the appeal on points of law. The case under consideration concerned the question as to whether the design shown below – the underside of a bicycle saddle – meets the mandatory requirements of novelty and individual character:



The Federal Patent Court had ruled that this design was not eligible for design protection under Section 4 of the Design Act (DesignG), for which reason it already lacked the novelty and individual character that are necessary conditions for protection. The Federal Patent Court argued that, as a component part of a complex product, the

saddle is not visible when used for its intended purpose. The Court therefore ruled that the design be revoked.

In response to the appeal on points of law filed by the proprietor of the design, the Federal Court of Justice firstly referred the matter to the European Court of Justice (ECJ) for clarification, in a first step, of the interpretation to be given to the terms 'visible' and 'normal use' (*bestimmungsgemäßer Verwendung* – 'when used in accordance with its intended purpose').

With regard to visibility, the Federal Court of Justice wanted to know whether it suffices if it is objectively possible to recognise the design when the component is mounted, or whether certain conditions of use or a certain observer perspective must be taken into account in the assessment. If the latter is the case, the question arises as to whether the end user's assessment of 'normal use' of a complex product depends on the use intended by the manufacturer of the component or the complex product, or whether normal use of the complex product by the end user is the decisive factor here. The Federal Court of Justice also raised the question as to which criteria should be applied to characterise the use of a complex product by the end user as 'normal use'.

#### DECISION

The ECJ answered the referred questions to the effect that, with regard to the visibility of a component part incorporated into a complex product, the specific situational usage of the product must always be taken into account, although this is not conditional on the component part incorporated into a complex product remaining fully visible the whole time that the complex product is being used.

The ECJ agreed with the Advocate General's opinion that the visibility of a component part of a complex product should not only be considered from the perspective of the end user but also from the perspective of an external observer.

According to the considerations of the EU legislature, the term 'normal use' within the meaning of Article 3 (4) of Directive 98/71 is thus intended to cover not only the acts associated with the normal use of a product, but also other acts which may reasonably be performed during normal use from the perspective of the end user, and which are therefore upstream or downstream, such as transportation or storage of the product.

In the final analysis, the visibility of the component part during its 'normal use' must be assessed not only from the end user's perspective, but also from the perspective of a third party. This includes not only all the acts that are performed during the principal use of the product, but also those acts that the end user would customarily perform in connection with such use. However, downstream activities that do not belong to the principal use of the product, such as the maintenance, servicing and repair of the product, are not covered.

The Federal Court of Justice subsequently overturned the Federal Patent Court's decision and referred the case back to the latter. In the rationale for its court order, the Federal Court of Justice argues that the Federal Patent Court should not have initially denied the visibility of the design within the complex product on the basis of the stated reasons, since it had only focussed on normal use, without also considering other acts such as transportation and storage, which are normally also performed in connection with the principal use. The Federal Patent Court had not taken into consideration this broad interpretation of the term 'normal use' as advocated by the ECJ. It has now also been clarified that the assessment of visibility depends not only on the end user, but also on third parties, so the Federal Patent Court still has to reach findings on this point as well.

## ASSESSMENT

The ECJ's decision shows that the term 'normal use' may be interpreted very broadly in order to cover not only the direct and principal use of a product, but also other customary and normal uses of this product. When assessing the visibility of the design within the complex product, it is also necessary to focus not only on the end user, but also on other persons involved.

In the present case of the bicycle, where the underside of the saddle is normally not visible when the bicycle is used in accordance with its intended purpose, the situation may be different when the bicycle is transported or stored before or after use in such a way that the underside of the saddle is also visible. This does not seem improbable, given that bicycles are often transported, set

down or stored lying down or in a vertical position with one wheel above the other.

The fact that bicycles are transported or stored not only by cyclists themselves, but also by people who view bicycles from an outsider's perspective, can also mean, of course, that the underside of the saddle is visible for a while.

On the basis of the criteria specified by the ECJ, it will therefore be possible to affirm design protection for component parts of a complex product far more often than was previously the case. (Holderried)



## 6. The conditions for effectively claiming the priority of a PCT application when filing an application for a registered Community design

*European Court of Justice, judgment of 27 February 2024, C-382/21 – EUIPO/The KaiKai Company Jaeger Wichmann*

### BACKGROUND

The decision discussed below concerns appeal proceedings brought by the European Union Intellectual Property

Office (EUIPO), the other party being The KaiKai Company Jaeger Wichmann GbR.

### DECISION

Given the importance of the case, which concerns an interface between the priority rule in the Community Design Regulation No. 6/2002 and its legal foundations in international law, the appeal against a judgment of the General Court of the European Union of 14 April 2021 (noteworthy in its own right) was pronounced upon by the Grand Chamber of the European Court of Justice. The proceedings related to a collective application for a total of twelve Community designs that was filed by the applicant with the EUIPO on 24 October 2018, claiming a priority based on an international PCT application filed with the European Patent Office and dated 26 October 2017.

The examiner at the EUIPO granted the application for registration in its entirety, but refused the claimed priority for all the designs at issue because the filing date of the international application under the PCT was more than six months prior to the filing date of the application in question.

The EUIPO examiner took the view that, although an international application under the PCT could, in principle, form the basis for a right of priority under Article 41 (1) of Design Regulation No. 6/2002, said right requires that such a right of priority be claimed within a period of six months. This had not been complied with in the present case.

The action against that decision was upheld by the European General Court insofar as the applicant had complained that Article 4 (C) (1) of the Paris Convention had

not been taken into account when determining the period within which such a right of priority could be claimed.

Since Article 41 (1) of Regulation No 6/2002 did not specify the period within which the priority of an international patent application 'may be claimed in the context of a subsequent application for a design', recourse had to be made to Article 4 in order to close the gap in the Regulation.

The ECJ set aside the judgment handed down by the European General Court. The ECJ initially left open the question as to the effects of the Paris Convention within the EU legal order. However, the Court found that it had already been ruled that various articles of the Paris Convention, including Article 4, had been incorporated into the TRIPS Agreement, which was concluded by the European Union. In these circumstances, it could be assumed that the rules set out in Article 4 of the Paris Convention have the same effect as the TRIPS Agreement. According to the ECJ, however, the provisions of the TRIPS Agreement do not have direct effects, given the nature and structure of the Agreement. According to the ECJ, they are not among the rules in light of which the CJEU reviews the legality of measures taken by the EU institutions, nor are they capable of creating rights upon which individuals may rely directly before the courts under EU law.

Exceptions thereto were considered possible by the ECJ that the General Court had rejected in the present case in

view of the provision in Article 41 (1) of Regulation No 6/2002 and Article 4 of the Paris Convention.

According to the ECJ, the rules do not contain specific obligations ensuing for the purposes of case law from the WTO Agreements, such that they had to be implemented in EU law. Thus, Article 4 of the Paris Convention and the rules therein have no direct effect and are unable to establish rights for individuals which they can directly invoke under EU law. The rule laid down in Article 41 of Regulation No 6/2002 therefore governs the right of priority claimed for a Community design, without the applicant being able to rely directly on Article 4 of the Paris Convention.

The ECJ then found that the provisions of the PCT, on the basis of which the applicant's earlier application had been filed and on which the applicant based its claim to a right of priority, must also be taken into account. It should be noted in this context that the PCT, according to Article 1 (2) thereof, applies without prejudice to the rights under the Paris Convention. In light of the above, the European Court of Justice criticises the General Court's finding that Article 41(1) of Regulation No 6/2002 contained a gap which must be closed by applying Article 4 of the Paris Convention.

Contrary to the judgment under appeal, the wording of Article 41(1) of Regulation No 6/2002 is clear and exhaustive, from which it unequivocally follows that only two categories of earlier applications, namely (i) an application for registration of a design and (ii) an application for registration of a utility model, can form the basis for the right of priority for the subsequent application for registration of a registered Community design, which right is subject to a time limit of only six months from the filing date of the earlier application. Nor does the rule contain a gap, according to this interpretation, since the provision must be interpreted as meaning that the period for claiming the right on the basis of such an application is six months, as expressly stated in Article 41 (1).

After a closer look at Article 4 of the Paris Convention, the Grand Chamber of the ECJ also finds that said rule does not allow the priority of an earlier patent application to be claimed when subsequently applying for a design, and that the provision does not contain any rules on the time limit applicable to the applicant. This means that only an international PCT application for a utility model can provide a right of priority for a design application under Article 4, Section E (1) of which specifies a time limit of six months. The action was accordingly dismissed.

## ASSESSMENT

The decision has practical relevance for revocation or litigation proceedings, in particular, because it is only at this level that an examination is conducted into whether or not a priority has been validly claimed. Publications in the period between the priority date and the filing date of the subsequent application cannot be novelty-destroying

prior art unless the priority has been validly claimed. Indeed, in the case ruled upon, the applicant's PCT application may have constituted novelty-destroying design corpus, since the filing date of the applicant's collective application would have been brought forward by eleven months. (Böhm)

### III. COMPETITION LAW

#### 7. Complex interplay of product get-up and labelling

*Federal Court of Justice, judgment of 7 December 2023, I ZR 126/22 – Glück*

##### BACKGROUND

The plaintiff produces jams and fruit spreads and in 2017 launched a new range of products designed as follows:



The defendant has been selling honey, among other products, since 2019, namely with the following design:



The plaintiff considered this design to be impermissible under competition law, because it constituted an unfair imitation of its 'Glück' jam jars. It claimed that the defendant was deceiving consumers about the origin of the product and was exploiting the appreciation shown towards 'Glück' jams. The plaintiff also owns registered designs for the shape of the screw-top jars without the 'Glück' label, but asserted these only by way of alternative.

The Hamburg Regional Court initially denied an application for interim injunction, but the Higher Regional Court in Hamburg set aside that decision and granted the injunction. In the proceedings on the main issue, the Hamburg Regional Court and the Higher Regional Court both ruled in favour of the claim. The appeal to the Federal Court of Justice was admitted.

##### DECISION

The Federal Court of Justice overturned the appealed judgment and referred the matter back to the Higher Regional Court.

According to Section 4 No. 3 of the law against unfair competition (*Gesetz gegen den Unlauteren Wettbewerb – UWG*), selling an imitation may be anti-competitive if the imitated product has competitive distinctiveness and there are special circumstances that give rise to unfairness, such as avoidable deception regarding the commercial origin of the goods (3 a), or if it unreasonably exploits or impairs the appreciation of the imitated product (3 b). The Higher Regional Court had erred on several points in law, namely in its assessment of the competitive distinctiveness of the 'Glück' jars, its assumption that the 'LieBee' jars were a copycat imitation, and in its assessment of indirect misrepresentation of origin.

When examining for anti-counterfeiting protection under competition law, the first issue to address is whether the older product has competitive distinctiveness, i.e. whether it constitutes an indication of origin. The Higher Regional Court had assumed the level of distinctiveness to be high, because the shape of the jar resembled that of a crucible, i.e. was rather low but wide and rounded downwards. The thick glass bottom created the illusion of a base suspended in air. Another aspect was the specific design of the label, namely as directly printed, reduc-

tionist 'handwriting' in the 'no-label' look (with no elements other than the 'GLÜCK' trademark, such as the producer's brand name or figurative elements). The emotively charged 'Glück' trademark ('Glück' is the German word for 'happiness', or 'luck') is also a further element of competitive distinctiveness, because in combination with the shape and design used it is remembered by the relevant public. There had been no such design on the market, so the distance from the market environment was large.

The challenges to this assessment by the appeal on points of law were viewed in a differentiated manner by the Federal Court of Justice:

It is not objectionable that one can assume that, when it comes to consumer staples, the public focuses on external design and not just the name of the product. The label design must also be included in the assessment of competitive distinctiveness, since the overall impression is what matters.

However, the Federal Court of Justice disagreed with the assessment that the name 'Glück', as an emotive keyword, was a characterising design element of the jam jars. The 'Glück' trademark may be a feature of competitive distinctiveness, but this cannot be generalised to include the concept of an emotive keyword as a product name. The Court pointed out that anti-counterfeiting protection is conferred under competition law on goods or services in their specific form, but not on the abstract idea behind them.

Nor was the court of appeal's judgment free of errors on the question of whether the 'LieBee' jar constituted an imitation. An imitation is predicated on the product or a part of it being identical or at least so similar to the original product that the latter can be recognised in the overall

impression produced by the imitation. The adopted design elements must be those on which the competitive distinctiveness of the imitated product is based. The Higher Regional Court established an imitation on the grounds that they were both crucible-shaped jars with roughly the same capacity, that they each used the 'no-label' look with continuous white 'handwriting' printed directly onto the jar, and that an emotive keyword, namely 'Liebe' (love), was used, even if 'LieBee' is a play on words using the word for love and the word 'Bee' as an allusion to honey. However, since the emotive keyword is a concept that cannot serve as a basis for competitive distinctiveness (see above), it must also be disregarded in the assessment of imitation.

Categorising both brands as 'emotive keywords' was also inadmissible when assessing whether an indirect deception of origin constituted unfair competition. An indirect misrepresentation of origin is when the relevant public proceeds on the assumption that there are commercial or organisational relationships – such as licensing agreements or a status as associated companies – between the undertakings involved, or when the relevant public considers the imitation to be a new series or a new product sold under a second brand of the original producer. The latter is a prerequisite, above all, when different product names ('Glück' and 'LieBee') are applied, as in this case. According to the Federal Court of Justice, when assessing whether a new series of products from the original producer is involved, it is essential to take into account that, although there are similarities between jams and honey, they are not the same, which means the concept of using an emotive keyword cannot be assumed to be transferable to the other product category.

## ASSESSMENT

The judgment shows how complex it can be to assess the anti-counterfeiting protection conferred under competition law. However, it also shows the opportunities that exist for safeguarding the market and legal position

embodied in a product and its design, even when the prospects of success are rather low from the perspective of trademark law or design law.

Such aspects must always be taken into account when examining a potential infringement of rights, and are part and parcel of comprehensive legal advice on IP matters.

When referring the case back to the Higher Regional Court, the Federal Court of Justice also provided an obiter dictum, namely that the Higher Regional Court, should it rule for the second time that there was no deception of

origin, must also check whether there is any unreasonable exploitation of another's reputation within the meaning of Section 4 No. 3 b) of the law against unfair competition, and whether infringement of the registered design of the screw-top jars can indeed be claimed under design law. The final outcome is therefore by no means certain. (Brecht)

## IV. COPYRIGHT LAW

### 8. Copyright protection for Birkenstock sandals

*Cologne Higher Regional Court, judgment of 26 January 2024, 6 U 89/23 – Health sandals*

#### BACKGROUND

German courts grant protection to product designs above all on the basis of design rights and/or their supplementary protection under the law against unfair competition (Section 4 No. 3 UWG). When granting copyright protection to 'works of applied art', established case law in Germany is traditionally rather guarded and grants such protection mostly only to absolute design classics such as the *'Bauhaus lamp'* by Wilhelm Wagenfeld (Hamburg Higher Regional Court, judgment of 4 March 1999, 3 U 169/98).

More than ten years ago, however, that case law seemed to become somewhat more fluid when the *'birthday procession'* decision was handed down by the Federal Court of Justice (judgment of 13 November 2013, I ZR 143/12). In that judgment, the Federal Court of Justice

ruled that the requirements to be met before copyright protection can be conferred on works of applied art should be no different from those to be met by works of non-purposive art or by literary and musical creations.

In actual legal practice, however, the *'birthday procession'* decision changed little in the end, and it remained difficult to obtain copyright protection for products that (also) serve a technical purpose.

Producers of design products have nevertheless been making greater efforts to obtain copyright protection, as in the present case.

#### DECISION

The plaintiff is part of the Birkenstock Group. It argued that it sold the following sandal models, among others, and that they were all designed by Karl Birkenstock alone:



('Arizona' model)



('Gizeh' model)

The defendant produces the following sandals, among others:



The plaintiff claimed that the design of the 'Arizona' and 'Gizeh' sandals is protected by copyright and that the models produced by the defendant are therefore an infringement of its copyright. The Regional Court in Cologne accepted that argument and ordered accordingly against the defendant.

However, the Higher Regional Court in Cologne overturned the lower court's decision, on the grounds that no copyright protection existed. It established that the 'Arizona' and 'Gizeh' sandals were 'not to be classified as art, but as pure design'. In summarised form, the Court argued as follows:

- Although the purpose of an object does not prevent it being classified as a copyrightable work, the intended purpose indicates whether and to what extent the form of the object is predetermined or dictated by technical requirements and is merely an average performance that is ineligible for protection. The extent to which the object is artistically designed over and beyond the form dictated by its function must therefore be elucidated more exactly than is the case with pure works of art. In the case of products used in everyday life, copyright protection can therefore be granted more readily to handicraft kitsch than to a design of high functional value.
- In the case of consumer items, the fact that there is a degree of design freedom is not sufficient to obtain copyright protection. Rather, that design freedom must also be exploited artistically, not just in a technical and functional manner. From the legal systematic perspective, the issue concerns the delineation between designs that enjoy a maximum of 25 years' protection under design law, and works of art that enjoy copyright protection until 70 years after the death of the creator.

- The Higher Regional Court therefore wants to differentiate between design and art, and states in this regard that 'It is acknowledged that copyright protection performs different functions from design protection. A successful design is about implementing a function in a form ('form follows function') that is innovative but also just about accepted by the market (MAYA – most advanced yet accepted, according to Raymond Loewy, *Industrial Design*, Berlin 1979, p. 20). Copyright protection relates to a personal individual design that does not have to satisfy any kind of functional requirement, but stands for itself, without purpose, and purely as an object of contemplation in many cases. Utility functions do not hinder copyright protection, but nor are they an aid for obtaining it. 'Form follows function' is not a category for deciding on whether copyright protection is conferred.
- The Court consequently denied copyright protection for the 'Arizona' and 'Gizeh' sandals, with a rationale that included the following comments: 'Art tends to be characterised by its non-purposiveness, design by its focus on use. Art begins with a concept, design with a problem to be solved. Art does not need to be beautiful to have an impact. A pointlessly ugly design, in contrast, will have difficulty achieving the intended success. The fact that a design is aesthetically created and skilfully executed is not sufficient to cross the threshold to artistic creation. Aesthetics alone is not a suitable criterion for delineation (see ECJ GRUR 2019, GRUR Year 2019 p. 1185, paras. 53 ff. – *Cofemel*).' The Higher Regional Court could not identify an artistic concept manifested in the 'Arizona' and 'Gizeh' models that goes beyond the solution to the design problem.

## ASSESSMENT

The Higher Regional Court admitted the appeal on points of law to the Federal Court of Justice, and Birkenstock has also availed of that opportunity meanwhile. It remains to be seen, therefore, whether the decision will be upheld and whether its core rationale, which in simple terms

boils down to classifying an object as 'design OR art' (rather than 'design, too, is art') will withstand scrutiny. That aside, the decision provides a number of clues as how one should currently argue when seeking copyright protection. The focus should not be (purely) on the product

having a particularly successful design, but it should also be shown where 'frivolous embellishments' have been added to the product. However, this is likely to pose a

challenge in many cases, in that particularly good and successful design is usually characterised by the fact that it is anything but frivolous. (Eberhardt)



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