

# Newsletter

## IP·IT·Media

January 2009

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Dear readers,

Once again, this issue of our newsletter includes a vast array of information on industrial property rights, in particular decisions dealing with the protection of trademarks. Especially under the current economic conditions – even here in Germany – cost cutting often starts with industrial property rights with the result that fewer property rights are registered or none at all. In cases of infringement many lawsuits are not as tough as they should be. Yet, is this the right solution? The answer, of course, is: No!

Industrial property rights (trademarks, patents, design patents, utility models) are intellectual property. Generally speaking, intellectual property does have value, even if, during an economic crisis the extent of which cannot yet even be determined, in all probability, returns in the appropriate amount may not be realized. At the same time, what should not be overlooked is that intellectual property as the basis for the business itself – precisely as an immaterial asset – does not lose its fundamental value, but instead continues to serve the purpose of allowing the products or services offered by the owner of intellectual property to appear unique as compared to other products and services offered by the competition. Often the reputation of a product or service depends especially on the fact that the reputation was acquired because of a certain trademark or based on a patent that it represents.


So, it would be foolish for anyone to put the basis of the company's economic success in jeopardy. Yet, this is exactly what happens if a company chooses in times of economic crisis to neglect tending to intellectual property and developing it further.

Because it is especially these kinds of times that are often used as an opportunity to stimulate business by applying creative ideas it is not uncommon that as a result an atmosphere of revival is created. As always, there will also be plenty of free riders who will attempt to make use of other people's ideas for the own purposes. You would be well advised to at some point assure that your intellectual property is sufficiently protected. The first step would be to protect logos, business markings and product descriptions, for example with a trademark. In addition, special designs should be registered as design patents. The same applies to technical inventions that can be protected with a utility patent or a patent. Yet, what should also not be neglected is to assure

## Editorial

Søren Pietzcker

## Editorial



that already existing protection is maintained. By this, not only do we mean the regular renewals of the individual property rights. What is also very important is to vehemently file suit against any party that is infringing upon the company's intellectual property. Not only is this important to counter a forfeiture exception, but also to take countermeasures to assure that the company's own intellectual property as the important foundation of its economic success is not weakened.

It is our objective to not only support you in creating protection for and maintaining your intellectual property even in times of crisis, but to also be available as your trusted partners in handling strategic planning issues dealing with industrial property rights. Please do not hesitate to contact us. We look forward to your questions.

Yours, Søren Pietzcker



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Parents of adolescents have known for quite some time what analysts are now providing statistical evidence for: No more does this generation of young adults join their elders in front of the television set, at one point considered the traditional family meeting place, that had eventually replaced the bonfires of our ancestors. They do not read the same daily newspaper their parents read. The so-called “churn rate”, that is the cancellations to subscriptions of cable network providers and newspaper publishers, for example, remains at the same level in Germany at between 3% to 5% each year. The Network Generation gets its knowledge from the Internet; they receive their TV content through IPTV, as in the case of the IPTV service Zattoo from Switzerland that created quite a sensation when it started. Knowledge is found online at Wikipedia, while Encyclopedia Britannica or Brockhaus - both traditional print market products - have become a thing of the past and both announced the end of their print products in 2007. Pre-scheduled programs, meaning “somebody else’s choice”, are no longer acceptable. This social phenomenon is called the digital divide, even though, because of current demographics, users of the old media (baby boomers) will remain strong for decades to come. In addition, mobile mass communication, including entertainment (mobile TV) is becoming a converged product.

The social divide, which presents a number of educational and social problems – none of which can be discussed in detail here – also presents some extremely difficult legal challenges for law enforcement. If each and every web TV provider would need to be licensed before they could begin operations, if the content were to be subject to even more stringent regulations than they are already – who would care in a global, virtual Internet world that can simply not be technically filtered? All the same: Our legal framework has seen a few improvements over the last few months, which are attempts at staying abreast of the technical and social development. However, initially they relate to traditional media technology.

## “Digital Divide”

Michael Schmittmann (Düsseldorf)



For one, on a European level the directive concerning audiovisual media services must be mentioned here, which was adopted by the European Parliament on November 29, 2007 and which must be implemented by the Member States by the end of 2009 (AVMSD).

The scope of the directive's implementation is defined with the term "audiovisual media services". European legislators decided to take a technology neutral approach because the technology used to broadcast an audiovisual service is no longer the important issue. The new directive includes services that can be broadcast by means of electronic communication networks in accordance with Article 2 (a) of the framework directive (2002/21/EC) and the content of which are moving images. In doing so, it refers in particular to the new possibilities provided for television, such as IP-TV or webcasting. Within the audiovisual media services, the Directive distinguishes between television services and audiovisual on-demand media services (Article 1 (e) and (g)). As opposed to the television directive that was in place previously, the new directive now includes criteria that relate to the media's content and which have the purpose of classifying the service within the regulatory structure while no longer applying technical criteria.

Pursuant to the new scope of implementation, this directive provides for a gradual adjustment. We refer to our 01/2008 Newsletter in which we presented the details.

A second important example for the pending improvements is that for the first time, platform providers are being governed outside of regulations purely meant for the telecommunications industry. The idea is to assure that the rules governing plurality and safeguarding the competition on a horizontal as well as on a vertical level are not drawn out by today's decisive players to the point of absurdity, who traditionally reserve the law to be applied to content providers. The individual program provider, when compared to the platform provider with its sales and distribution infrastructure, its packaged services options and its control over access options, has in the meantime taken on a much weaker position. In Germany, the new Interstate Broadcasting Treaty applicable for the German states (in its 11th amendment) has for the first time addressed national rules concerning platform operators.

Included now are all platforms, irrespective of their technical broadcasting mode and their capacity. This includes satellites, terrestrial broadcasting, broadband cable and IP-TV. However, providers of software-based online platforms, which offer IP-TV without any

## "Digital Divide"

### **European level - new directive on audiovisual media services**

### **National level: Platform regulation**

## “Digital Divide”

direct connection to DTH, are only subject to the new rules if they have a dominant market position. In future, broadcasters will continue to be permitted to operate a platform without a license. What is new, however, is that the platform must have been registered with the competent state media authority at least one month prior to going into operation. In addition, the platform provider must at least satisfy the same prerequisites as does a television service provider. What’s more, the platform provider is no longer entirely at liberty to allocate its broadcasting capacities. In fact, it will have to observe specific allocation requirements that are intended to assure the diversity of opinions. The new Article 52, lit. c of the Interstate Broadcasting Agreement assures that a platform operation is non-discriminating. What is also new is the expanded protection range that includes manufacturers of digital broadcasting receivers. The amended Interstate Broadcasting Agreement can now be applied to cases in which the manufacturers of set-top boxes are being discriminated against.

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**Conclusion:** These examples show: The media lawmakers are doing their utmost to find answers to the latest questions. This shows yet again that media law in all of its diversity can certainly not be considered static or still standing material.

## “Patent Pending” – On advertising with patents

Anton Horn (Düsseldorf)

It is not easy to create a viable technical invention, and it is not cheap to apply for a patent. Once you have managed to do both, you really do want to advertise the fact. However, in Germany, this kind of advertising is subject to strict limitations. The legal situation in Germany is much more stringent than is common internationally. Anyone that uses the terms “patent applied for” or “patent pending” or similar expressions in their advertising in Germany must be careful. Otherwise,



## “Patent Pending” – On advertising with patents

by order of the court, a company will have its advertising material taken away and destroyed – even if the company is only telling the truth.

The owner of a medium-sized company is happy. He was able to successfully finalize an important technical development and this time he has even applied for a patent. It was not easy to work out the details of the application with the patent attorney and to submit it in time for the leading industry trade show. And yet, he had learned the hard way in the past that you would need to apply for a patent first before introducing a new development to the interested public. In Europe, patent protection is no longer achievable if the application is submitted after the invention is made public.

An entrepreneur uses the term “patent pending” as an advertising statement on brochures and catalogs. The trade show starts out excellently and the competitors’ glances towards his trade show booth are very envious. But then, all of a sudden, a gentleman introduces himself as a bailiff and presents him with a court-ordered preliminary injunction and insists on taking the advertising brochures with him. According to the injunction, the advertising message “patent pending” is misleading and thus illegal. The entrepreneur thinks the world is turned upside down – at least as far as the German legal system is concerned. His advertising statement can be proven to be true. He did apply for a patent and nothing else is stated in his brochures. What is wrong with that?

At almost any German trade show, this kind of story takes place at least once. The background is as follows: A submitted patent application initially has absolutely no legal effect towards a third party. The application remains at the patent office and is not published until 18 months later. Not until the application is published do certain legal effects take hold. And in almost every case, the patent is not issued until much later. Thus, the German courts argue the following: Anyone reading the advertising statement will not assume that the message of the advertising party is a legally irrelevant fact. And yet, a non-published patent application is still legally irrelevant. Therefore, anyone who reads this message will assume that it must have to do with a patent application that has already been published. However, if the application was only recently submitted just before the trade show, in reality it cannot yet have been published. That is why

**Invention created – patent applied for**

**Advertising a patent application – What is wrong with that?**

**Submitted but not yet published patent applications have no legal effect**





the advertising message is misleading and illegal according to competition law.

Courts outside of Germany are much more tolerant. In almost any other country, they assume that the reader is aware that “patent pending” by no means implies that a patent will actually be granted. Even in Germany, there is plenty of criticism about the strict way courts handle this issue. Yet it is still practiced daily and this is why temporary injunctions are issued and executed.

By the way, caution is advised in the case of translations. If one wants to distribute brochures in Germany and, for this purpose, has the originals of the foreign manufacturer translated, a correct statement may all of a sudden become incorrect and thus impermissible in terms of competition law. A translation not only changes the language, but also the contents. Example: A U.S. manufacturer’s brochure refers to some “patent pending”. While this may be correct in the U.S. and legally permissible, it may be incorrect in Germany, even after the patent application has already been published. The reader will understand the German version to mean that a patent application has been filed in Germany or with protection in Germany. However, in the case of a U.S. patent application this is not the case since a U.S. patent can only have legal effect in the U.S. Thus, the statement made in the advertising brochure is incorrect or at least misleading.

With Section 146 PatG [German Patent Act], German law recognizes a special right to information with a so-called “patent advertising”. When advertising a product’s patent protection or patent application, if requested to do so, you must be able to disclose which patent or which patent application you mean. Thus, with the help of Section 146 PatG you can receive the required information so as to be able to decide how to deal with the company advertising in this manner.

What might seem cumbersome for the advertising company may open up opportunities for its competitors. If you notice that a competitor is advertising a patent-related message, you can get to the bottom of something in a very efficient manner by asserting your rights to disclosure, and possibly even take countermeasures against the advertisement – and have a competitor’s patent application monitored by you attorney or patent attorney. With this kind of patent monitoring you can receive information about any changes in the application process, such as, for example, whether the patent has actually been issued or

## “Patent Pending” – On advertising with patents

**Outside of Germany this problem is unheard of**

**Pay attention in the case of translations – they change the contents!**


**Right to information – cumbersome and useful at the same time**

**Disclosure, injunctive relief, monitoring, IP strategy – all of this plays a role in a company’s success**

## “Patent Pending” – On advertising with patents

whether the application was denied. This kind of information is often worth its weight in gold. With it, a company can develop a pragmatic and effective strategy to protect its own intellectual property. This contributes effectively to a company’s success and to the company’s value. [a.horn@heuking.de](mailto:a.horn@heuking.de)

**Conclusion:** Advertising a company’s patent applications and patent protection is only permissible in Germany under certain conditions. The limitations are significantly more stringent than in most other countries. You need to be especially careful when translating foreign texts into German if you want to use these for advertising purposes. Special patent-related rights to information can be helpful when it comes to finding out more about the background of an ad statement made by a third-party and, if necessary, to take countermeasures against it.



Advertising by using discounted prices has become so common in everyday practice since the Ordinance on Bonuses and the Law Governing Discounts were eliminated and the Act Against Unfair Business Practices (UWG) was revised that it is hardly ever noticed. A popular advertising statement therefore includes “up to ...” discounts. The consumer is presented with price cuts of “up to 30%”, savings “up to Euro 2,000.00” all the time and they imply affordable, even though not specifically defined, buying opportunities.

What is even more surprising is that the Upper Regional Court Cologne was asked to decide on a complaint, almost unnoticeably, presented before the court by a consumer protection association against this kind of advertising practice (OLG Cologne, October 12, 2007 - 6 U 80/07). The competition association filed a claim against the defendant for injunctive relief against advertising statements in a brochure about a new vehicle series. In the brochure, four vehicles were illustrated. Added to the illustration was the text “up to 8,000.00 Euro introductory discount ...\*” and

## “Up to”... discounts – Promotional measures with potential?

**Problematic implementation issues caused by Directive 2005/29/EC on unfair commercial practices**

Dr. Verena Hoene, LL.M. (Cologne)

## “Up to”... discounts – Promotional measures with potential?

additional text printed in white “starting at 15,800.00 Euro plus value-added tax\*\* ...”. The notations given with the asterisks were as follows: “\*as compared to the recommended retail price. Offer valid for commercial customers at all participating dealers until” and “\*\* reduced recommended retail price up to the savings amount”. The consumer protection association was of the opinion that, on the one hand, the advertising was misleading. On the other hand, it was in violation against the transparency rule anchored in Section 4 no. 4 UWG, which consists of the following rule:

*“In particular, an action is deemed unfair within the meaning of Section 3, if it does not clearly and unequivocally provide the terms for taking advantage of such in sales promotions such as price discounts, bonuses or gifts”.*

However, the Upper Regional Court Cologne considered the disputed advertisement to be permissible. The relevant consumers being targeted, which by the way, were commercial customers, were able to understand from the ad that the maximum discount did not necessarily relate to the most favorably priced vehicle, but instead to one of the four models in the illustration. The ad was also not in violation of the transparency rule. Section 4 no. 4 UWG does not imply an obligation that the exact amount of the price discount for each respective individual item must be provided in any kind of ad relating to a discount. On the contrary, in fact, one would need to make a distinction between advertising for individual products and advertising for entire product groups. When advertising an entire product group, the transparency rule is already satisfied if the customer can recognize what kind of products the ad deals with.

Of course, this decision relates to a highly visible practical need. If the Upper Regional Court had decided in favor of the consumer protection association, when advertising for product groups or even the entire range of products, in future companies would only be allowed to use general indications such as “special rebates”, “price discounts” or similar statements. One might rightly doubt whether or not these kinds of details would satisfy the interests of consumer protection. By not adding any specific information about the extent of a rebate, these kinds of statements might provide an even greater incentive for the consumer to visit the advertising company’s retail location than if the maximum price discount were stated.

## “Up to”... discounts – Promotional measures with potential?

The Cologne decision is possibly even more explosive when it comes to the implementation of Directive 2005/29/EC concerning unfair business-to-consumer commercial practices, which is being applied in the Federal Republic of Germany since December 12, 2007 (Article 19). The directive states among other things in Article 7:

*“(2) It shall also be regarded as a misleading omission when, taking account of matters described in paragraph 1, a trader hides or provides an unclear, unintelligible, ambiguous or untimely manner such material information as referred to in that paragraph...”*

It goes on to state in Article 7(4):

*“In the case of an invitation to purchase, the following information shall be regarded as material, if not already apparent from the context:*

...

*c) price inclusive of taxes and duties...”*

This leads some to the conclusion that in future the amount of the discount must be provided as a percentage of the standard price or as a definite number. If one were to go by this opinion, however, product groups could still be advertised with discounts. However, these would no longer be able to have an “up to...” statement attached to their message, but instead would need to include a specific amount, such as “30% off all apparel.” The end of summer ads, off-price concepts or clearance sales would in future need to be separated by product group and offer each of these with their own specific discount information. Ultimately, this would be the end of these kinds of general promotional sales events.

The explanatory statement to the draft bill on the amendment of the act against unfair business practices might possibly be of assistance in this case. And yet, the draft bill with its new Section 5a UWG does include Article 7 of the directive mentioned above almost unchanged. However, in the explanatory statement to the draft bill, it is noted that the new facts of the matter as in Section 5 a(2) UWG-E do in fact apply to any declaration made by a company that would cause a customer to decide to purchase a specific product or to take advantage of a certain service. However, for any mere attention-grabbing ad, this will generally not apply. Instead, any “invitation to purchase” is understood in the draft bill as an “offer”. However, an offer is only then at hand if its

## “Up to”... discounts – Promotional measures with potential?

announcement is so specifically defined in terms of its content that from the point of view of the observer it would definitely be a good reason for making a purchase decision.

When advertising for product groups, though, this is not possible. In this case, the individual offer is not specific enough to trigger any concrete intention of the customer to purchase the product. The customer would need to visit the retail location anyway so as to receive additional information about the kind of products on offer there. Yet, he could use this opportunity to recognize the specific discount on the products that for the longest time has been a part of the obligation to indicate prices. Thus, an “up to...” advertisement without providing any specific information on discounts for individual product groups would by all means still be permissible after implementation of the EU Directive with its new Section 5a UWG. This is how one should interpret the directive now that is directly applicable despite the lack of implementation.

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## On the protection of a business name that uses a frequent family name – Hansen Bau

The German Federal Court of Justice was to decide on the extent of protection to be provided to a business name that in addition to a descriptive component also consisted of a commonly used family name (BGH GRUR 2008, 801 et seq.) The decision creates legal certainty for such companies, which have names created in this manner.

The Federal Court of Justice came to a decision on the extent of protection to be provided to the name “Hansen-Bau GmbH” and in conjunction with this provided general explanations on the protection of business names that consist of commonly used family names. The plaintiff, a company, constructs turnkey residential homes using this name in Mecklenburg-Western Pomerania. It is registered under this name in the commercial register at the district court of Rostock. The complaint was directed against a company with the name – that was not identical with its own

Dr. Georg Jacobs, LL.M. (Düsseldorf)

## On the protection of a business name that uses a frequent family name – Hansen Bau

company – “Hansen Bau GmbH”, which is registered in the Commercial Register at the district court in Neubrandenburg and which provides building construction services.

Plaintiff’s request is understandable to begin with. It is opposing the use of an identical name, an exact match except for the hyphen. Both parties also offer very similar services and do so in the very same region.

However, the Upper Regional Court Rostock did not agree with the Plaintiff. Plaintiff’s company name was not subject to protection. It would consist exclusively of a purely descriptive component “Bau” [=construction] and the name “Hansen”. The family name in particular was so frequent in North Germany that no distinctive character could be assumed with it. Due to the lack of distinctive character, the plaintiff could not prohibit the defendant from using the name “Hansen Bau GmbH”.

The German Federal Court of Justice disagreed with this decision. Principally, business names are subject to protection if they have distinctive character. A business name would still satisfy this function if, along with a descriptive portion, it also includes a frequently used family name. As opposed to several opinions voiced in written commentaries, the fact that a name is frequent does not preclude any legal name protection from the outset. The character of a family name as a classic distinguishing tool is still in place at least at the core of the issue even for frequently used names. And yet, the protective range of business names, the distinguishing portion of which is made up of a frequently used family name, is extremely marginal. It might almost be limited to identity so that even the slightest deviation might preclude the likelihood of confusion.

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**Conclusion:** The recommendation is still to at least add a name with a clear distinctive character to business names. Based on experience, the largest degree of distinctive character is found in imaginative names. Those companies with business names consisting of common family names and in some cases with an additional, purely descriptive term, however, need not allow themselves to be rebuked because their business names allegedly are not subject to protection. Such companies also have the right to file complaints against the use of identical names for identical products in the very same region.

## Changes in law – Current amendments

### **The UWG amendment - more legal certainty for consumers within the EU**

Melanie Künzel, LL.M. (Düsseldorf)

The German Federal Cabinet enacted the draft on the amendment of the Act Against Unfair Commercial Practices (UWG) on May 21, 2008. The amendment, which is to take effect at the beginning of 2009, will - with a bit of a delay - implement EU Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market and in doing so will expand the increased consumer protection level already implemented in the most recent reform of UWG in 2004.

In future, when purchasing goods, consumers will also be protected against unfair transactions by entrepreneurs in other European countries as well as in Germany. This also applies to purchases made online from foreign websites. At the same time, entrepreneurs can reach consumers in other EU Member States the same way that they reach their customers in their country of origin.

The UWG is being expanded to include a so-called “Black List” in the form of an appendix. Listed herein are 30 misleading and aggressive business activities that are to be prohibited under any circumstances. These absolute bans are intended to make it easier for consumer to assess and assert his rights. Thus, for example, the consumer is to be able to decide on his own what kind of conduct toward the consumer is impermissible by an entrepreneur.

According to the “Black List”, for example the following behavior – which is, in fact, already prohibited under applicable German Unfair Competition Law by way of interpretation – shall by all means be prohibited:

- The unauthorized displaying of a trust marks, quality marks (such as false CE or Bio Labels);
- Untruthful information claiming that the trader is about to cease trading or move premises when he is not;
- Untruthful information or creating the wrong impression that rights that are already legally available, such as cancellation rights or rights to withdraw from a contract would be a special feature of an offer;

#### **“Black List” of illegal business activities**

#### **Examples of absolute bans on conduct**

## Changes in law – Current amendments

### The UWG amendment - more legal certainty for consumers within the EU

- Including in marketing material an invoice or similar document seeking payment which gives the consumer the impression that he has already ordered the marketed product when he has not.

The updated draft of the UWG amendment that was enacted by the Federal Cabinet can be viewed online along with the complete draft of the “Black List” as amended on August 20, 2008 at [http://www.recht.uni-jena.de/z10/mat/WettbR\\_WS\\_08\\_09/UWG-E%202008.pdf](http://www.recht.uni-jena.de/z10/mat/WettbR_WS_08_09/UWG-E%202008.pdf) .

Another important introduction is that the amended UWG expressly also applies to behavior by entrepreneurs during and after a contract has been entered into. Up until now, the rules within UWG only applied to business activities before a contract was entered into.

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#### **Validity of UWG even during and after a contract has been entered into**

**Conclusion:** However, even before the amendment is to take effect, there has already been much criticism directed toward the “Black List” of the planned new UWG, which is actually intended to provide more transparency to the benefit of consumers. The main point of criticism is that the terms included therein continue for the most part to be subject to interpretation and that they cannot be understood by the consumer without first needing to consult a legal adviser. It is evident that as relates to a number of the terms used, a clear interpretation will only be reached on a case-by-case basis. On the other hand, even after a more careful preparation of the catalog of banned behavior, the text alone does generally not manage to provide any absolute and extensive clarity. This is simply the problem when it comes to the ambiguousness of language, which, however, can certainly also be to an advantage during legal disputes. All in all, the UWG amendment will in fact increase the protection of consumers during business transactions both in Germany and particularly for cross-border transactions as well so that the amendment is certainly a welcome improvement.



**Legislative procedure “Cold Calling”** – governmental draft for a law to combat unfair telephone advertising and to improve consumer protection during special sales schemes

Evelyn Lüchter (Hamburg)

On July 30, 2008, the German government enacted the draft of a law intended to combat unfair telephone advertising and so-called online cost traps. The draft for a “Law to Combat Unfair Telephone Advertising and to Improve Consumer Protection during Special Sales Schemes” is intended to assure that already existing laws can be implemented more easily. On the one hand, the draft provides for amendments and supplements with which the consumer in particular is given added authority and a variety of new tools with the intention of being better protected. These are to allow the consumer to be better equipped to defend himself against contracts allegedly or factually “foisted on him”, especially in conjunction with telephone advertising, but also in conjunction with so-called online cost traps. We can expect to see this law take effect early in 2009.

Currently, according to already applicable law, telephone advertising to consumers is expressly prohibited without their consent. It is deemed to be an unacceptable harassment according to the Act against Unfair Business Practices (Section 7(2) no. 2 UWG). An injunctive relief suit can be filed against anyone in violation of this act, among others by competitors or by organizations such as consumer protection agencies. Moreover, if the caller is acting in a negligent manner or with willful intent, the party can claim damages. Furthermore, UWG provides for the ability to assert claims for skimmed profits in the event of willful intent. However, asserting the currently applicable law can be difficult in practice. In detail, the bill presented by the German Federal Government provides for the following amendments:

To begin with, it is made clear in the Act against Unfair Business Practices that a sales call is only permitted to be made to a consumer if the person being called expressly gave his consent to receive sales calls in advance. With this amendment to the

**The law currently in effect**

**Consent required**

## Legislative procedure “Cold Calling”

act, what is to be prevented is that the caller can invoke consent declarations given in association with something else entirely or one given after the fact. Unchanged will be that it will still not be allowed to call other market participants for advertising purposes, who are not consumers, without at least an alleged consent.

In order to be able to improve the ability to enforce the ban on illegal telephone advertising, any violations of the ban on illegal telephone advertising to consumers will in future be punishable with a fine of up to 50,000 Euro.

In addition, the bill presented by the German Federal Government stipulates that callers will no longer be allowed to block their phone number when making advertising calls with the intent of hiding their identity. The ban on blocking the phone number during a phone call for advertising purposes will contribute to the ability to identify the calling parties and in doing so will also make it easier to combat illegal telephone advertising. Any violation against the ban on blocking phone numbers will also represent a misdemeanor based on the amendment to the law that is punishable with a fine of up to 10,000 Euro.


Consumers will be given more opportunities by law to withdraw from contracts that they entered into by phone. First of all, the already existing right to cancel a contract currently in place that benefits the consumer in the event that the consumer enters into a contract by means of so-called telecommunications media (by phone, e-mail, online, etc.) for services to be rendered will only become void after the contract has been entirely fulfilled by both parties based on the express wish by the consumer and before the consumer has exercised his right to cancel. Based on the legal situation as it stands now, the right of the consumer to cancel the contract will already be void once the entrepreneur has merely begun implementing a service with the express consent by the consumer before the right to cancel has expired and the consumer himself initiated this service to be implemented. The new regulation is meant in particular to assure that the first time a consumer makes use of a service (for example in the event of an offer that is allegedly free of charge or taking part in a lottery that supposedly involves no further obligation, which then in fact, however, establishes a subscription agreement) will not immediately void the right to cancel the contract and thus lead to a permanent commitment to an agreement. The right to withdraw will remain unchanged for a period of two weeks or one month depending on whether the information on the rights to cancel

### **Fines for any violation**

### **No blocked phone number**

### **Reinforcing the right to cancel a contract**

## Legislative procedure “Cold Calling”



an agreement were provided either before or after the contract was entered into. The version mentioned last is typically what is the case for contracts entered into by phone, because the information on the rights to cancel the contract must be made in written form (meaning either as an e-mail or by fax). The cancellation period will not begin before the point in time in which the consumer has received clearly prepared written cancellation instructions. As a subsequent amendment to the amendment of voiding the right to cancellation, in future, the consumer must be made aware in the cancellation instructions that he is obligated to pay the entrepreneur compensation for the value of the service if he has expressly consented to having the entrepreneur implement before the cancellation deadline has ended. Should the entrepreneur demand that the consumer compensate for the value of the service, he must show and prove in a legal dispute that he did make the consumer aware of the obligation to pay compensation for the service in due time and that the consumer then expressly consented to said service.

In future, consumers will be allowed to also cancel such contracts that were entered into by phone pertaining to the delivery of newspapers and magazines as well as to betting and lottery services. The law in effect at this time does not provide for a right to cancel such contracts. According to the explanatory statement of the new law, this is to be expressly included in said law, because especially in these sectors, illegal telephone advertising is used particularly often as a means to manipulate the consumer into entering into a contract. In this case, with regard to the right to cancellation, it will be irrelevant whether or not the promotional call was illegal or not.

Finally, according to the intent of the German Federal Government, consumers will in future be better protected against contracts “foisted” on them, especially such that relate to telecommunication services. This relates in particular to cases in which a (telephone) provider persuades a consumer, for example by phone, to change service providers by offering, among other things, to take care of all of the necessary formalities on the consumer’s behalf, such as canceling an existing agreement with the former service provider. According to the law as it stands now, the company doing the advertising is ipso jure allowed to assume these steps on behalf of the consumer and to cancel the original agreement in a manner that is binding for the consumer. However, if the consumer decides to later cancel the agreement, he is at risk of being without a contract, because canceling the new contract

### **Expanding the right to cancel a contract**

### **Protection against contracts “foisted” on the consumer**

## Legislative procedure “Cold Calling”

does not involve withdrawing from the cancellation of the old contract. Said cancellation can no longer be undone. In some circumstances the result is that the consumer desists from canceling the new contract, which is what he would like to do, so as to not be without any contract whatsoever. To avoid this, the cancellation of a continuing obligation in the case of changing a service provider (such as a telephone service agreement) or the authorization to do so will be required to be in writing, if the party to the new agreement with the consumer is to represent the consumer in its dealings with the old contract partner.


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**Conclusion:** The planned changes to the law certainly are a good approach to counteract against the damaging effects especially as relates to telephone marketing and to curtail such. At the same time, it will remain to be seen in how far such changes will in fact prove to be helpful in enforcing legal bans in practice. Thus, it will, for example, be quite difficult in practice (especially with regard to showing evidence) to be able to trace any violations against the new legal standard involving blocking telephone numbers that represents a violation punishable with a fine.

## News from our practical experience

### Promotional Means Reviewed Worldwide


Rudolf du Mesnil (Frankfurt/Main)

 Heuking Kühn Lüer Wojtek is the German member of the Global Advertising Lawyers Alliance (GALA).

We use GALA, an international network of more than 50 law offices, inter alia, for legal localization of promotional and advertising materials of our clients in other markets. GALA member firms either specialize in Advertising and Industrial Property Law or, such as Heuking Kühn Lüer Wojtek, have experienced divisions geared towards an international collaboration in all legal sectors required for advertising, distribution and protection of industrial property rights.

An important area of the services offered concerns the national and international review of promotional and advertising means.

## Promotional Means Reviewed Worldwide



In Europe and worldwide, advertising law is national law which primarily depends on the law of the country where the products or services are marketed (location of the consumers addressed). This not only applies to matters of data protection, personal rights, and fair competition, but also to the protection of trademarks, names and work results (patents, utility models, design patents, copyrights).

International advertising campaigns, customer retention programs, sweepstakes, contests, store and shopping cards with and without payment function or as gift cards, price reductions and all other forms of advertising, marketing and promotion, as a matter of principle, need to be "localized" in consideration of the laws in the target country where consumers will be addressed.

Attempts have been made within the European Union to reduce advertising and trade barriers often associated with local laws. The E-Commerce Directive, implemented in 2002, introduced, for certain legal areas of on-line business transactions on the Internet the rule that the legal assessment of promotion and advertising is governed by the laws applicable in the country of promotion or advertising origin (country of origin principle).


However, this facilitation has a number of gaps.

It does not apply to rules of fair trading practices. These continue to protect the consumer under the laws of the target market (e.g., prohibition of misleading and comparative advertising, etc.). The country of origin principle may not be invoked, either, by someone who carries out an international advertising campaign (e.g., sweepstakes or promotional competitions) on the Internet if this is offered to the consumer abroad by local print or other advertising media or by means of a local distribution company. This is considered local advertising as it does not involve the cross-border transaction which the EU Directive on cross-border electronic commerce intends to protect.

In contract law, a similar situation exists with respect to distance contracts.

Thus, not only outside of the European Union, but also in commerce within the European Union, great care needs to be exercised to make international promotions compatible with the rules of the target market. If the required deposit of a security (Italy) or the filing of the sweepstakes rules at the competent

## Promotional Means Reviewed Worldwide



authority (among others, France, Luxemburg) are missing or if the sweepstakes are carried out as a game of chance and not as an assessment of a participant's performance in a skill-based arcade game (Sweden, Bulgaria and a number of other countries), the consequences could not only be filings for injunctive relief (possibly leading to the early termination of a promotion), but also considerable monetary fines).

As a rule, it will not be the advertising agency, but a local law office with experience in this field that will allow you to achieve compliance with rules and regulations abroad in a quick and efficient manner. Making international promotional literature and other promotional means compliant with international regulations in a streamlined, experienced and cost-effective manner is one of the strengths of the Global Advertising Lawyers Alliance. It is for this reason that a number of companies operating worldwide have joined the Alliance as "Associated Members". A relatively low annual fee of USD 1,000.00 provides them with comprehensible information in specialized fields of fair trade law and, not least, with extremely useful access to the network. "Ambush Marketing", "Unfair Commercial Practice and Consumer Protection in Advertising", "Advertising Self-Regulation and the New Media", "International Advertising Clearance", "Persuasive Promotion Becoming Excessive Manipulation" and a variety of other topics are just a small selection of the matters that have been discussed in international comparison.

For the next two years, the author will chair GALA's European EMEA Group. The team of some 40 members in the PG-IP-IT-Media Practice Group of Heuking Kühn Lüer Wojtek with all its expertise will be available for support. We will gladly be available to answer any questions you may have on how to best use the network.

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## Trademark Law

### **BGH: On the issue of assigning the onus of proof for disturbance liability under trademark law**

BGH 04/30/2008 (Case no. I ZR 73/05), GRUR 2008, 702 – *Internet-Versteigerung III*

**Principles (excerpt):** The owner of a trademark that files a suit against an infringer (in this case: operator of an online website), must show and in some cases provide evidence that such persons are involved in commercial trade and that they are offering counterfeit trademark products on an online platform. If he is able to show and prove circumstances, which would lead to assume that the opposing party is involved in commercial trade (in this case: more than 25 so-called feedbacks from suppliers), the operator of the online platform may on his part be obliged under the principles of the burden of presenting the facts, to provide substantiated evidence of the supplier's trading activities, if he intends to disavow a commercial trade.

An offer of a complete imitation of a product that is labeled with the trademark of the original product also represents a use in violation of the rights of a trademark even if the offer points out that the product being displayed is an imitation.

**Comment:** The case Rolex vs. Ricardo was presented before the German Federal Court of Justice the second time around after it had already been the basis for the court's first decision on online auctions. With its first two online auction decisions, the German Federal Court of Justice had already provided decisive principles defining disturbance liability on online platforms. Now the issue involved arguing questions with regard to the burden of present facts and proof in the case of trademark violations by third-party suppliers on an online platform. It also clarified at which point a use is in violation of trademark rights in the event that a complete imitation of a product was being offered.

With regard to the issue of disturbance liability, the Federal Court of Justice stood by its jurisprudence it had maintained in the past. The issues in dispute in this decision were the activities required defining a violation of a trademark in commercial trade offered by a supplier on its online platform. Such a violation is at least then the case if the suppliers offer products that can show more than 25 evaluations by customers and suppliers trade similar and in particular also new items repeatedly. To the extent that the owner of rights can present factual evidence accordingly, the online supplier will on his part then be required to show why the existence of these kinds of criteria will not lead to commercial trade.

In addition, the court clarified that a trademark violation is also then at hand in accordance with Section 14(2) no. 1 Trademark

## Trademark Law

Act if a trademark is used to defined counterfeit products that do not originate from the trademark owner or were manufactured under the trademark owner's responsibility. The fact that a note is made that the product is in fact an imitation is irrelevant for legally evaluating a trademark violation.

**Principle:** A design made up of the shape of a product that is innately non-distinctive can co-define its overall impression as an integral component of a mark made up of several elements of a mark, if as a result of using the mark it achieves sufficient distinctiveness; a registration of the shape as a mark that has achieved recognition in the market that is deemed sufficiently distinctive in accordance with Section 8(3) Trademark Act is not required.

**Comment:** The decision involves the significance of the shape of a product for the overall impression of a mark, which, along with the shape of the product, is made up of several elements. The trademark in dispute was a design mark that consisted of the image of a TUC saltine cracker. Said product is distinguished by its characteristic rectangular shape and bears the inscription of the stamped in "TUC". What was being disputed with regard to this mark was the use of a saltine cracker that was also rectangular in shape and had a stamped inscription. Thus, a design mark and a three-dimensional design shape were being confronted. Based on the results of a survey conducted in advance about the distinctiveness of the shape of the TUC cracker as understood in the context of the mark as a whole of a "cracker with inscription", the Federal Court of Justice agreed with the plaintiff, because in the market it was considered to be an indication of the product's origin. The court made a distinction between the requirements with regard to the degree of distinctiveness of a shape mark as an separate mark within the meaning of Section 8(3) Trademark Act and the significance of the shape as an integral component of a mark made up of several elements. While the shape mark as a separate mark typically requires a degree of recognition of more than 50%, a product's shape may distinctively characterize the overall impression and distinctiveness of a mark as a whole, if its recognition in the market is less than 50%. Even if the degree of recognition in the market is lower than 50%, argues the Federal Court of Justice, it could not be generally denied that the shape is significant in its ability to define a product's distinctiveness and thus the overall impression of the mark as a whole. Therefore,

### **BGH: On the issue of the distinctiveness of a shape of a mark made up of several different elements of a mark**

BGH 10/25/2007 (Case no. I ZR 18/05), GRUR 2008, 505 – *TUC-Salzcracker*



## Trademark Law

it could also not be ruled out that a distinctive mark made up of word and shape components might be able to be subject to protection as a result of the shape that characterizes the overall impression of the mark, whereas the shape itself would not be granted trademark protection due to its lack of recognition in the market.

The shape of a product may, even if it lacks the degree of distinctiveness required by jurisdiction for a shape trademark still significantly characterize the overall impression of a mark as a whole. In this regard, the shape of a product can be accorded crucial significance with regard to the significance of a mark as a whole. Therefore, in some applicable cases we would recommend to register the shape of a product as a design mark made up of the illustration of the product.

**Principles:** As understood by Section 3(2) no. 1 German Trademark Act, the type of the product itself accounts for such characteristics that make up the basic shape of a product genre.

The obstacle preventing a product's registration as per Section 3(2) no. 2 Trademark Act is not limited to technical devices, but may also apply if the product's shape is due to technical reasons.

If the market recognition for certain product or services can be proven (in this case: cream-filled sponge cake snack), this may result in a market recognition for a registered term registered in the goods and services list that includes these specific goods or services (in this case: pre-baked cake).

**Comment:** The subject matter of the legal dispute was the application to delete the registered shape trademark of a cream-filled sponge cake snack that was registered as a three-dimensional shape. The German Federal Court of Justice decided that the trademark protection of this shape trademark was not in conflict with the exclusion grounds as per Section 3(2) of the German Trademark Act. Based on this, a mark cannot be granted trademark protection if it is merely made of a shape that is contingent upon the type of the product itself. The court ruled that because pre-baked cake, even in its form as a bar with a cream filling, is offered in a wide range of shapes, the specific shape of the mark is not contingent upon the type of the product itself. In addition,

### On the issue of the ability to register a shape mark for pre-baked cake

BGH, 10/25/2007 (Case no. I ZB 22/04), GRUR 2008, 510 – *Milchschnitte*

## Trademark Law

the mark was not exclusively made up of a shape that is necessary to achieve its technical effect, this reason for exclusion not being limited to only technical devices. In fact it might also apply if the shape of a product is not the result of technical reasons. However, this was also not the case for the shape mark in dispute, because it is not necessary during the industrial manufacturing process to design the shape of cream-filled bars in such a way that would characterize a shape mark for the cream-filled sponge cake bars. Finally, as established by the German Federal Court of Justice, the mark has gained recognition as an indicator in the market designating the origin of the pre-baked cake products sold by the trademark owner in accordance with Section 8(3) Trademark Act, because the degree of recognition was above the lower threshold of 50% relating to its perceived market recognition. As a result, when viewed from an economic perspective, market recognition for “cream-filled sponge cake bars” would at the same time result in market recognition for the registered product term “pre-baked cake”, because it does not represent a broad product heading.

Even in this decision, the German Federal Court of Justice remained true to its jurisprudence that the shape mark generally lacks distinctiveness. Therefore, what is still crucial is the market recognition of the shape mark.

**Principle (excerpt):** The rights-preserving use of a service trademark requires that the market can recognize based on the use of the mark that by using said mark not only a business is being named, but that said mark also indicates the specific service that this business offers. What must be considered is that when it comes to services the market is used to the fact that such are more frequently named in combination with a business name as are products.

**Comment:** In its decision, the German Federal Court of Justice sums up the requirements for preserving the rights to use a service trademark. Based on the fact that as pertains to a service trademark as opposed to a product trademark there can be no physical connection between the mark and the product, the Federal Court of Justice underscores that in principle the trademark can only be affixed in a business location and be used on objects that are used when the service is rendered, such as on letterheads, brochures, price lists, business uniforms, etc. As long as the market can recognize that the use of the marking


### **BGH: On the issue of the rights-preserving use of a service trademark**

BGH, 10/18/2007 (Case no. I ZR 162/04), GRUR 2008, 616 – *AKZENTA*

## Trademark Law

not only names the business operation, but that the use of the marking also references a specific service that the business offers, it does not do any harm if the business operation bears the same name. In fact, argues the Federal Court of Justice, when it comes to services the market is used to the fact that such are more frequently named in combination with a business name as are products. Therefore, to the extent that the business name or the distinctive component is associated with a specifically named service, the market would at the same time understand its use as a regular indication of the service rendered by the company. The same applies in general even if the legal entity suffix is added to the company name.

The rights-preserving use of a service trademark would in any event require that the trademark is used for a specifically identified service, for example on the business' letterhead. If the service trademark and the company name are identical, by using the company name, the company would also be using the trademark as long as in doing so it is recognizable that a specific service is being offered.



**Principle:** By use as an element of a complex mark or in connection with another mark, a sign may acquire its own distinctiveness if, as a result of this use, the relevant public understands the products or services marked only by the element in question to originate from a certain company and thus differentiates them from other companies. It is not sufficient to prove the use of the overall sign for the evidence that the element in question has acquired a distinctiveness of its own.

**Comment:** The case dealt with the registrability of the mark "VISAGE", which for the claimed products had been used by the applicant always in conjunction with the trademark "NIVEA". The German Federal Court of Justice did not exclude that, as a consequence of use, a mark may also acquire distinctiveness or secondary meaning of its own if always used as part of an entire sign. However, the court confirmed that it would not be sufficient to document the use of the entire mark in order to prove the distinctiveness of an element of that mark. Rather, evidence would have to be provided that the relevant public understood the element in question as indication of company origin if used separately. Such evidence could, in principle, be provided by a survey of the public with respect to the isolated use of the element.

### **BGH: On the distinctiveness by use as element of a complex sign**

BGH 02/21/2008 (Case no. I ZB 24/05), GRUR 2008, 710 – *VISAGE*

## Trademark Law

Since the proof of advertising carried out and sales achieved for the element of an entire mark will, as a rule, not be possible, an expert opinion will have to be obtained in cases of this nature in order to prove the perception of the public.

**Principles (excerpt):** A grounds for injunction for granting a preliminary injunction in the case of a patent infringement is to be regularly denied if the a decision is made in the first instance that declares the patent as being null and void.

An exception to the in principle priority given to the appeals or nullity decision in the first instance is based on constitutional law (Article 2(1) GG [German Constitution] is, however, imperative in cases where the cancellation or nullity declaration is evidently incorrect and that even an infringement court that is not made up of experts can reliably recognize this fact, because it has access to the technical questions being presented when reviewing the presentation of the facts and it can conclusively answer such based on sufficient experience in deciding on technical and patent-related facts of a case.

**Comment:** The Upper Regional Court of Düsseldorf approved an application to grant a preliminary injunction even though the rights of protection had been declared null and void by the German Federal Patent Court. But the German Federal Patent Court's decision had not yet been legally binding. The decision of the Upper Regional Court of Düsseldorf caused quite a sensation.

However, it did clarify that an exception to the priority given to the appeals and nullity decision by the first instance is only possible under strict conditions. Such conditions had existed in the case at hand, because the decision by the German Federal Patent Court was "evidently incorrect".

Thus, the decision was made in an extremely unusual situation, because it is certainly very rare that a decision by the German Federal Patent Court is so harshly criticized. Consequently no basic changes can be expected in the observance of the in principle priority of the appeals and nullity decisions in the first instance as well as in the reluctance to grant a preliminary in-

## Patent Law

**OLG Düsseldorf: Requirements of grounds for an injunction in a patent infringement dispute - it is possible to deviate from the nullity decision in the first instance if it is evidently incorrect**

OLG Düsseldorf 05/29/2008 (Case no. 2 W 47/07),  
MitteltschPatAnw 2008, 327 – *Olanzapin*

## Patent Law

junctive relief in patent infringement disputes as has been the practice up until now when regional and upper regional courts make their decisions.

**Principle (excerpt):** The technical court expert's task is to impart expert knowledge for the judicial assessment of facts and, in the patent infringement trial in particular, to impart the specialized expertise required by the court in order to understand the protected technical teachings and to interpret the patent claim defining these teachings by exhausting its meaning. As a matter of principle, a technical court expert's understanding of the patent claim as such enjoys just as little priority as does a party's understanding thereof.

**Comment:** The plaintiff is owner of several patents which all concern multi-gear hubs of bicycles. The defendant sells a 12-gear hub for bicycles in Germany which the plaintiff regards as an infringement of the patents in patents-in-suit. The prior instance court had based its denial of the complaint exclusively on the information of the technical court expert used in the case. Several characteristics at the individual patents-in-suit would not be realized by the challenged embodiment.

The BGH overturned and remanded this decision. A court would not be allowed to simply accept the conclusions drawn by a technical court expert from the contents of the technical teachings of the patent-in-suit based on his specialized knowledge. Thus, the BGH upholds its adjudication according to which the interpretation of a patent claim is a point of law and the trial judge therefore has to make that decision on his own and may not leave it to the technical court expert.

**Principle of the editorial office:** An appeal not requiring approval serves the exclusive purpose of assuring the patent court's obligation to give grounds for its decision. A factually incorrect or incomplete explanatory statement does not justify an appeal that does not require prior approval.

**Comment:** The decision had to do with the interpretation of the constituent fact "if the decision does not provide grounds" in Section 100(3) no. 6 Patent Act, which allows a regular appeal

### **BGH: The technical court expert's task in the patent infringement trial**

BGH 02/12/2008 (Case no. X ZR 153/05), GRUR 2008, 779 – *Mehrgangnabe*

### **BGH: No grounds for appeal for factually incorrect or incomplete explanatory statements in a decision by the German Federal Patent Court**

BGH 02/27/2008 (Case no. X ZB 16/07), Mittltsch-PatAnw 2008, 219 – *Durchflusszähler*

## Patent Law

without prior approval against decisions by the German Federal Patent Court.

According to the opinion of the German Federal Court of Justice, the requirement of the German Federal Patent Court to provide grounds is not meant to check whether these decisions are correct. For the party that loses the case, the written grounds to the decision need only identify what the legal or factual aspects were that the decision was based on. A decision only “does not include grounds” if based on it, it is clear which facts were established and what the legal reasoning was that were decisive for the decision. Included therein is also the case if an independent attack or defense means was completely disregarded. Because the appealed decision in fact did make quite clear what the Federal Patent Courts’ grounds were for denying the patentability, the decision did include grounds within the meaning of the law.

## Competition law

### **BGH: Advertising mail that included untruthful promises of profits and gifts is punishable under law**

BGH 05/30/2008 (Case no. 1 StR 166/07) GRUR 2008, 818

**Principles (excerpt):** If criminal advertising is used to get customers to order products, payments of the purchase price made by customers to the offenders or to third-party benefactors that were derived from such offenses are subject entirely to forfeiture.

As a result of criminal advertising, persons who have placed orders have the right to assert damages resulting from the illegal action, in each case in the amount of the purchase price paid, which reduces the forfeited amount.

**Comment:** The defendants had organized and initiated the mailing of standard advertising letters directed to consumers via a system of companies domiciled abroad. The mailings were designed as personal letters using address databases. The recipients would only be able to receive the gifts and profits promised in the letter if they ordered products with a minimum value of EUR 15 from the catalog included with the letter. The gifts that were actually sent when an order was placed were described by the German Federal Court of Justice as “worthless trash”.

As per Section 16(1) UWG, a person renders himself liable to prosecution if, under the pretence of offering an especially favorable offer deliberately advertises in a misleading manner by providing untruthful information. In the case at hand, the court found that the advertising was indeed misleading. In the advertising mailings the catalog products seemed to be even more favorable than they in fact were, because the customer was allegedly to receive a profit and not merely the product for the money he spent. Because the consumer did not receive any profit, but at most a “worthless” gift, the mailings were misleading within the meaning of Section 16(1) UWG.

With this decision, the German Federal Court of Justice decided for the first time that even such offers are to be considered misleading which deliberately advertise obscure packages made up of goods or services and other benefits that in fact did not exist. In such cases, there is a particular risk that the consumer’s freedom to act based on their own judgment was limited so that this kind of conduct is to be categorized as anticompetitive.

## Competition law

### **OLG Frankfurt a. M.: Fixed price directive for pharmaceuticals also applies with regard to granting rebates on pharmaceuticals by the drug retailer shipping from a EU Member State to Germany**

OLG Frankfurt a. M. 11/29/2007 (Case no. 6 U 26/07), GRUR-RR 2008, 306

**Official principle:** Even when pharmaceuticals requiring a prescription are shipped from a EU Member State to Germany, the fixed prices as per the Fixed Price Directive for Pharmaceuticals still apply.

**Comment:** The plaintiff had filed a complaint requesting that the defendant be prohibited from advertising a rebate in the amount of 3% off of pharmaceuticals requiring a prescription ordered on a prescription from a statutory health care provider. In the opinion of the German Federal Court of Justice, the Fixed Price Directive for Pharmaceuticals applied in this case. On the one hand, applying German law need not be ruled out based on the Telemedia Act. Said act would not apply in the event that online drug retailers offer prescription medicines, because this would require a direct possibility to place an order. This would not be at hand for a prescription obligation, because the agreement entered into requires that the original prescription is sent by mail. On the other hand, the Fixed Price Directive on Pharmaceuticals would also apply to cross-border trade transactions. By creating fixed prices, the intention is to prevent cutthroat price competition and to in this manner assure that there is no density of supply especially in regional areas.

In its decision, the Upper Regional Court of Frankfurt/M is in direct contradiction with a decision made by the Upper Regional Court of Hamm, which did not believe that the Fixed Price Directive for Pharmaceuticals was applicable in cross-border trade transactions. In order to come to a final decision with regard to this legal issue, an appeals process is currently before the Federal Court of Justice (Case I ZR 72/08).

**Principle:** A request for a legitimacy claim directed at a competitor may be prohibited as misleading advertising even if it includes detailed information on application, publication and granting of the industrial property right as well as the reference that it would be in effect, however, it fails to mention that objection has been filed against the granting of the patent.

**Comment:** According to this decision, the request for a legitimacy claim to a competitor's customer is to be regarded as misleading advertising within the meaning of Section 5 of the German Act against Unfair Competition (UWG). In the view held by the Upper Regional Court of Karlsruhe, the inquirer's reference to an own industrial property right and at the same time pointing

### **OLG Karlsruhe: Requests for legitimacy claim as misleading advertising**

OLG Karlsruhe 04/09/2008 (Case no. 6 U 163/07), GRUR-RR 2008, 197



## Competition law

out the possibility that the addressee may infringe this property right is capable of influencing the addressee's future market decisions and thus to promote the inquirer's sales.

The material circumstances in connection with a request for a legitimacy claim would include the fact that objection has been filed against a patent granted. Otherwise, the information included in the request for a legitimacy claim would be misleading within the meaning of Section 5 UWG.

**Principle:** As a matter of principle, the owner of an Internet connection will not be liable as infringer in the event of unauthorized use of a WLAN connection by unauthorized third parties not in any connection with the owner.

**Comment:** The litigation to be decided by OLG Frankfurt dealt with the claims for injunctive relief and damages filed by a record label against an Internet user accessing the Internet via WLAN for the alleged upload of a music track to an Internet file sharing network. The Internet user had been identified via his IP address. He argued that he would have been unable to commit the violation since he had been on vacation at that time.

The court concurred and thus dismissed the defendant's quality as offender for a copyright infringement. Unlike numerous other courts of law that the court itself cites, OLG Frankfurt did not want to regard the defendant as offender, either. It does not challenge the principles of offender liability set up by the BGH in the Internet-Versteigerung I [Internet auction I] decision. It also recognizes that, in general, liability of a provider of a WLAN Internet connection may be considered for the conduct of third parties using this WLAN connection without authorization. However, this would not apply without limits. Rather, it would be required to have the WLAN connection owner's obligations to check and to act in existence. These, however, could only come into being based on specific information and knowledge with regard to unlawful acts of third parties. For that, it would not be sufficient, as the court of lower instance held, that it was "generally known" that unsecured WLAN connections are used by third parties in order to commit rights violations. Rather, there would have to be a specific indication. Thus, the connection owner

## Copyright law

### **OLG Frankfurt: No liability of the WLAN connection owner for copyright infringement of third parties**

OLG Frankfurt 07/01/2008 (Case no. 11 U 52/07)

## Copyright law

would have to be aware of that fact. In the court's opinion, this requirement was to be limited not only due to the difficulties to be suspected for record labels to provide evidence. In addition, it would be questionable whether it would be reasonable to claim as infringer the owner of the connection if that would require the owner to spend additional funds for the sufficient securing of the WLAN connection. This would not be the case, at least without specific indications for acts violating rights.

As a side note, the court expressed the view that dynamic IP addresses would be traffic data and not user data. These data would allow to establish who communicated with whom about which topic at what time and for how long. The court therefore regarded it necessary to obtain a judicial search warrant under Section 100 g German Penal Code (StGB) for the production of these data, which, in the courts view, are subject to the secrecy of telecommunications. If such a search warrant was not available, the data could not be used as evidence in a civil law trial.

The judgment is not final so that there is a possibility that in the event of an appeal, the BGH might clarify the liability for unsecured WLAN connections with a decision in final manner. This would assist in getting legal certainty since the lower courts often render differing decisions.

**Principle of the FD-GewRS editorial office:** Parents may be held liable in addition to their children if, by means of the Internet access made available by their parents, they unlawfully and culpably make copyrighted works of third parties publicly accessible.

**Comment:** In the case at hand, the then-underage daughter of the parent defendants had uploaded videos to Internet portals which she had put together from photographs copied from the Internet. The photographer subsequently filed a complaint for production of information and damages for copyright infringement. The court sided with the plaintiff.

In the court's view, the parents need to be liable in addition to the daughter due to breach of duty of supervision since minors always require supervision. Therefore, the parents cannot invoke the fact that due to a computer class at school their daughter was more experienced on the Internet than they themselves. In

### **LG Regional Court of Munich I: Are parents liable for their children after all?**


LG Munich I 06/19/2008 (Case no. 7 O 16402/07),  
FD-GewRS 2008, 262939

## Copyright law

In addition, the parents would have to instruct the child about the dangers since the court considers a computer connected to the Internet a “dangerous item”.

In addition to the duty of instruction, the parental duty of supervision also requires ongoing checks whether the Internet use by the child remains within the parameters set in the introductory instruction.

Whether this decision will contribute to peace in the family remains to be seen.



**Principle of the Newsletter editorial office:** The fact that copyrighted works are publicly displayed irrespective of whether the public is granted the possibility of using those items, does not constitute a form of distribution within the meaning of copyright law.

**Comment:** In its clothing shops the defendant had fitted rest areas with replicas of furniture designed by “Le Corbusier”. One such replica was also displayed in a shop window.

In its ruling, the ECJ stated that neither the exhibiting nor the possibility of using such items was considered a distribution relevant under copyright law. According to the ECJ, distribution to the public, other than by sale, only covers actions where there is a transfer of ownership of the work in question.

### **ECJ: Exhibiting of copyrighted works is not distribution to the public relevant under copyright law**

ECJ 04/17/2008 (Case no. 456/06), FD-GewRS 2008, 258226

## Design Patent Law

### BGH: Design patent protection - yes or no?

BGH 01/10/2008 (Case no. I ZR 67/05), FD-GewRS 2008, 264480

**Principle of the FD-GewRS editorial office:** The BGH ruled that in compliance with previous legal status, the characteristics of a design which are no longer visible after integration in a complex product are also to be considered when assessing singularity. In addition, such characteristics are also considered when assessing the adoption of a product design under Section 4 no. 9 UWG. As the BGH itself stated, however, the case would have to be judged differently under the new legal status.

**Comment:** If, in the event of a product designed to be incorporated, the design is assessed under Section 1(2) German Design Act old version, i.e. in the event of all designs registered prior to October 28, 2001, design protection will be granted since the design prior to assembly is decisive. The Design Act of 2004, however, expressly stipulates that a design is only singular if the component remains visible after assembly and these visible characteristics fulfill the requirements of singularity.

It is questionable whether this general permissibility now will also lead to a differing assessment practice in the field of competition law, i.e. relevant adoptions of design features may no longer be prohibited under Section 4 no. 9 UWG. A number of arguments may be made for this case since otherwise the special law assessments of design law would be undermined.

## Press Law

### On the requirements of a violation of a person's General Personal Rights by false factual claims

BGH 03/11/2008 (Case no. VI ZR 189/06), AfP  
2008, 193

**Principle (excerpt):** Even when disseminating false factual claims about a person, there is only a violation of the general personal rights if the deviation from the truth impairs the person concerned in his self-defined social scope for development, thus is of not all irrelevant importance for his personality development.

**Comment:** The fact that the dissemination of false factual claims about a person constitutes a violation of personal rights is “old hat”. While Article 5 German Constitution guarantees the freedom of expression and freedom of the press, there is generally no constitutionally protected interest in the dissemination of false facts, thus statements which can be proven. However, discussions keep flaring up regarding the issue whether a limit has to be set in the event of false factual claims as well, below which the intensity of intervention for a violation of personal rights is no longer required. Up to now, this was only undisputed if obviously irrelevant false facts were communicated (example: A report about a trial states that the defendant was convicted of having embezzled 2 million euro. In fact, however, he was convicted of having embezzled 2.5 million euro). In a new decision, the BGH has now made some general statements on the required intensity of intervention.

As a beginning, the BGH continues to adhere to the principle that no false facts may be disseminated. However, with respect to the question whether such false communications represent a violation of the general personal rights in terms of content, it needs to be checked whether just that deviation from the truth impairs the person concerned in his self-defined social sense of entitlement. The faultiness of the statement as such is thus not decisive by itself. In addition, the false factual claim must also be of not all irrelevant importance for the personality development of the person concerned.

The BGH, with this decision, clarifies that the false factual claim may not be considered in isolation, but needs to be assessed against the specific environment of the person concerned. When reviewing the question whether one will defend oneself (in court) against unfounded reporting, this circumstance will have to be especially taken into consideration in the future.



Since June 2008, **Dr. Christoph Lürer** has strengthened our Practice Group at the Frankfurt office. Prior to that, he had been working in an international law office in Munich, also in the fields of industrial property law and litigation. Completing an additional course of studies in Pharmacology Law, Dr. Lürer graduated from Marburg Philipps-University, where he also earned his doctorate. In his dissertation, he examined aspects of the fight against doping in terms of civil and penal law. Following his studies at Marburg Philipps-University, Dr. Lürer gained initial practical experience as trainee attorney in law offices in Frankfurt and Chicago, USA.

Also since June 2008, the Hamburg team of our Practice Group has been supported by **Evelyn Lüchter**. The attorney had previously worked for a law boutique in Hamburg that specializes in the music and entertainment industry. Since her admission to the bar in 2003, Evelyn Lüchter's fields of activity range from copyright law to trademark law, marking law and competition law to general personality law, both in litigation as well as in client counseling. In addition, she has comprehensive experience in trademark administration proceedings, such as representation in cases of national and international registrations and opposition and cancellation proceedings. In addition, she focuses on license agreement consulting and drafting with reference to trademark and copyright laws, in particular in the music industry.

Since July 2008, **Nina Bliesner, LL.M.** has strengthened our Practice Group at the Cologne office. Ms. Bliesner completed her studies at Trier University and subsequently obtained an LL.M. degree in International Intellectual Property Law at the University of East Anglia in Norwich, England. Following her studies at the Trier and Norwich universities, Ms. Bliesner gained initial practical experience as trainee attorney in law offices in Cologne and Sydney, Australia.


Since July 2008, **Dr. Kai Landmann, LL.M.** has strengthened our Practice Group at the Frankfurt office. Prior to that, he had been working as attorney in the fields of M&A and Private Equity in an international law firm in Frankfurt since 2007. Dr. Landmann studied in Constance, Grenoble, Heidelberg and Atlanta, where he obtained his Master's degree at Emory Law School (LL.M.). Subsequently, he passed the bar exam in New York and is now qualified to practice law in New York State (New York Bar Exam – Attorney-At-Law). Finally, Dr. Landmann earned his doctorate

## Law Firm and Practice Group News


### Additions in Frankfurt, Hamburg and Cologne

## Law Firm and Practice Group News

in Heidelberg, writing his dissertation at Prof. Ebke's department on issues of auditor liability under German and U.S. law in the event of an IPO (Comfort Letter problem).



In the trade journal Kommunikation & Recht, **Dr. Verena Hoene**, LL.M. published an article on "Current developments of title copyright law" (K&R 11/2008, 637). In the article, Ms. Hoene also addresses the very controversially discussed title copyright ability of trade show designations.



Once again, two attorneys of the large German law firm Heuking Kühn Lüer Wojtek succeeded in getting ranked in the internationally renowned "Best of the Best" list. Under this name, British Euromoney Legal Media Group publishes the results of a worldwide attorney survey. Around 4,000 heads of legal departments and experienced in-house lawyers in 60 countries are requested to name the leading experts in certain law fields. Heuking Kühn Lüer Wojtek is more than pleased with the result: Just as in 2006, two partners of the law firm succeeded in reaching the small circle of "Best of the Best" again – **Gabrielle Williamson** and **Michael Schmittmann**.

Williamson, who founded the Brussels office of Heuking Kühn Lüer Wojtek in 1999, is named best attorney in Belgium in the field of EC Environmental Law. In the mid-1980's already, the renowned expert had specialized in environmental, antitrust and competition law.

The respondents put Schmittmann on the list even in three fields of law (Media, Telecommunications and Information Technology) for Germany. The partner in the Düsseldorf office of Heuking Kühn Lüer Wojtek had specialized in these fields of law at the end of the 1980's.

### Publications

### Awards

This Newsletter does not constitute legal advice. While the information contained in this Newsletter has been carefully researched, it only offers a partial reflection of the law and its developments. It can be no substitute for individual advice appropriate to the facts of an individual case.

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